

LAND & LIBERTY

MONTHLY JOURNAL FOR LAND VALUE TAXATION AND FREE TRADE

Fifty-eighth Year—Nos. 686 & 687.

4 Great Smith Street, London, S.W.1.

July & August, 1951. 1s.

Our Protectionist Government	62	News from Australia and New Zealand	69
Trade Relations with Japan	68	Formation of a Georgeist Justice Party	70
Land Speculation is not New	65	"Money in the Land"	72
Analysis of Socialist Policy	66	Prohibitive Farm Prices	72
Abolish the Pernicious Purchase Tax	68	The Dear Land Planning Act	78

DECISIVE VICTORY IN PENNSYLVANIA

Forty-seven Cities given Power to Rate Land Values

In the State of Pennsylvania legislation has been adopted giving forty-seven cities the option to levy their local municipal taxation upon land values so as to relieve or exempt buildings and improvements. This legislation applies to the so-called "third class" cities, to which class by their population (ranging from 125,000 to 7,000) these cities belong. By the standard of population, the only "first class" city is Philadelphia (1,950,000) and of "second class" cities there are only two, namely, Pittsburgh (671,700) and Scranton (140,400) which, under special legislation applying to them, have since 1925 enjoyed a considerable measure of land value taxation. Philadelphia alone awaits similar legislation applying to it.

The new law—Act No. 164—conferring the permissive powers upon the forty-seven "third class" cities received the assent of the State Governor, John S. Fine, on June 28. It had passed the Senate unanimously and was approved by the House of Representatives by a vote of 141 to 47. It embodies the provisions that were contained in Senate Bill No. 131 and Senate Bill, No. 357 introduced respectively by the Democrats Senator McGinnis and Senator Stevenson. Those provisions are clear and concise and are stated with admirable brevity. The law had previously made it obligatory to assess and tax the composite value of land and buildings taken together. That is now amended in these three sentences:—

"At the next triennial assessment following the effective date of this amending act the assessor shall, if council by ordinance so directs, classify all real estate in such city, in such manner and upon such testimony as may be adduced before him, so as to distinguish between the buildings on land and the land exclusive of the buildings, and he shall certify to the council the aggregate valuation of all real estate, subject to taxation for city purposes within each such classification.

"The council of any city may, by ordinance in any year, levy separate and different rates of taxation for city purposes on all real estate classified as land exclusive of the buildings thereon and on all real estate classified as buildings on land.

"When real estate tax rates are so levied they shall be uniform as to all real estate within each such classification and such rates shall be determined by the requirements of the city budget as approved by council."

The campaign that has resulted in this victory was ably organised and conducted by the Henry George Foundation in Pittsburgh in association with the Graded Tax League of Pennsylvania. The Secretary of the Foundation, Mr. P. R. Williams, writes that they were fortunate in having as sponsors of this legislation two such able spokesmen as Senator McGinnis and Senator Stevenson, both Democrats. The most important element in achieving success was in enlisting the support not only of influential officials in the cities (which operate under the commission form of government) but also—what was essential—the support of influential members of the majority party, the Republicans. Thus a partisan issue was avoided.

Pennsylvania again ranks as a pioneer State in legislation intended to concentrate municipal taxation upon land values. In 1913 the "second class" cities (Pittsburgh and Scranton) adopted what is known as the "graded tax plan" by Act of the State legislature, and the gradual process of shifting taxes from improvements to land values began. Since 1925, Pittsburgh and Scranton have imposed rates on improvements just half of those levied upon the value of land, which is as far as the legislation applying to the "second class" cities allows. It has been this example from Pittsburgh and Scranton, proving the advantages they have derived, even from a partial application, that has made easy the path of the legislation which now applies to the "third class" cities. The latter are in an even better position, because their councils may adopt the separate assessment of land and buildings and the legislature has placed no fixed limitation on the ratio between land and building tax-rates. Thus they can, if they so decide, exempt buildings entirely and raise the whole municipal revenue by taxation of land values.

The sponsors of this legislation are to be congratulated on their success so well won. The optional powers have been granted and it rests with the city councils to give effect to them. The next stage in the Pennsylvania campaign will be an organised effort to bring all possible influence to bear upon citizens and officials of the various cities that they do take the desired action. May the campaigners command adequate support in that work, for it is one of the greatest opportunities ever offered, in any country, for a large scale demonstration of the benefits of land value taxation and the untaxing of improve-

ments. The law now passed is an event of exceeding importance. The Pennsylvanian legislature has, in particular, set an inspiring example for other States in the Union to follow.

A Resolution to Remember

At the General Election in 1923, Mr. Baldwin, Conservative Prime Minister, went to the country to secure a mandate to institute Protection as a cure for unemployment. The Conservatives were defeated, the Labour and Liberal Parties having a joint majority of 85. It is interesting to recall the following extracts from the Manifesto issued by the Labour Party at that time:—

"The Labour Party challenges the tariff policy and the whole conception of economic relations underlying it. Tariffs are not a remedy for unemployment. They are an impediment to the free interchange of goods and services upon which civilised society rests. They foster a spirit of profiteering, materialism, and selfishness, poison the life of nations, lead to corruption in politics, promote trusts and monopolies, and impoverish the people. They perpetuate inequalities in the distribution of the world's wealth won by the labour of hands and brain . . . The Labour Party proposes to restore to the people their lost rights in the land, including minerals, and to that end will work for re-equipping the Land Valuation Department, securing to the community the economic rent of land, and facilitating the acquisition of land for public use."

Conservatives Applaud Socialists

The British Labour Government has adopted Protection as a permanent feature of its economic policy. It has renounced for ever the free trade pledges it gave in its 1923 General Election Manifesto, the text of which we print above, and has disowned the free traders who helped to build the party. This was made clear in three recent authoritative statements by the new President of the Board of Trade, Sir Hartley Shawcross. As various Conservative M.P.'s declared, it is an important decision which will have far-reaching effects.

Speaking in the House of Commons, June 6, during the discussion of Clause 3 of the Finance Bill which was designed to extend the Key Industry Duty for a further three years, the President condemned as "inconvenient" the present system of operating two parallel sets of Import Duties, one under the Safeguarding of Industries Act, 1921, and the other imposing the *ad valorem* duty under the Import Duties Act, 1932. He declared: "I do not think there is much difference of opinion between the two sides of the Committee in principle, except perhaps on the part of those who take the full Free Trade view." It was the intention of the Government to go ahead with the objective of arriving at a single tariff code and of assimilating the key industry duty system with the Import Duties system. It was desirable that there should be a single measure, as comprehensive and simple as possible. The Government hoped that this could be achieved within the next three years and that an improvement in the international situation would make unnecessary a special code for safeguarding those key industries vital for strategic purposes. Remarkd Mr. H. F. C. Crookshank (Cons., Gainsborough): "The Labour Party has now become a tariff party." While Mr. C. Williams (Cons., Torquay), a lifelong protagonist for protection, said of Sir Hartley: "I am glad he has been able to push his party into common-

sense, and I hope some wretched professor will not push it back again."

The Board to Restrict Trade

Sir Hartley reiterated his support for Protection a few days later (June 11) at a luncheon given by the Chamber of Commerce of the British Empire. While he is President of the Board of Trade, he said, he would do nothing to weaken Imperial Preference. He denied that there was some kind of conspiracy to whittle Preference away and claimed that the effects of the Torquay G.A.T.T. Conference "were negligible compared with the total value of imperial trade." The Government regarded Imperial Preference as of the greatest importance for increasing Commonwealth trade to the maximum amount possible. It agreed to reductions in British tariffs only where it can secure from foreign countries concessions which it regards as being at least equally valuable to Britain and the Commonwealth as a whole. Sir Hartley emphasised that if sometimes the policies he had to carry out might not at first sight seem helpful to Empire trade it was because in the exceptional conditions of the world to-day, it was impossible to put a complete and permanent tariff bar or an embargo on particular imports simply to protect an Empire industry.

Peace Treaty—Tariff War

In a written reply to a Parliamentary question, July 12, Sir Hartley pronounced again the Government's favour for tariff protection. This time it was to safeguard British manufacturers, and especially the textile industry, against Japanese competition. In view of Japan's pre-war record, the Government had decided not to accord most-favoured-nation rights to the Japanese. It felt that for the present it must retain *freedom to protect the British economy against abnormal and injurious competition* (sic). Further, Japan would be required under the Anglo-American draft treaty to renounce the trading rights in the Congo Basin territories accorded to her as a signatory of the St. Germain-en-Laye convention.

Hypocrisy of Imperial Preference

It is worth while recalling for the benefit of Sir Hartley Shawcross and his dissenting colleagues in the Labour Party the great free trade speech (only one of many) Mr. Philip Snowden, Chancellor of the Exchequer in two Labour administrations, gave at the Cobden Club Annual Dinner, July 1, 1924. The Conservative Party had been soundly defeated at the General Election the previous year on the specific issue of protection or free trade, and a Liberal-Labour Coalition Government had been returned to power to remove all barriers to production and trade.

There was no distinction, Mr. Snowden said, between Protection and Imperial Preference, except in degree. Imperial Preference was simply a stepping stone to an all-round and complete system of Protective Tariffs. He had known no political crusade, no political campaign in this country more hypocritical than the campaign for Imperial Preference. He never heard the canting hypocrisy about the Empire used in order to beguile the people into support for Tariff Reform or Protection without feeling a measure of disgust. It was not Protection which had made the Empire. It was liberal principles which cemented the Empire and liberal principles would maintain the Empire. He knew no more certain way of bringing it speedily to destruction than