

## THE NEW LIBERAL CRUSADE

### MR. ASQUITH ON LAND VALUES TAXATION

During the course of last month the Right Hon. H. H. Asquith, M.P., has made two important pronouncements on the Taxation and Rating of Land Values.

#### AT BUXTON

Speaking at a Public Demonstration on 1st June at the close of the Annual Conference of the National Liberal Federation in Buxton, Mr. Asquith said:

"Our industrial policy has been carefully thought out during these years of opposition. It has three watch-words. The first, partnership by all those concerned—industrial management and labour—in industrial enterprises; second, security of livelihood for the worker; and third, the predominance of public advantage over private profit when the one conflicts with the other. The application of these general principles both in industry and in agriculture are, I think, well summarized in your resolutions, and they may be contrasted with the half-hearted expedients which are put forward by the Government.

"There is the Housing Bill, upon which it seems doubtful whether the rural districts will derive any benefit at all, and the same tinkering measure to give credits to farmers which was introduced two nights ago. There lies at the root of all the reforms I have mentioned the question of the taxation of land.

"Two years ago, your Federation passed a resolution in favour of the imposition both of national taxes and of local rates upon site values. So far as the Liberal party was concerned, that was not a novel proposal. It is to be found in the undeveloped land duty which formed part of the land taxes in the Budget of 1909, in defence of which we fought the House of Lords for a couple of years—(cheers)—and which since has disappeared from the statute book. The undeveloped land duty was avowedly a tentative measure. It did not exceed  $\frac{1}{2}$ d. in the £1. One of its main purposes was to ensure a complete capital valuation of land of the country. The tax has gone. The valuation remains, and I am told there would be little difficulty in completing it and bringing it up to date. That being so, it is time for us once more to reassert that we recognize for the purpose of taxation, whether imperial or local, a distinct difference between two kinds of value—the value created by the energy and enterprise of individuals, and the value which is not so created but which arises from the progress and general development of the community at large.

"Upon that fundamental distinction we have always taken our stand and we hold, as we always have held, that, so far as practicable, local and national taxes which are necessary for public purposes should fall on the publicly-created value rather than on that which is the product of individual enterprise and industry. That does not involve a new or additional burden on taxation, but it would produce these two consequences—first of all, that we should cease to be imposing a burden upon successful enterprise and industry; and next, that the land would come more readily and cheaply into the best use for which it is fitted. These two things would be two potent promoters of industry and progress."

#### AT PAISLEY

Addressing his constituents in the Town Hall, Paisley, on 7th June, Mr. Asquith said:

"There is one topic which in a sense may be said to dominate the whole of these separate compartments in the field of industrial policy—I mean the taxation of the land. I should like to give you a concrete illustration to show you how this works out. It was given in the House of Commons by one of our new recruits, a very distinguished young member, Mr. Emlyn Jones, and he gave this example,

showing the effect of the present system of taxation, of rating on the housing problem. 2,450 acres of land were bought for housing purposes by the London County Council. They had previously been assessed for rating purposes at an annual value of £5,000. They were bought, and the public authority paid for them £400,000. As Mr. Jones says, if the purchase price had been calculated to be 20 years' purchase of the annual assessed value it would have been £100,000, or a quarter of what the public authority actually had to pay. On the other hand, if the real value of these acres of land was the amount which the public authority paid—namely, £400,000—they ought to have been assessed for rating purposes at £20,000.

"A concrete case like that is worth any amount of declamation, because this kind of thing is going on everywhere, and while the community is not receiving from land, either in taxation or in rates, it means that either for national or for local purposes it is not receiving its proper contribution year by year. Yet when the moment arises for claims for social purposes of the utmost importance, such as making good the shortage of housing or building of the various works which a civilized community requires, you have to pay on a totally different footing, as, in this case, something even three or four times the amount for which the land was assessed for rating purposes.

"Does anyone justify that? I cannot find anybody who does. And it all rests on this—and this is no new Liberal doctrine; many of us have been preaching it for the last 20 or 30 years, though it has been the voice of a people crying in the wilderness—that in the case of land, as in many other things to a lesser degree, you have got a subject absolutely limited in quantity, and at the same time absolutely essential to the life and the health, the industry and the prosperity of the community. That being so, the value of land, unlike the value of other commodities, or at any rate to a degree so largely in excess of any other commodity, the value of land rises as population grows and national necessities increase, not in proportion to the application of capital and labour, but through the development of the community itself.

"You have a form of value, therefore, which is conveniently called 'site value,' entirely independent of buildings and improvements and of other things which non-owners and occupiers have done to increase its value—a source of value created by the community, which the community is entitled to appropriate to itself. (Cheers.) You will find the more you study these matters, as I have done for a great many years, that in almost every aspect of our social and industrial problem you are brought back sooner or later to that fundamental fact.

"Until we have a Parliament and a Government that is courageous enough and far-sighted enough to grapple with that problem, grapple with it whole-heartedly, drastically, and without injustice to any human being—until you have found a Parliament and a Government which is capable of grappling with the problem in that spirit and upon these lines, you will find you are constantly brought up, as it were, against a stone wall, a bar to progress in every sphere of social reform."

## OTHER LIBERAL SPEECHES

### Sir Donald Maclean

Speaking on 16th June at a garden party held under the auspices of the Finchley Liberal Association at Woodside Park, London, N. (WESTMINSTER GAZETTE and GLASGOW HERALD reports), Sir Donald Maclean said:

"At the root of the housing problem lies the land problem. In almost any social proposition which is made, we are always brought face to face with this land question.

"The increase of land values is not the work of single individuals, but of the country as a whole," he continued. "Exorbitant prices have been paid for land destined for housing. Land compulsorily acquired at Acton, for

instance, cost 300 times its annual value, and in Glasgow 250 times.

"Whenever public authorities are concerned, they have to pay a scandalous and ludicrous price which is almost robbery. At Roehampton, again, 126 times the annual rateable value has been paid.

"The best cure is not nationalization, but taxing the site values, and there is no reason why they should not contribute to the rates.

"Had site values been taxed to their value, land would have come into the market years ago at such a price as to have enabled plenty of houses to be built.

"The time is not only ripe, it is over-ripe, for the nation to say that where land is acquired for public purposes it shall be got at public prices as declared in the public records. The best way to achieve this is to tax and rate the land at its proper value."

At the annual meeting of the Yorkshire Liberal Federation, held in Huddersfield on 22nd June, Sir Donald Maclean said there was one remedy which he believed would be productive of a large amount of good, and that was the Taxation of Land Values. It was quite simple. It added no new tax, and to the extent that it brought more taxation from one source it lessened the need for taxation from every other source. Site value meant the value of a situation which was created by the community around it, and of that value the community should have its fair share. That could be accomplished by a perfectly natural process of equitable taxation which would bring the unoccupied land into the market, and thereby reduce the cost of the land. An all-round reduction of the cost of housing was bound to result.

#### Sir John Simon and the "Liberal Crusade"

Referring to the Taxation of Land Values in his speech at the annual meeting of the Yorkshire Liberal Federation, Sir John Simon, M.P., said Liberals were determined to pursue a crusade, which was the only great crusade that the Liberal Party had ever undertaken that it had not carried to a successful issue. In 1920 the last Government not only repealed the tax, but returned to people who had contributed to the public Exchequer the very large sums they had paid in under the tax. The Government left the valuation untouched, but on 19th June a Conservative majority in the House of Commons abolished the valuation and destroyed the last remnant of the effort made to get this information. He did not believe that the people of our small island would accept this deliberate denial and obstruction of the right to get a proper contribution from those who received unearned wealth from the increment of the land.

[Mr. Fred Skirrow, who heard the speech, writes us that he questioned Sir John Simon after the meeting whether he was really out for the taxing and rating of land values, or merely taxing and rating unearned increment. Sir John Simon said, "I mean the taxing and rating of site value," to which Mr. Skirrow replied that it was not wise to use the term "unearned increment" as it meant taxing only the increase in value, which was a totally different thing from Taxation of Land Values. Sir John Simon said he was glad his attention had been called to the matter.]

Last month we cited the speeches of Mr. Asquith (at Bournemouth), Sir John Simon (at Buxton), and Mr. W. M. R. Pringle (at East Ham), urging the case for taxing land values. These and later declarations now quoted show the bearing of the policy upon the housing question and are to be contrasted with the recommendations recently made by the Liberal Housing Committee which we had to criticize in May LAND & LIBERTY. The latter group of Liberals stood for State subsidies, municipal building at charity rents and land purchase, and made a vague reference to "such amendment of the rating laws as is necessary to

ensure the fair incidence of local taxation." Whatever that amendment was, it came last in the proposals and to all intents and purposes was put in a shame corner. The onlooker, with Mr. Asquith's latest pronouncements, emphasizing the Taxation of Land Values as the real remedy for house-shortage, may well ask who was responsible for giving publicity to the ideas of Housing Committee and so franking them as "Liberal policy"? Cannot these gentlemen see how tantalizing it is to seek guidance from politicians of a party that is evidently at loggerheads? The Liberal Housing Committee side-tracked the Taxation of Land Values or was supremely indifferent to its importance. Since then, leading Liberal speakers have been all out for the reform on the public platform.

#### TAXATION OF LAND VALUES HAS NOT YET BEEN TRIED IN THIS COUNTRY

The successful attack on the Land Valuation in the House of Commons on 19th June has been hailed by the opponents of the Taxation of Land Values, who once again have tried to make capital with their contention that the 1909 Budget introduced Land Value Taxation and events proved the policy to be unworkable. This attempt to confuse the public mind by associating our policy with the "land value" duties that the 1909 Budget imposed has been repeatedly encountered and proved unworthy of those who make it.

It is perfectly true that the "land values" duties were unworkable; the advocates of Land Value Taxation always said they were unsound, ill-conceived, and mischievous, and they opposed them from the first. The repeal of these duties in 1920 was heartily welcomed.

Under the Taxation of Land Values, a national tax and local rates would be levied on the true market value, not of some land, but of all land, and on the value of land apart from improvements. The national tax and the local rates on land value would be levied annually, whether the land was used or not, whether it was rising or falling in value, and whether it was owned by "big men" or "little men"; buildings and other improvements would be tax-free and rate-free.

The 1909 Budget "land value" duties were an attempt to tax an occasional increment in land value when the owner died, or sold or leased his property; to tax some land arbitrarily defined as undeveloped, although in the nature of the case it is impossible to define undeveloped land; and to tax the value of a reversion at the end of a building lease. The duties were charged on a very small fraction of land value and on very small classes of land, and were whittled away by abatements and exemptions. They carried with them no reduction of taxation on improvements, gave no relief of income tax or of inhabited house duty or of local rates on buildings and enterprise. They were anything but the Taxation of Land Values.

The outstanding feature of the 1909 Budget was that it aimed to provide a complete valuation of land apart from improvements. It was hoped that the valuation would in good time become the basis for a universal tax on land values and for the local rating of land values in lieu of taxes and rates on trade industry and improvements; and that the "land value" duties would be abandoned. For the sake of that valuation and its great promise, and despite the mischievous character of the "land value" duties, the advocates of the Taxation of Land Values did what they could to secure the passage of the 1909 Budget. Unfortunately, for extraneous reasons and owing to the war intervening, the valuation was not completed. The opponents of the real reform saw that by destroying the "land value" duties the valuation would go by default. That is what has happened. It is a gross misrepresentation, therefore, to suggest that there was ever any introduction of Land Value Taxation in this country or that that policy has been tried and found wanting.

A. W. M.