

A Great Debate Has Opened

HENRY GEORGE AND HIS PROPOSALS NOW FORCED TO THE FOREFRONT OF POLITICS IN GREAT BRITAIN.

IT is probable that American followers of Henry George have a quite inadequate conception of the extent to which the land question is dominating the political scene in Great Britain at the present time. Certainly no adequate conception of the situation could possibly be derived from the London dispatches in American newspapers. There has been, on the part of the correspondents of the *New York Times* and other great newspapers in this country, a complete inability to grasp the deep significance of the debates that have recently been going on in the British Parliament.

As in 1909, when the proposals of the so-called Lloyd George Budget promised to raise the whole issue involved in the British system of landlordism—a promise that was sadly abandoned almost before the fight commenced,—so this year the issue again turns upon the complexion of the Budget proposed by the Tory Chancellor of the Exchequer, Winston Spencer Churchill, one time uncompromising advocate of the whole programme of Free Trade and Land Value Taxation in a past Liberal Government.

This time, however, instead of a Government attack upon landlordism, the country is confronted with an unblushing proposal to fatten the purses and extend the privileges of a large section of the landlord class, all under the guise of correcting the depressed industrial condition of the country by relieving production from the burden of local rates, that is, taxes. To make up the loss of revenue that is involved in the Chancellor's proposal to entirely exempt all agricultural land and certain other properties from taxation, there has been enacted a special tariff tax on gasoline, amounting to practically eight cents a gallon, which is to be accumulated over a period, estimated at eighteen months, into a Treasury reserve out of which the abatement of rates (taxes) upon "productive industry" and agriculture is to be made up. As this extraordinary financial scheme is not to come into operation until after the next parliamentary elections, it is bound to be a storm center of British politics for some time to come.

The whole Budget scheme has been fiercely attacked as fantastic, unworkable and unscientific by the leaders of the Opposition benches, both Labor and Liberal, and it is significant that the whole question of land monopoly and the incidence of taxation is becoming the main subject of a great political debate. This debate must spread beyond the Houses of Parliament into the constituencies when Parliament is dissolved. The dissolution is expected not later than next Spring.

LAND ECONOMICS AND HENRY GEORGE

All real estate, improved or unimproved, suitable for agricultural purposes, whether in use or not, is to be totally

exempt from municipal taxes, under the Government proposals. There are other features of the proposed Budget, of course, but these mentioned are the features upon which the debate in Parliament is chiefly turning. The land question in its fundamental aspects, has been brought into the debate by the Opposition leaders of both the Labor and Liberal Parties, and no such revelation of sound, as well as unsound economics upon the whole question of public revenue raising, has been witnessed in any great national legislative body in our times.

The name of Henry George has figured repeatedly in the debates. Once, during the discussion, when the Chancellor of the Exchequer was compelled to listen to quotations from his own speeches of eighteen years ago, when he was attacking landlordism with Henry George's arguments, he denied that he had recanted, saying:

" . . . I am not at all convinced that, among my arguments in favor of the rating of undeveloped urban land upon its true value, I employed any which were lacking in lucidity or reason. But in the years that have passed a good many things have happened, and we must take notice of these events."

Here is one interesting excerpt from the official record of the debate:

Mr. Churchill: " . . . Why did Mr. Henry George fail, and why is it that his disciples are unable to carry on their political faith in modern times?"

Colonel Wedgwood:—"Because people turn their coats too often."

Mr. Churchill: "The right honorable gentleman spoke then with less than his usual courtesy and with more than his usual obliviousness of his own record. I well remember the time when no one was more scathing in his denunciation of Socialism than he. . . . I do not in any way belittle the logic or the argument about the rating of land. What I say is that very great experiments in this field have been made and that they were found to have failed to such an extent that they were abandoned by their author. * * * Henry George failed in his Single Tax proposals because he had been studying the world as it had been for generations and centuries, and arrived at certain conclusions on that basis, and the conclusion he arrived at was that land was practically the sole source of all wealth. But almost before the ink was dry on the book he had written, it was apparent that there were hundreds of different ways of creating and possessing and gaining wealth which had either no relation to the ownership of land or an utterly disproportionate or indirect relation. Where there were 100 cases 20 years ago, there are 10,000 cases now, and that is why radical democracy, looking at this proposition of the Single Tax . . . has turned unhesitatingly towards discrimination in the sources from which it is derived. . . . We have been guided in the main policy by a fundamental principle. It is this, that the instruments of production ought not to be taxed, but only the profits resulting from their use. That is our

principle. We hold that it is economically unchallengable. Why should we fear to apply it bodily?"

MR. SNOWDEN MINCES NO WORDS

Philip Snowden, who was Chancellor of the Exchequer in the last Labor Government, in presenting his party's resolution of dissent from the government Finance Bill, made a severe denunciation of the bill, which he described as a measure more likely to aggravate than to relieve the existing evils, inequalities and injustices of local finance. In speaking of the proposed petrol (gasoline) tax, he adverted to Mr. Churchill's statement that the industrial greatness of the country had been built up on coal, but that petrol, to an increasing extent, was taking the place of coal. It seemed to him a strange way of helping industry to put a tax upon what is the fuel of industry. It would be just as wise, or just as foolish, to put a tax upon coal. It would increase costs of production, though the Chancellor had emphasized a hundred times in defense of his proposals that they were designed to reduce production costs. Coming to the essence of the proposals, Mr. Snowden said:

"You can have no relief of the rates so long as you allow land values to be appropriated by private individuals. All forms of relief of this kind go back to the landlord in the shape of land values. Every relief of this kind is ultimately passed on to the community, and finds its way automatically into the landlord's pockets. If there is a rise in wages, we are able to move forward a little because the worker is able to pay a little more for the things he wants. The opening of a new railway or tramway, the establishment of improved services for workmen, the lowering of fares, or a new invention very often confer a benefit on the workers in any district. But the ultimate result is that the ground landlord is able to charge more to the community for the privilege of living there. . . .

"The price that the landlord is able to exact for the use of these privileges is determined by a number of considerations. First of all, the price is determined by the extent of the need of the people, the amount of land they require, and the population.

"As a matter of fact, every child born adds to the rent of the landlord. The more people you have living on the land, the more the ground landlord is able to take from the community for the privilege of living on the land. Every scientific advance, every machine improvement, everything that adds to productive power, finds ultimately its place in the rent that the landowner is able to take."

A LIBERAL POINT OF VIEW

Sir John Simon, leading the debate for the Liberal Party addressing the Chancellor of the Exchequer, said this:

"I put this question to the right honorable gentleman: Does the government really think that it is a small matter that their method of relief, whatever its merits may be, is a method which is not going to provide any relief at all for eighteen months? I recall the language which the right honorable gentleman used in his Budget speech. He painted a gloomy picture of collieries shut down, of factories on the verge of closing, of firms working at a loss, of depressed industries holding on by the skin of their

teeth; and he has today actually had the parliamentary audacity to say 'after all, eighteen months is not very long to wait.'

"Under the Rating and Valuation Act of 1925, the whole of the land of this country is being revalued for rating purposes. An enormous sum of money is being spent on the process. In every single rating area, experts are at work putting a proper value under the existing rating law, upon every hereditament, rural and urban, in the whole country. It is a stupendous operation. They are valuing, for example, the whole of the agricultural land of the country, and the Act was passed in order that rates might be paid on the values thus ascertained. It seems an extremely odd thing that the government should come along, three years later, and say: 'Oh, there will not be any rates on agricultural land.' What is the purpose for which this enormous sum has been spent in valuing the agricultural land of the country? There is only one possible answer, and it is an answer that shows the absurd elaboration of the scheme which the government has adopted."

A LITTLE SIMPLE ECONOMICS

From the speech of Colonel Wedgwood, Labor M.P., this extract is taken:

"The Chancellor of the Exchequer has never seen that the landlord is as big a burden upon industry, and that he can be as ruinous to depressed industries as the rates which the Chancellor is now talking of removing. If he had arrived at the fact that land values are a creation of the community, he has now gone further, and observed, with the rest of the Conservative Party that the rates are a burden upon industry, and add to the cost of production, reduce output and increase unemployment. He accepts all that, but he cannot see the further stage, that the less the demands of the landlord, the greater the benefits to the producing industries. What we are suggesting in this Amendment is that the right honorable gentleman should see a little clearer, and understand finance a little better. If he is going to relieve industry of rates and pay for that relief by burdening industry with a tax on petrol of an equivalent amount, the products of industry will not be any cheaper as a result of that change. If he puts on a tax equal in amount to the amount of rates of which he relieves industry, and if that tax is levied upon industry, the ultimate results to industry will be to leave the product of industry exactly where it was before.

"We ask the right honorable gentleman in this Amendment to grasp in its entirety the Free Trade position, that any cheapening of production means a benefit to the consumer, and not to meet the cost of the reduction of the rates by tax on other industries in the shape of the petrol which they use, but to meet it by tax on land values, which he admits not only from his speeches of old days, but from his silence today, to be the creation, not of the individual land owner, but of the community as a whole. Further by putting a tax upon land values it will not merely benefit industry by relieving them of the burden of rates upon improvements, but will actually make all land cheaper, and put the landlord in a poorer position to demand excessive rents.

"In this Budget, at the same moment that he is making such an admirable shop-window effort to advertise relieving of the rates upon industry, the Chancellor is actually removing £4,500,000 of rates levied on agricultural land. A mere passing of this finance bill will give the landlords in increased value of their land £90,000,000 cash down.

"When is he going to carry this system further and remove the rates also from the distributing industries, and from the houses of the people, as well as from the factories in which they work? How much longer are we to wait before he carries to a logical conclusion the principles which the Conservative Party have been driven to accept, that of removing rates from the product of man's work and levying them instead upon that land value which is the creation of the community and which is the basis of all just taxation?"

THE LOGIC OF A NOBLE LORD

A long speech by Lord Hugh Cecil, the eminent member for Oxford University, during the debate, put forward these propositions, among others:

"I can propound a better principle than that of taxing site values, namely, to tax always in proportion to wealth. It is quite proper that the wealthy owner of site values should pay taxes, not because they are site values, but because he is rich and able to pay. The only thing that is expedient or equitable is to tax wealth. That does not mean, of course, that those who are comparatively poor should pay nothing, but that they should pay in proportion to their means, that everyone should pay in proportion. Do not let us listen to the foolish nonsense that will turn this Budget debate into a crusade against land owners, and that would persuade this House and country that there is something peculiar about the value of sites of land, because all such ways of thinking are a delusion and a snare."

The subsequent debate was not lacking in argument opposed to the curious economics of the noble lord. Mr. Hardie, a Scottish member, observed:

"Every time that the question of land ownership is debated in any form in this House, you always find it met with a bitterness which does not seem to characterize any other subject. As soon as the House begins to deal with land and the revenues that accrue to landlords without any effort on their part, opposition at once becomes very bitter indeed. The noble lord who spoke just now, and who seldom takes part in our debates without creating a great deal of interest because he is so well-informed, as soon as he comes to deal with the question of land, forgets all his learning, and he is filled with the idea of the sacredness of private ownership. The Chancellor of the Exchequer was in a very weak mental attitude today. Everyone realized he was in real difficulties; he was talking against his own convictions, and no matter how he tries to gloss over the former statements, it is painfully evident, I am sure, to those who sat behind him that he was compelled to wriggle a great deal in order to find the way out of a really tight corner.

"The City of Glasgow, like other industrial centers, became prosperous not because Lord This, or Lord That owns the land of Glasgow. It has become prosperous because of the industry of the people there. There could have been no land values in Glasgow but for the industry of the working community. Yet, when we get to the point where a man receives sufficient to maintain his wife and his children, we discover that all above that point is absorbed by the landlords. When we want to widen a street in Glasgow, or tear out slums that are a menace to public health, and do so at tremendous expense, we have merely increased the power of the landlords to say: 'Now

that this land has been cleared, I am going to have a higher price for it.'

"Now we are asked to pass a bill that once more entrenches the right of the biggest swindler of our times, namely, the landlord. * * * It is not stupidity so much as cupidity. It is just this idea: 'We want to protect our friends and our own class.'"

Any summary of this significant debate which the Henry George people of Great Britain probably rightfully consider to be the opening of a great national campaign, would be incomplete without reference to the fine speech of Andrew MacLaren, Labor M. P., from which a few quotations may be made, as follows:

MACLAREN, M. P. SUMS UP

"I cannot resist the temptation of saying something in reply to the Chancellor of the Exchequer's exuberant and virulent attack on what he was pleased to term the Single Taxer, Henry George, and the taxation of land values. Our Amendment states that what we want is some fundamental reform in the rating system, and the levying of rates on site values, and my right honorable friend (Mr. Snowden) buttressed his argument with telling quotations from the Chancellor's speeches. I remember in my early radical days as a young student of Liberal politics what a devoted reader I was of the Chancellor of the Exchequer. I admired the way he took up the challenge of the land owners, and I studied every speech he made. I never thought that the day would come when I should be addressing him as a Conservative Chancellor of the Exchequer from the Opposition benches. His apologia today is somewhat half-hearted. When he came to follow my right honorable friend, the member for Colne Valley (Mr. Snowden), he was somewhat compromised, and what compromised him was nothing more nor less than the truth, which he cannot evade, still clinging to his mind as a convinced reasoner on these economic subjects—that the rating of land values is a thing you cannot reply to. You may sneer at it, or laugh at it, but as an economic student, you cannot reply to it, because it is an invincible case. If the right honorable gentleman, the member for Carnarvon (Lloyd George) were in his place, I should have something to say to him too. It was the conduct of the Liberal Party of that day that led to the scrapping of the Budget (1909) and its futile taxes, but none the less it was a Budget that aroused the faith and hope of the population of the country. Finally, we saw it scrapped, the taxes abandoned, and remittances made to the landlords. If I were asked what is the cause of the downfall of the right honorable gentleman, member from Carnarvon, and his party, I should say it was the conduct of the Budget, the hope that it aroused in the populace, and the failure it came to finally in this House.

"The Chancellor of the Exchequer today became a little exasperated in order to find weapons wherewith to meet honorable members below the gangway, and asked what about Henry George? I only wish Henry George were in this House! I happen to know that the Chancellor of the Exchequer has done some very thorough reading of Henry George's writings, but I do not think it is altogether fair to make the statement which he did. He said that Henry George believed that land was the only source of wealth."

Mr. Churchill: "Almost the sole source."

Mr. MacLaren: "That makes it worse. Let me rejuvenate the right honorable gentleman's mind on his own reading. Henry George says that labor applied to land and the products of land is the source of wealth production, and he says that no wealth can be produced without the use of land in some shape or form, and that anything we do to help production will only increase the demand for [the raw material, land. That brings us to grips with the proposition now before the House. The right honorable gentleman and those who followed him rather infer that we are not all anxious to unrate and untax industry. I say again that we are. We are anxious to unrate and untax industry so as to give it a chance to get forward. The rates are crippling industry. We are at one with the Government insofar as that proposition is concerned. But you cannot discuss the relief of industry and leave the question there. You must also discuss ways and means of raising money to make up the difference that will be required by the relief given. Unless you take the monopoly values of land as your new basis for assessment, the relief you are now giving will find its re-expression in rent, and will come back to the land owners in some shape or form.

"I have been interested more in the proceedings of the House of Commons today than I think I have ever been on any day that I have ever sat in the House, because I consider this discussion to be fundamental. As a follower of Henry George, and a Single Taxer, if you like, I say that your political or economic beliefs may be whatever color you like, but they will not have the same success as you might hope for unless you deal fundamentally with this question of the land."

Chester Platt Views the British Situation

LONDON—A superficial observer, and one not altogether grounded in sound land economics, and with an optimistic viewpoint, might suppose that a proper taxation of land value (or shall I say the collection of economic rent?) was about to be put over in England. If not by the present Government then by a Coalition Government after the next election.

Here is the Conservative Party, led by Mr. Churchill who has shown his proficiency as a disciple of Henry George by saying:

"It is quite true that the land monopoly is not the only monopoly which exists, but it is by far the greatest monopoly—it is a perpetual monopoly, and it is the mother of all monopolies. It is quite true that unearned increments in land are not the only form of unearned or undeserved profits which individuals are able to secure; but it is the principal form of unearned increment which is derived from processes which are not beneficial but which are positively detrimental to the general public.

"Land, which is a necessity of human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical positions—land, I say, differs from all other forms of property in these primary and fundamental conditions. Nothing is more amusing than to watch the efforts of our monopolistic

opponents to prove that other forms of property and increment are exactly the same, and are similar in all respects to the unearned increment in land."

And here is the Liberal Party declaring in its Manifesto that:

"The Liberal Party seeks to bring the land of Great Britain into its best and fullest use in the interests of the whole population * * * The taxation and rating of Land Values, which will liberate enterprise and transfer to the public those values that have been created by public activity" we favor.

And here is the Labor Party saying in its latest Manifesto:

"The land, both agricultural and urban, the production and distribution of the coal and power which are the life blood of modern industry * * * these and other fundamental necessities are too vital in the welfare of the nation to be organized and exploited for private profit. Without haste, but without rest, with careful preparation, with the use of the best technical knowledge and managerial skill * * * the Labor Party will vest their ownership in the Nation, and their administrative in authority acting on the nation's behalf."

That looks as if all the English Parties were friendly does it not?

But here is the other side to the shield. The quotation attributed to Mr. Churchill was from a speech which he delivered several years ago, when he said a good many things of the same nature.

But since then, he has changed his mind.

As for the Liberal Party, what I quoted was what that party had to say about the taxation of land values in "Towns." As to agriculture land, they had a different proposition.

And the Labor Party, when I quoted from their recent manifesto, the reader probably noticed an elipsis where I put a couple of stars. I left out a phrase indicating that they are committed 'to due compensation.'

However, it is true that the taxation of land values is a very lively topic of debate in Parliament from time to time, and it is pleasing to know that most of the men in public life at least *understand* the fundamentals of the doctrines of Henry George.

And the rank and file of the people understand them too; better, far better than they do in the United States.

In Hyde Park and in Finsbury Park every Sunday, (and sometimes on other days) one may hear enthusiastic advocates of the Taxation of Land Values, or of the collection of economic rent, preaching sound doctrine.

J. W. Graham Peace of *The Commonwealth* has been responsible for a series of meetings which have been held at Finsbury Park which have attracted considerable attention and where converts to the idea of the collection of economic rent have been made, some of whom are now assisting Mr. Peace by weekly contributions to his journal *The Commonwealth*.

Mr. Peace says that *The Commonwealth* circulates in every country in Europe and that he not infrequently finds ex-