

## LAND VALUES IN PARLIAMENT

### DEBATES ON THE FINANCE BILL AND ON VALUATION AND RATING

#### Mr. Snowden reminds Mr. Churchill of his earlier speeches on the Land Question

##### FINANCE BILL

SECOND READING—25th May

The motion for the Second Reading having been proposed,

Mr. SNOWDEN, late Chancellor of the Exchequer, moved the rejection of the Bill in these terms :

This House declines to agree to the Second Reading of a Bill which is admittedly based on the policy of relieving taxation upon the rich by adding to the taxation of the poorer classes; imposes a total burden upon the taxpayer higher than was estimated for a year ago; places new and onerous charges upon industry in the form of tariffs; and makes no provision for the relief of local authorities and national taxpayers by the taxation of land values.

Referring to the last portion of this amendment Mr. Snowden said :

The right hon. Gentleman asked us the other day if we would suggest other sources of taxation which he might have adopted and which would help generally the revenue that he required. In view of the right hon. Gentleman's past upon the question of the taxation of land values, I thought that we had a right to expect that he would use the first opportunity he had to give effect to proposals on what he has repeatedly described as "a great public scandal, and an urgent public necessity." I have here the full report of a speech which is one of many speeches made by the right hon. Gentleman on this question. He told the electors of Dundee, one of the many constituencies that he has had the honour to represent :

"I have made speeches to you by the yard on the taxation of land values, and you know what a strong supporter I have always been of that policy."

I wish I could read the whole of the speech, for it puts the case far more powerfully than I can hope to do.

Mr. ERSKINE : Circulate it ! \*

Mr. SNOWDEN : That is the first useful suggestion which has ever emanated from the brain of the hon. Member. Let me quote another statement in the speech of the right hon. Gentleman :

"A landlord happens to own a plot of land on the outskirts or at the centre of one of our great cities. He watches the busy population around him making the city larger, richer, more convenient, more famous every day, and all the while sits still and does nothing. Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, water is brought from reservoirs a hundred miles off in the mountains. And all the while the landlord sits still. Every one of these improvements is effected by the labour and at the cost of other people. Many of the most important are effected at the cost of the municipality and of the ratepayers. To not one of these improvements does the land monopolist as a land monopolist contribute, and yet by every one of them the value of his land is sensibly enhanced. He renders no service to the community; he contributes nothing to the general welfare."

Then we are told that it is not the man who is bad, but that it is the law which is bad.

\* The speech has been printed in leaflet form by the United Committee and is being widely distributed. Copies, price 2s. per 100 post free.

"It is not the man who is blameworthy for doing what the law allows and what other men do. It is the State which would be blameworthy were it not to endeavour to reform the law and correct the practice."

The right hon. Gentleman concluded with an eloquent peroration. He invoked the shade of Mr. Cobden and said :

"The system of local taxation to-day is just as vicious and wasteful, just as great an impediment to enterprise and progress, just as harsh a burden upon the poor, as the thousand taxes and Corn Law sliding scales of the 'hungry forties.' We are met in an hour of tremendous opportunity. 'You who shall liberate the land,' said Mr. Cobden, 'will do more for your country than we have done in the liberation of its commerce.'"

Mr. CHURCHILL : What was the date of the speech ?

Mr. SNOWDEN : What does the date matter ? Does the right hon. Gentleman repudiate the sentiment ? I will give the date. The speech was delivered in the King's Theatre, Edinburgh, on 17th July, 1909. The right hon. Gentleman, according to his own admission, has made speeches by the yard on the subject. In his own words this was his "hour of tremendous opportunity." What has he done ? If we are asked, "Why did we not do it last year ?" I reply that those who heard my Budget speech last year will remember that, although it is not usual to anticipate a Budget before its introduction, I gave a very definite pledge that if I stood in the Chancellor's place this year I would introduce proposals for dealing with this matter. The right hon. Gentleman has been a student of this question all these years. I ask him, does he think it right that these vast sums, created as he says, by the enterprise of the community, by the expenditure of public money, should go to a landlord who sits still and does nothing ? For 40 miles round London to-day every district is becoming suburbanized. Everywhere you see agricultural land with the notice "Eligible plots for building purposes." That land was worth £30 an acre a few years ago. It is fetching £600 and even £800 an acre now. The motor omnibus, about which the Minister of Transport was so eloquent a day or two ago, is enriching the ground landlords at a rate beyond the dreams of avarice.

Is the right hon. Gentleman going to stand still, too, and allow this national scandal to go on ? Hon. Members opposite and commercial people in the country complain about the burden of taxation, and yet they do not take any steps to stop this drain from the wealth of the community, which, if it were applied to community purposes, for this is wholly community property, would reduce the burden on the local authorities by an enormous amount. Yet the right hon. Gentleman wants suggestions in regard to additional revenue by which he can relieve still further his hard-pressed friends the poor Income Tax payers. Will hon. Members opposite permit me to say that I have always been amazed that they should take up an attitude of hostility on that particular question of land values ? I will put this question to them. Do they admit that this growing value of land arises from causes which are in no sense attributable to the energy, enterprise or expenditure of the landowner ? If they admit that, then they must say that it is wrong that this value of land should be appropriated by those who have done nothing whatever to create it. That is the question which we want them to answer. For the reasons I have stated I move this



RT. HON. PHILIP SNOWDEN, M.P.

Amendment. I do so 'under no illusion as to the fate of our Amendment in the Division Lobby. The servile hordes will troop obediently, but by no means happily, through the Division Lobbies to-night, but the controversies which have been aroused by this Budget will not be ended by the defeat of our Amendment in the Division Lobby.

Mr. J. SEXTON (Labour): My right hon. Friend the ex-Chancellor of the Exchequer has suggested a true source of revenue—the taxation of land values. I know this subject is supposed to be thrashed threadbare, but it is none the less true. Let me give one or two cases in point. In Liverpool to-day there is land the value of which is one guinea a square foot. I think the rateable value is £4,000,000 per year, and all that value has been created by the joint industry of the employers and workmen, the shipowners, seamen, firemen, the officers of the ships and the dock labourers. Why should we levy the burden of Imperial and local taxation on these and let go scot free the man who does nothing to create anything?

Mr. J. HUDSON (Labour): I would ask the right hon. Gentleman when he was looking for schemes in the pigeon-holes of the Treasury, did he not find there certain schemes by means of which he might have been able to place increased burdens upon the landlords so that they should play their part in these measures of social reform? I am giving away no secrets, because the Labour Chancellor announced in this House that, had another opportunity been given him, he had intended to institute a scheme of land valuation by which an effective system of land taxation could have been carried out. The strong criticism with regard to the proposals of the Chancellor is that while he places increased burdens upon industry he has failed to go to that class in the community which does least for the welfare of the community and whose continued existence depends on the absolute right to draw rent. We continue to put forward the strongest demand that in some immediate proposals brought in by the Government, there should be found a means of enabling those who draw toll from the land, to pay their share in any great measures of social reform that are introduced.

The PRIME MINISTER, Mr. Stanley Baldwin: The

Labour Party have one advantage over us. They have put in their Resolution what amounts to a vote of censure upon us for not fortifying the Exchequer by raising money by taxation on land values. It is a curious thing to put down, because, as a matter of fact, we are pledged by the pledges which we gave at the Election not to do anything of the kind. So we are censured for not breaking our pledges. Let that pass for the moment. We none of us know what they mean by the taxation of land values. We have no idea what revenue can be raised, or how.

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## RATING AND VALUATION BILL

SECOND READING—13th May

Mr. CHARLES P. TREVELYAN (Labour) moved the rejection of the Bill in these terms:—

While being in favour of a reduction of the number of rating authorities and uniformity of valuation, and being of opinion that the existing practice of rating machinery is detrimental to trade, this House cannot assent to the Second Reading of a measure which will impose the burdens removed from machinery on to dwelling-houses and improvements instead of placing them upon land and minerals which should be separately valued.

The right hon. Gentleman (Mr. Neville Chamberlain) has laid down the principle that the taxation of industry is bad. Why did he not go on to the logical conclusion? If he realized the evil of rates on machinery and on railways, how can he exclude the evil of rates on mills, on shops, on houses, and all the other things which are on the land, and on which industry depends?

Houses are the greatest need of our people to-day, and overcrowding is our greatest social problem. A tax on houses means fewer and dearer houses, and it means overcrowding, just as a tax on bread meant more expensive bread and starvation. I am not saying you ought to select one thing more than another, for our proposition is a general one, that all this enormously heavy taxation upon improvements, houses, mills and shops is bad, and that we ought to find a better basis of taxation.

In order to exempt houses and industries effectually, land and houses must be separately assessed. Then we can exempt houses, shops and factories, as we cannot do to-day; that is why we ask for the separate assessment of land. The principle we want to assert is that the proper basis of taxation is the communal value of land, and not the improvement value of the structures, whatever they are, upon it. The present system is too tender to land and too rigorous to enterprise.

See what is happening to-day in the mining industry. As long as a pit is working, there are rates to be paid on it—on the machinery, and on the whole property. The moment the pit ceases to be worked, there are no rates to be paid. But the values are still there. Moreover, the fact of that pit ceasing to pay rates throws more rates upon those industries which are still going on and which are, as likely as not, going on because of their greater competence and greater capacity.

Mr. LLOYD GEORGE (Liberal): It is no use saying there is no new source of revenue. There is. At present you have property, which ought to be rated, the value of which is created, not by any effort on the part of the owner himself, but by the combined efforts of the whole community. In addition to that, the very rates which others are paying increase the value year by year, and he escapes practically altogether. It is vital that if any relief is to be given, it is not given by imposing fresh burdens upon industry, but by imposing a burden on something which is the result of the industry of others, and not of the person himself.

When you are relieving burdens, the burdens ought not to be transferred to the shoulders of people who at the present moment are finding it very difficult to struggle on from day to day. The burdens ought to be put upon the shoulders of people who have hitherto not borne in the slightest degree any measure of that burden.

Mr. MARDY JONES (Labour): I suggest that the Government ought to relieve both industrial property and the tradespeople and the house owners and make good the loss by tapping the unearned wealth which is now going to the landowner in ground rents and mining royalties. Many millions are being extorted in this way by the landlord class from the people. This unearned wealth has been created by the social growth of the community and the benefits accruing from municipal enterprise and government.

Mr. RENNIE SMITH (Labour): We definitely suggest that there are important sources, sources which have been only too long neglected in the country, which this Government, in seeking to codify and reorganize the local rating system, ought to have taken seriously into account at this time. We refer especially to the big sources of untaxed land values, which have been for 40 years now a subject of contention in and outside this House. We feel, as a party, that the mere omission to bring these potential values on to the rating system of the nation is simply the continuance of one of the most fundamental injustices in our whole local taxing system.

When we remember the fabulous prices that are charged for land to-day in order to get houses built, land which is paying only 3s. and 4s. per acre, when we remember that landlords, when they get the chance to sell, are charging £500, £800 and even £1,000 and more an acre, at a time when they are paying practically nothing at all to the local rating system, we find it difficult to understand how the people continue to accept quietly such a system of taxation. Therefore, we want to raise this whole issue.

The Clutton (Somerset) Board of Guardians at its meeting on 22nd May, WESTERN PRESS report, discussed the new Rating and Valuation Bill. On the motion of Mr. Oliver Lewis, seconded by Mr. J. Harrington, it was agreed to ask the Government to insert in the Bill a clause dealing with the taxation of land values.

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In 1923, in Glasgow, a house cost £370. By July last year the cost had increased to £430, and by October of last year to £473. The grant that we get from the State under the Wheatley Act is £9 10s. The £103 added on to the 1923 cost must more than wipe out that £9 10s. It means at least an additional £10 per annum to the rent. So that the £9 10s. has entirely disappeared into the pocket of some individual or individuals.

There are 1,000,037 houses in Scotland. Of that number 548,000 are one and two-room houses. That is to say, that 52 per cent of the houses in Scotland to-day are either of a one or two-room type, and 48 per cent of the population live under those conditions.—

Mr. James Stewart, M.P. (Labour), late Parliamentary Under-Secretary to the Scottish Board of Health, in the House of Commons, 6th April.

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The Parliamentary Debating Society at the Birkbeck College, London, at its session on 4th May, carried the second reading of a Bill to Provide for a Tax on the Capital Land Value of all Land in the United Kingdom, introduced by the "Liberal Government." Copies of the Bill, in eight clauses, were circulated, and for one of these we are indebted to Mr. J. Pike, who informs us that a prolonged and most instructive debate took place.

## THE RATING AND VALUATION BILL

### An Important Measure Simplifying the Present System but no Change in the Basis of Taxation

The new Rating and Valuation Bill for England and Wales, which passed its Second Reading in the House of Commons on 13th May, had already been issued in draft in 1923 by the then Conservative Government, being circulated among the local rating authorities for their criticisms and suggestions. Its general provisions were explained in LAND & LIBERTY of October, 1923. Save for some relief to be given to loose machinery, it alters in no way the incidence of taxation. But it reorganizes and simplifies the whole administration of local taxation as it is at present levied, leaving the basis unaltered, and makes many important changes in the constitution of the assessing bodies.

The measure aims to remedy the present extraordinary confusion of the overlapping rating authorities, each levying separate rates in a given district, often based on different valuations and with rates often collected by demands or "precepts" made by one authority on another. A borough, for example, may include areas situate in two separate unions of parishes, and it is extremely difficult, if not impossible, to impose an equal rate over the whole borough, the valuations being on different bases in the two unions, because one may have been revalued quite recently, while the other has not been revalued for twenty years or more. Outside of London, it is possible to have no fewer than three valuations for rating purposes. There may be one for the borough, another for the county, a third for the poor rate; and, in addition, there may be a fourth for the purposes of Income Tax.

#### FEWER RATING AUTHORITIES

Mr. Neville Chamberlain, the Minister of Health, who is in charge of the Bill, explained that it provides for the final disappearance of the "overseers of the poor," at present the principal rating authority in the parishes. The borough councils, the urban district councils and the rural district councils will form the new rating authorities and the main rates will be consolidated into a single general rate. In urban districts the number of rating authorities will be less than one-half of what it is to-day, and in the rural areas the reduction is to be far greater: from 12,882 rating authorities down to 648. There is to be one rate having uniform poundage right throughout the area.

#### NEW VALUATION AREAS

The Bill proposes to set up new valuation areas which instead of being areas of unions—of Poor Law authorities—will be in the case of a county borough the area of that borough, and in the case of a county an area to be delimited by the council of the county, after consultation with the rating authorities in the county, and to be submitted to the Minister of Health for his approval. For each of these new valuation areas new assessment committees are to be set up. In the case of the county boroughs the assessment committee will be appointed by the town council. In the case of the county it will be appointed by the county council, by the boards of guardians and by the rating authorities in the areas concerned. In order not to lose the wide and long experience of the overseers and guardians, it is provided that in the case of the county boroughs not less than one-fourth of the members of the assessment committee shall be nominated by the boards of guardians. In all cases there will be included in the assessment committee

two general commissioners of Income Tax. As a further effort to obtain uniformity over large areas, it is proposed to set up county valuation committees to include members of the county council and members of the various assessment committees in the area. These county valuation committees are expressly directed to hold conferences at which may appear members of the assessment committees in county boroughs, as well as those in the county itself.

#### PERIODIC VALUATION

The valuation area is to be a large area, probably comprising several rating authorities, and the assessment committee which represents that larger area may be regarded as a sort of court of appeal, who will have to consider the valuation lists presented to them by the rating authorities representing the smaller areas comprised in the valuation area.

The rating authorities are to prepare fresh valuation lists every five years, in that respect following the practice of London, and it is further provided that the gross values are to be taken as conclusive evidence of the gross values for Income Tax purposes. There will be a fixed scale of deductions, which will give that uniformity in municipal valuations which has hitherto been so conspicuously lacking.

#### THE SUBSIDY TO LANDLORDS CONFIRMED

Agricultural land is to be permanently exempted from three-quarters of the rates falling on other properties—permanently in the sense that this provision in the Bill takes the place of the Agricultural Rates Acts which were temporary measures requiring renewal from year to year. Thus it is intended that the fatal and disastrous policy of subsidizing landlords—in the name of promoting agriculture—is to be incorporated in the rating system as the final victory of the landlord interests in the prolonged conflict over the Agricultural Rates Acts. We hope that in Committee Stage an effort will be made by the Opposition to force a discussion on the unwarranted and unjust privileges that the Agricultural Rates Acts conferred and to move for their abolition.

For special properties, which are frequently situated in more than one valuation area—railways, canals, etc.—a special central authority is to be set up.

#### SOME RELIEF TO MACHINERY

Plant and machinery is to be divided into three classes. Tools and machines operated by hand or foot power are to be exempt; "process machinery" is to have a relief of 75 per cent; all other machinery is to be fully rated. Mr. Neville Chamberlain's defence of the exemption and relief that is intended for certain machinery should be noted. "Every time a manufacturer improves his equipment he puts upon himself a new charge . . . a great many manufacturers are bearing burdens upon their industry which are not suffered by their foreign competitors. These burdens have to be borne, whether they are making profit or not. By them they are seriously handicapped in their work and it tends to increase unemployment." What Mr. Chamberlain has said about the taxation of *some* machinery is true of all machinery and of all buildings and improvements of whatever nature. The alternative, the only alternative, is to go direct to the natural and proper source of public revenue, the value of land apart from improvements.

#### LAND VALUE THE RIGHT BASIS

In the debate following Mr. Chamberlain's speech, the case for the Taxation of Land Values was well stated by Mr. Charles P. Trevelyan (Labour) and other members. This part of the debate is reported in a previous column.

## THE MARCH HARE AND THE MAD HATTER

### Mr. Lloyd George on Mr. Churchill's Free Trade Views

Speaking in the Second Reading Debate on the Finance Bill in the House of Commons, 25th May, Mr. LLOYD GEORGE said: My right hon. Friend (Mr. Snowden) quoted a speech of the Chancellor of the Exchequer, who asked very definitely what the date was, and when he was told it was 1909, the whole of his Friends here laughed at the idea that he should be of the same opinion still. But I am going to give them something much more fresh than that, much more recent, so recent that it is hardly necessary to put it into cold storage. Eighteen months ago this is what he said about the Protectionist theories of his friends and his chief, who is going to defend him to-night. He said:

"Free Trade was vital to our island home. Beware of the fatal risk and danger of rashness, and precipitancy and ignorance. He marvelled as he read statistics at the temerity, the inconsequence, the folly which had animated the Prime Minister in plunging into this wild adventure. His advice to his hearers was to pause before they adopted any of these half-baked, ill-thought-out, adventurous schemes. Everyone knew that the Government was one of nonentities, inexperienced politicians foisted into the greatest offices of State. The people were being asked whether they would scrap the commercial foundations of the country, under the leadership of the March Hare and the Mad Hatter, for some uninspired project of Protection."

[AN HON. MEMBER: "They are both there."] No, the Mad Hatter is not there. He has not taken any interest in the Budget, I observe, since it was introduced. He feels quite confident he could do better, but the March Hare is there, and the right hon. Gentleman is, probably, thinking how soon he will be ready to be juggled. However, I feel more confident in quoting this, because of the declaration which the right hon. Gentleman made after the Election, less than eighteen months ago:—

"They knew the line he had taken, which was one he always intended to take, whatever the consequences. Of one thing he was certain, that this time the march back to the dark ages of Protection had been broken to pieces decisively. In that they could all rejoice."

There he is, leading the band. He is the bugler of the great retreat. The right hon. Gentleman, therefore, I think, in those very admirable principles he laid down will find that he was more right then than he is now, and that he will find the interests will take him further and further.

On 5th May there was an all-night sitting of the London County Council to consider the estimates. Among the amendments put forward by the Labour Party was one moved by Mr. Scurr and seconded by Mr. Culpin urging the promotion of legislation authorizing municipal valuation and rating of land values in the County of London. On behalf of the "Municipal Reformers" Mr. Ray defended the landowners of London. He did not allow himself to utter an argument against the rating of land values, but the amendment was defeated.—LONDON NEWS Report.

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