

THE LAND QUESTION IN PARLIAMENT

HOUSE OF COMMONS DEBATES

AGRICULTURAL RATES BILL

SECOND READING—4TH JUNE

The Minister of Health (Mr. Neville Chamberlain): I would point out to the House that this is a temporary Measure. It expires on 31st March, 1925. In order to explain that position, I must quote a short passage from the Gracious Speech from the Throne, in which these words occur:—

"The anomalies and inequalities of the present system of local taxation have long called for reform, and my Ministers are examining the whole question. It is hoped that it may be found practicable to deal with the subject on a comprehensive basis, and in particular to remove some of the burdens which press on the agricultural industry."—[OFFICIAL REPORT, 13th February, 1923; col. 7, Vol. 160.]

Hon. Members will be interested to know that our examination has now progressed so far that I hope very shortly to be able to circulate a draft of a Bill on valuation and rating reform to the local authorities, and to ask for their observations thereon, with a view, if possible, to introducing the Measure itself next year.

Lieut.-Colonel A. Murray: Will that include Scotland?

Mr. Chamberlain: Oh, yes, probably. That Bill will contain permanent provisions in regard to the rating of agricultural land.

The occupier of agricultural land now pays one-half of the rates to which this Bill applies; under Clause 1 he will in future pay one-quarter. I may, perhaps, explain to the House that the English and Welsh farmer now pays the full rate upon his buildings, while upon his land he pays the rates which vary from one-half in the case of the poor rate to one-third of the lighting rate, and one-quarter of the general district or special expenses rate. Then there is the case of the consolidation rates, where he pays a different proportion in different localities varying from one-quarter to one-half. In future under this Bill he will in all cases only pay one-quarter.

Under Clause 2 of the Bill it is provided that every year the estimated deficiency which will arise in consequence of the relief will be paid into the local taxation account, and that every half-year there will be paid out of the local taxation fund the various shares which will be due to the different spending authorities. It is estimated that in England and Wales the amount necessary during the current year will be about £2,750,000.

In England the relief which is given is given to agricultural land only. It does not apply to the buildings. In Scotland it applies to the buildings as well as to the land, or to the heritages, for I understand that in Scotland the law refers to buildings of every kind as well as to land and any machinery that may be attached to it.

Whereas in England relief is given by way of a reduction in the poundage paid by the farmer, in Scotland the farmer always pays the full rate, but he pays it on a reduced assessment.

Whereas in England the rates fall only on the occupier, in Scotland the burden of the county and the parish rate is shared by the occupier and the owner, roughly speaking, in the proportion of half and half. Under the Scottish Act of 1896, the owner of agricultural land pays the full rate upon the full assessment and the occupier pays the full rate upon a three-eighths assessment. Under the present Bill that state of things comes to an end altogether, and in future both the owner and the occupier of agricultural land will pay upon one-half, or four-eighths of the full assessment. Under Subsection (2) of Clause 7 of the Bill the occupier will be enabled to take from his rent half the amount of rates he has paid, so that the final result will be that the owner will pay three-quarters and the occupier will only pay a quarter of the rate.

Mr. A. MacLaren (Labour, Burslem): It will be the purpose of the Labour Party to make the ordinary rank and file in the country cognizant of the fact that there is a land valuation at Somerset House, and that that valuation should be brought to light and brought up to date.

If it were given to us to carry through, we should not persist in adjusting rates here, in adjusting rates there, in giving subventions here and subventions there. People have been complaining, and rightly complaining, about the rates upon houses. The whole rating system will have to give place to a more sane system of rating the capital values of land up and down the country, irrespectively entirely of the use made of the land.

We would, as far as possible, take the taxes from the food of the agricultural labourer, and would also remove the rates that are now levied on the farmer's buildings. We would assess the value of the labour expended in agriculture, and do all in our power to slacken the rates and taxes levied upon that labour; and, side by side with that, and as an alternative to the present system, we would, as I have said, bring the valuation of the land up to date and make the value of the land the basis of rating and taxation instead of the industry of agriculture.

The land monopoly stands blocking the way to building, to farming, to every form of human activity in this country. We are the talk of almost every country as the most terribly landlord-ridden country in Europe; and now the last word of the Government is that we should advance along the line of reducing agricultural rates, on the plea that we are benefiting agriculture. We on this side still hold to it that the mode of procedure marked out in this Bill is not the mode of procedure to be pursued by those who honestly endeavour to help agriculture, but lies in quite another direction. It will not be by easing the burden of the landowner, but rather by passing more taxes on to him and taking them off honest labour, so as to give labour a chance.

Mr. B. Riley (Labour, Dewsbury): The defect of this Bill is that it makes no discrimination between agriculture which may be tolerably prosperous and agriculture which may be in a depressed condition. Its effect will be to give most to those who are already comfortably well-to-do, who have got most now, and to give least to those who are most in want of it. Obviously, the poor lands, which give bad results, are invariably rented at a lower rent, while to the better lands, which yield higher rents, will go the major portion of this relief.

The last Clause says the duration is for two years. When the Act of 1896 was introduced, which reduced the liability of agricultural land to half its rateable value, we were told exactly the same story. It was originally for five years. That was 27 years ago, the Act is going as strong as ever, and we are now being invited to bring the half-liability down to a quarter. It is because it is so obviously a landlords' relief Bill that we are against it.

Under the Act of 1896 the Treasury undertook to make up the difference caused by relieving the land of half its rateable liability by contributing an annual sum of £1,300,000. In addition, the Act imposed upon the ratepayers in the localities an additional liability of £6,000,000 a year, to make up the difference, and so, from 1896 down to the present time, the localities and the Treasury have contributed no less than £189,000,000 for the relief, not of farmers at all, but of the landlords. Now we are asked to give our assent to an additional £2,750,000. Behind this £2,750,000 there is also the declared intention of the Government to contribute another £1,500,000 from the Road Fund towards the relief of agricultural ratepayers. Who is going to bear this additional taxation? It is the general taxpayer. On every pound of sugar that the worker's wife buys she is being asked to give her quota

to the relief of agriculture. On every ounce of tobacco the small wage-earner buys, and on every pint of beer he drinks, he is asked to make up this difference.

The Minister has said that we object to the Bill on the ground that we hold the view that the relief will go to the landlord and the burden will fall upon the general taxpayer, and we do object on those two grounds. Colonel Kenyon-Slaney, in 1896, made the following remark, which was received with cheers by his colleagues:—

"I am supporting this Bill because Guy's Hospital derives a large portion of its income from rent on agricultural land. Twenty years ago the value of that land was £50,000 a year and to-day it has come down to £20,000, in consequence of which wards have had to be closed and the work curtailed. By the passing of this Bill these wards would be reopened and the work carried on with greater energy."

He said that because he knew perfectly well that the passing of the Bill would tend to increase rents, and, therefore, the Trustees of Guy's Hospital would have the benefit of those enhanced rents. The Corn Production Act, 1917, gave a subvention to agriculture, and all the rents rose accordingly.

Sir Alfred Mond (National Liberal, Swansea, W.): No economist can deny that a reduction of rates must inevitably lead to an increase of land values. That is not a question which one can argue about. It is a fact. You may say that landlords at present will not increase rents. I do not believe that they will, but if an estate is sold—and they are being sold every day as will be seen by a glance at the advertisement lists—then the purchaser, if he is a business man, or his agent, if he is a business person, will obviously take that into account in fixing the rent. The first thing you have to do, if you want to justify this sort of legislation, is to stabilize your rents. Otherwise, either in the form of rent or increased capital value, you are merely adding the subsidy to the capital value of the agricultural land of the country. That is one reason why I hope this Bill will be opposed with violence and vehemence by all those who object to national money being used in order to enrich one class of the community.

To say that agriculture's conditions is desperate is an exaggeration. I was reading recently an analysis of 38 farming accounts made by a Professor of Economics at Leeds. His figures showed a book loss of about £3 an acre and a cash profit of about 5s. an acre. That means that owing to the fall of values, valuations have come down considerably. But the actual cash loss is a very different thing from a farm valuation. The mere fact that you wrote up stock during the War and are writing it down now does not point to a real loss, but is a mere fiction of book-keeping. Agriculture is by no means as depressed to-day as is the cotton industry of Lancashire, or the pottery industry. There is no agricultural district where you have the same proportion of unemployment as is to be found in Sheffield or Barrow, nor can you find any district where there has been the same phenomenal rise in rates.

I see in this Bill no proposals to reduce rents in order to help the farmer to get over his difficulties, and to secure the labourer a higher wage. Not at all. The cry is: "Let us put our hands into the pockets of the general, urban taxpayer, whose rates are higher and whose industries are more depressed. Let him help us." It is a most unreasonable demand.

There is to be no reduction of the Sugar Duty, no reduction of indirect taxation; there is no money to relieve districts like West Ham, Sheffield, and Barrow. But £2,750,000 is to be thrown out of the window, although it will result in no real benefit to agriculture and will merely help the landlord. It is the old Tory policy. By this system of putting a full rate on buildings and reducing the rate on the land, you are encouraging the vice that

you want to abandon, which is the improvement of buildings and farm machinery. You are back again to the most vicious principle of the whole system of local taxation—you are continually rating and taxing the man who wants to improve things, and are continually assisting the man who wants to do nothing. This is a classic illustration of reversion to the old path.

Mr. W. A. Jowitt (Liberal, The Hartlepoons): We see it in this Bill, in the case of Scotland, that the Government are proposing directly to subsidize the landowner, and in this country, when an agricultural tenancy comes to an end and the question arises as to who is to take it on and how much he is to pay, the hypothetical tenant must approach the question in this way. He must say to himself: "How much can I afford to pay? That depends on how much my outgoings will be." He looks at the rates, and on that basis he offers the sum of rent which becomes the rent of the farm. Therefore, I say that this is a Bill really to relieve landowners.

It is said that there is a strong ground for this Bill in view of the fact that the occupier has in many cases recently become the owner and that he bought his farm, or stock, or implements at inflated prices by reason of the situation then prevailing. Is that any ground for the Bill? Are you going to subsidize or give relief to the people who bought their stocks of timber when the price of timber was inflated, to people who bought their houses, their machinery, their factories, their buildings, when the price of these things was inflated in the recent boom? Is the new doctrine this, that anybody who buys in a boom and subsequently has to go through a slump may be subsidized out of the public funds?

Mr. R. C. Wallhead (Labour, Merthyr): I suggest, if it be true that rents have increased in the last few years by anything from 25 to 33 per cent., then, seeing the appalling condition to which agriculture has come, it predicates that there must either be relief through the taxpayer or a return to pre-War rents, and that the rise will have to be given up. I believe it is fairly true to say that this Bill is introduced as an alternative to a reduction of rents. The Bill of 1896 was described in the same way. I have the authority of the right hon. Member for Carnarvon Boroughs (Mr. Lloyd George), who on that occasion said, in regard to the Agricultural Rates Act, that it was not for agriculture at all, but for the landlords, and for this reason, that it was known for a fact that if this relief were not extended to the land, rents would inevitably go down.

Mr. Duncan Millar (Liberal, Fife, E.): Will the Minister of Agriculture answer this question? Is he not aware that in Scotland and in England there are the greatest variations in prices and in the effects of depression on agriculture at the present moment? I could take him to Scottish sheep farms to-day where things are booming, and I have no doubt it is the same in England. I could take him to other places where there is great competition for agricultural land, for arable farms. There is a great demand for the best class of farm. It is not true in all existing circumstances agriculture is suffering more than any other industry.

I do not believe that the relief offered to the farmers will go into their pockets. I believe that it will go into the landlords' pockets. I believe that, so far as farm servants are concerned, they will get nothing out of this.

Mr. Noel Buxton (Labour, Norfolk, N.): In Cheshire you have a lot of people who pay as much as £4 an acre for good land, and these will receive £1 per acre, while in Norfolk you have a good deal of land letting at 10s. per acre, and these people, who are the ones you need to benefit, would get 2s. 6d.

I know on one hand what the farmers in Norfolk want. They know perfectly well they have a most continual discouragement, and a depressing influence upon their activities, and that their efforts may constantly be thwarted

by the attentions of the Assistant Overseer. I should like to quote, before I finish, an authority that will not be disputed by the other side. I refer to the Duke of Bedford, who says, in his book "The Story of a Great Agricultural Estate"—

"that he established a fruit farm, and then planted it at great expense with valuable trees, but after a few months there come up, to his amazement, another plant—the overseer. The overseer said, 'You have improved this spot, and it is my duty to treble the rates.'"

Everyone knows that that has been an actual fact. One of the surveyors in Norfolk said not long ago :—

"The present rating system is one of the main hindrances to development. Raise the productivity of the farm, and up goes rent and rates. Add buildings for better accommodation, and again rates are raised. Every person associated with development has to face this handicap."

I should like the Minister of Agriculture to see whether he cannot take the rates off improvements.

Colonel Wedgwood (Labour, Newcastle-under-Lyme) : This is a letter written by Lord Goschen, quoted in his evidence before the Royal Commission, written to Sir Julian Goldschmidt who, like so many authorities on finance, suddenly discovered a new system of taxing people without their knowing it. He sent it on to Goschen. This is Goschen's reply :—

"It has been correctly held as an axiom that rates on land constitute a kind of rent charge upon those lands for the benefit of the public. You, however, ignore these hereditary burdens. Your plea includes the relief of the owners of land from burdens which they have borne for centuries, which have entered into the selling value of those lands and have been taken into account in every transaction connected with them."

I do not believe that there is a solitary Member of this House who can honestly say that there is one word that is incorrect in that statement by Lord Goschen. We know that land is bought and sold subject to tithe, subject to chief rents, subject to the hereditary burden of rates. Anybody buying land—and do not imagine that I have not bought some—takes into account tithe, chief rents, and rates, and then says the price he can afford to pay in face of these burdens. If you remove these hereditary burdens as you are now doing by this Bill, and if you say that in future people who own this land and people who use this land can do so free from rates, or if they only pay one-quarter of the rates, it means that the owner of the land will be able to sell it at a better price. Hon. Members opposite talk as though this was simply a matter of giving the farmers £2,750,000 a year. It is nothing of the sort. The passage of this Bill adds to the value of land throughout the country, immediately, not merely £2,750,000, but £2,750,000 capitalized at, say, 20 or 25 years' purchase. By the passing of this Bill you are giving the landlords of this country £60,000,000.

I wonder who thinks that this Bill will help unemployment in any way? In the first place, the bad land, the land which is just going out of cultivation, the land which we want to keep in cultivation, gets practically no assistance. The worse the land the less the assistance that it will get from this Bill. The effect of this Measure will be to increase the price of land all round. Employment depends, particularly in agriculture, primarily upon the access of labour to the land. If you make it more difficult for labour to get access to the land, by putting up the price of the land, you are thereby increasing unemployment; you are making it more difficult by ensuring that higher rents will be charged for the use of the land.

The Division being taken, the vote for the Second Reading was 288 and 129 were against. The opposition was composed of 99 Labour, 22 Liberal and 8 National Liberal.

The majority voting for the Bill included 16 Liberals and 17 National Liberals.

The Liberals who supported this "dole to agricultural landowners" were: **Sir C. C. Barrie** (Banff), **A. J. Bennett** (Mansfield), **A. J. Bonwick** (Chippenham), **Dr. W. A. Chapple** (Dumfries), **Sir E. Chatfield-Clarke** (Isle of Wight), **Levi Collison** (Penrith and Cockermouth), **Isaac Foot** (Bodmin), **A. E. Hillary** (Harwich), **B. Kenyon** (Chesterfield), **George Lambert** (South Molton), **F. C. Linfield** (Bedford, Mid.), **A. Lyle-Samuel** (Eye), **S. Pattinson** (Kettering), **M. Thornton** (Tavistock), **C. F. White** (Derby, W.), **Mrs. Wintringham** (Louth).

The National Liberals who voted in support were: **Sir W. Mitchell Cotts** (Western Isles), **A. England** (Heywood and Radcliffe), **H. A. Evans** (Leicester, E.), **E. Evans** (Cardigan), **G. L. George** (Pembroke), **Sir T. Henderson** (Roxburgh), **J. Hinds** (Carmarthen), **A. H. Moreing** (Camborne), **E. G. Price** (Shoreditch), **Sir H. N. Rae** (Shipley), **Sir Beddoe Rees** (Bristol, S.), **G. H. Roberts** (Norwich), **Sir T. Robinson** (Lancs, Stretford), **W. Waring** (Berwick and Haddington), **Sir T. Courtenay Warner** (Lichfield), **Sir R. Winfrey** (Norfolk, S.W.).

LAND VALUATION

The Finance Act, 1920, repealed all the machinery of the Land Clauses of the famous 1909 Budget, with the exception of the landowners' obligation to supply the Land Valuation Department with particulars of sales and leases. At a late sitting during the Committee stage of the Finance Bill on 19th June, this small but important provision was struck out and the landlord party claim a final triumph—for the time being. It is anticipated that the matter will be re-discussed on the Report stage of the Bill. The following is an extract from the debate on the

19TH JUNE

NEW CLAUSE.—(REPEAL OF S. 4 OF FINANCE (1909-10) ACT, 1910)

As from the commencement of this Act such parts of Section 4 of the Finance (1909-10) Act, 1910, as are not repealed by Section 57 of the Finance Act, 1920, shall be repealed.—(Sir WILLIAM BULL.)

Brought up, and read the First time.

Sir William Bull : I beg to move: "That the Clause be read a Second time."

Under the Finance Act, 1910, certain schemes were set up whereby particulars had to be delivered of every transfer of land and at the present time there is an official Department in Somerset House which costs £15,000 a year which does not benefit the State one iota. These forms have to be filled up for every transfer of land. It is a form of four pages, with numerous pages which are very difficult for laymen to answer and consequently they have to go to their lawyers.

Mr. Pretymann : If a piece of land or a house or property of any description changes hands, this long list of particulars has to be delivered and filed at Somerset House. This is a remnant of the machinery which was created to collect the Increment Value Duty. The duty was abolished in 1920, but for some reason or another this provision, which has served no useful purpose but has created a mass of figures that are not only valueless but become very quickly deceptive, has remained.

Sir W. Joynson-Hicks : Holding, as I do, views rather in accordance with those of the mover of the Clause, it would be highly improper for me, having only been in office for about three weeks, to attempt to make such a great alteration as this, which would have a very real effect upon the activities of the Land Valuation Department. There is to-day sitting in the Treasury a Departmental Committee to consider a report which was made by another Committee on the whole question of land valuation under the chairmanship of Sir Howard Frank, who is