

PARLIAMENT AND LAND VALUE TAXATION

HOUSE OF COMMONS DEBATES

FINANCE BILL

REPORT STAGE—3RD JULY

CLAUSE 27.—(*Repeal of s. 4 of Finance (1909-10) Act, 1910.*)

As from the commencement of this Act such parts of Section four of the Finance (1909-10) Act, 1910, as are not repealed by Section fifty-seven of the Finance Act, 1920, shall be repealed."

Sir Godfrey Collins (Liberal, Greenock): If this Clause be not deleted, three consequences will result. First, owners of land will avoid their fair share of taxation; second, there will be loss of revenue, which will fall upon the shoulders of the general taxpayers; and, third, local authorities and ratepayers throughout the country will be forced to pay an extra high price for land when the State develops our housing activities and other forms of State activities.

Mr. Pringle (Liberal, Penistone): I beg to second the Amendment.

It is perfectly true that the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) at that time provoked them. He made speeches at Limehouse and other places and those speeches had the desired effect. The right hon. Gentleman did, undoubtedly, represent the taxation and valuation proposals, which he then put forward, as the beginning of the millennium which he was then advocating. It was part of the prospectus. We were then regaled with stories of the rare and refreshing fruit which was to come to the parched lips of humanity as they went along the dusty paths of life.

In the Session of 1919 there was a Bill before Parliament called the Acquisition of Land Bill. That Bill, among other purposes, was designed to facilitate the acquisition of land for public purposes, and to provide for fairer valuations when public authorities and Government Departments desired to purchase land. In connection with that Bill no question arose as to the functions of this Valuation Department. There was no question, at that time, of abolishing the Department at all. Nobody in the whole course of the Debates on that Bill suggested that the Department should be abolished, or that it was not performing a useful public work.

The right hon. Baronet the Member for South Hammersmith (Sir W. Bull) says that this Department costs £500,000—or perhaps it was £350,000?

Sir William Bull (Conservative, Hammersmith): I did not say anything of the kind. I said it cost between £10,000 and £15,000, which I got from an answer across the Floor of the House.

What I said was that this would save the country £500,000.

Mr. Pringle: Oh! What is the country? We always understood when a man was talking about saving the country's money that he was talking about the public Treasury; that is how Members of Parliament ordinarily speak. Now, apparently, when the right hon. Gentleman speaks about the country he means the owners of land who have to make the returns. Here we see the cloven hoof. Then we shall know exactly where the right hon. Gentleman stands. We shall know that he regards as principal constituents, whom he is here to represent, the owners of land who have small duties imposed upon them by this Section of the Finance Act of 1910 which he now seeks to repeal.

Sir William Bull: Let me state at the outset that I have persistently brought this question to a Division in the House, and on three or four occasions I have warned the Whips of the Government that I intended carrying this matter to a Division, and in every case I have carried it to a Division. This is a matter of principle with me.

Practically, there are about 500,000 transfers of land every year, and under the present condition of affairs every solicitor for a vendor has to fill up the form, a copy of which I have in my hand.

In the first place you have to give a description of the instrument presented and the date of the instrument; the situation of the land; the county; parish or place and postal address, if any. You have also to give the identification number in the Valuation Book, if known. Part 3 of the form deals with the name, address, and description of each party, and the various considerations have to be set out in detail. It provides that the capacity in which the parties are concerned should be indicated by describing them as "Vendor, Purchaser, Sub-Purchaser, Lessor, Lessee, Trustee, Mortgagee, etc." In Part 4 ("Consideration") the following particulars have to be fully given:—

"(a) Any capital payment or payments and to whom paid.

"(b) Is the land transferred free from any mortgage or other debt? If not, state whether the liability for the mortgage or debt passes to the transferee, and the amount of the mortgage or debt.

"(c) Any periodical payment (rentcharges, etc.) in the case of the grant or assignment of a lease, see also No. 14.

"(d) Any term surrendered. Any land surrendered or transferred. Covenants to redeem charges or to make any outlay on or in respect of the property whether upon buildings or otherwise, and any other consideration, including reference to any law suit, or dispute, compromise, etc.

"(e) Whether any additional consideration is paid for timber or landlord's fixtures, and, if so, the amount thereof."

Part 5 deals with parcels, and the description must be sufficient in conjunction with the plan, if any, to enable the situation and boundaries of the land to be precisely identified, and should include the dimensions, when given in the instrument. In the case of a building plot, either a plan must be submitted, or the measurements from some fixed and readily ascertainable point must be given. Part 6 deals with the plan, and a copy of any plan necessary for the identification of the property should be furnished. Part 7 deals with

"(a) Short particulars, stating whether the fee simple is passing, or, if not, what interest (*e.g.*, an undivided moiety of a fee simple, etc.) is passing. In the case of the grant or assignment of a lease, the particulars of the lease should be entered on page 4.

"(b) Particulars (including term, rent reserved, and any power of renewal) of any outstanding lease to which the interest passing is subject. (If the lease is a lease for lives the date of birth of the youngest life should be stated."

Part 8 deals with Exceptions and Reservations. It states that these should be set out particularly where minerals, sporting rights, timber, easements, etc., may be reserved. Part 9 deals with covenants by the purchaser or lessee so far as they affect the amount of the consideration for the sale or lease, namely, to build or improve property, or to form, make, maintain or contribute towards cost of roads, should be briefly recited. Part 10 deals with restrictions, and any restriction whatever which may be considered to affect the market value of the interest created or transferred should be set out, including:—

"(a) Building restrictions.

"(b) Building line, position of.

"(c) Any restrictions as to user of premises (*e.g.*, a covenant to use for only one trade in the case of business premises, or to use as a private dwelling only in a business neighbourhood, or not to convert into a shop without payment of a fine)."

Under Part 11 additional particulars are dealt with, and "a statement should be given of any easements, rights of way or common, public rights in or under the land, quit rents, rentcharges (including apportioned or re-apportioned tithe rentcharge), or other incidents of tenure, which (whether specified in the instrument or not) may be considered to affect the market value."

Part 12 provides for the names and addresses of the solicitor and the surveyor. Other particulars required are

"date of commencement of term, term granted, any powers of renewal or extension, and any powers to determine. All rents reserved should be stated, also annuities, dower, existing rentcharges, and apportioned rentcharges, pepper-corn rents, abated rents or penalties."

Information required with regard to other covenants include:—

"(a) Who pays outgoing.

"(b) Who repairs or maintains property.

"(c) Who insures, and, if disclosed in the instrument, for what amount are premises insured or to be insured?"

I said that there were about 500,000 transfers in the course of a year, and that has not been disputed. Before the War there were about 210,000 transfers in one year, and I think that was 1912, but in 1923 the number was 488,000. I ask hon. Members whether I was exaggerating when I said that it was fair to say that a charge for filling up that form was not immoderate if the solicitor charged one guinea for filling it up. We have evidence in the Law Society that £27 was charged in one case and 20 guineas in another. I have cases where £1 11s. 6d., £2 2s., and £3 3s., and other sums were charged where these particulars had to be obtained for the Valuation Department, and therefore I think I was justified in saying that we were saving the owners of land, and those interested in land, the payment on the average of one guinea for each of these forms, or £500,000 a year.

I have no complaints against the Valuation Department at all. That was quite a red herring drawn across the path of the House by the hon. Member for Penistone. The Department has carried out its work on the information it has received, and, therefore, it is absurd to say we complain of it as such. The Department, however, will not necessarily be swept away. Other work can be found for it. The decision the House came to the other night will effect an economy of £15,000 a year so far as the work is concerned, and people who transfer land will also be saved a sum of something like £500,000 a year.

The Solicitor-General (Sir Thomas Inskip): Perhaps it was purely out of gratitude to the right hon. Gentleman (Mr. Lloyd George) that Section 4 was left unamended in order that it might be retained as a monument of his great achievement. I do not know, but what was done in 1920 by my right hon. Friend the Member for West Birmingham (Mr. Chamberlain) was certainly not more than to say that the Government had decided to continue the Department in its present form. I have an extract from my right hon. Friend's speech here. He says:—

"I therefore propose to continue that Department (the Land Valuation Department) in its present form. In our view it is essential there should be a thoroughly equipped and skilled State Valuation Department, whose services would be available for the House and the Government."

Surely it is not fair because that decision was arrived at in 1920 by a Coalition Government and a certain Prime Minister that in 1923 with a different Government, and with possibly the unwisdom of the decision being a little more apparent, a different conclusion should be reached, or that the supporters of the Government should arrive at a different conclusion.

The hon. Member for Penistone asks, "What do you now intend to do with the Government Valuation Department?" The Department will exist to-day to do the

work it is charged to do as it existed yesterday before the Vote was taken. Its duties are to make valuations in connection with the Death Duties, in connection with purchase and sale or leasing of land by Government Departments, to make valuations in connection with the payment of compensation under the Licensing Laws, and to make valuations for other purposes. The Department will have precisely the same duties to perform, and they will have precisely the same obligation to inform themselves about the real value of the land as they had before, and they will have precisely the same channels open to them for discovering facts as to the value of land as other valuers have. (HON. MEMBER: "Ah!") What is the value of a figure which is recorded in the books of the Valuation Department, and which possibly has become absolutely obsolete in consequence of the alteration of land values or an alteration in the value of money? These dead records are mere waste paper unless they can be checked or confirmed by living, up-to-date figures, which, in any case, the Department must be charged to obtain. Under the law as it will be if this Clause remains in the Bill, the Land Valuation Department will be charged to obtain the same information as every other valuer obtains.

Mr. Lloyd George (National Liberal, Carnarvon Boroughs): Before I come to the actual proposition before the House, I should like to say one word with regard to what has fallen in the Debate from both sides of the House.

There was a valuation of the whole of the real property in this Kingdom. There were 7,750,000 tenements valued. It is the first valuation of the land of this Kingdom which has been set up for centuries. As my right hon. Friend the Member for Paisley (Mr. Asquith), who helped me to carry this Measure through, reminds me, it is the first since Doomsday, an invaluable effort.

That valuation stands. It is there; it is on record. Then came the question of keeping it up to date. One method of doing that was by means of valuation for taxes. As I have never had an opportunity in this House, perhaps hon. Members will allow me to say one word about that. The taxes were disappointing. I say so at once. The reason was a perfectly obvious one. Qualifications were introduced before the taxes were ever introduced in this House, which I regretted very much; but, after all, a matter of that kind is always a question of compromise. The taxes were new in their character, they were very bold in their original conception, and it was difficult to get the scheme in its original purity introduced in the House of Commons. I think the time will come probably when it will be done. When we came to the House we had to encounter, I think, the most strenuous and pertinacious opposition to which any taxes were ever subjected. The criticism was not confined to the Conservative side of the House, I say at once. There was a very formidable body of criticism on our own side, and that is always more difficult to deal with, because it means criticism, not only in the House, but you encounter it in the Division Lobby and by other means. The result was that all sorts of qualifications, exceptions and extensions were introduced so that at the end there was no doubt at all that from the point of view of profit the taxes were hardly worth preserving. They were only valuable for the purpose of justifying a valuation. I have never heard the integrity or honesty of that valuation challenged in this House in any Debate, but I agree with my right hon. Friend who was then Chancellor of the Exchequer that, from the point of view of revenue, it was not worth while keeping the taxes going; but he agreed, and so did every Member of that Government—and there are many of them sitting there—that it was worth while keeping up the other machinery which created a body of evidence that could be valuable in future with regard to the property of this country.

My right hon. Friend the Member for South Ham-smith (Sir W. Bull) said there were 500,000 transactions a year. That is a strong case for not repealing that par-

ticular Section. Five hundred thousand per annum. There are 7,750,000 tenements. It does not really mean that in 15 years all the property of this Kingdom is transferred, but it means something pretty near it. So you have not the stale records referred to by the learned Solicitor-General—you might have thought he was referring to the days of Queen Anne—these are fresh transactions occurring from year to year, bringing the valuation up to date, with a record of the money that has passed in respect of these properties. What is the value of property? The value of property is the price you would get for it, and what better test of the value of property can you get than the money that has actually passed in respect of it?

My hon. Friend read a document, which he said covered three or four pages of foolscap, and he said, "How can an ordinary layman answer that?" I listened very carefully to that document, and it is a much simpler document than an Income Tax return. I defy any ordinary layman to answer fully all the questions that are put there. It is even a simpler document than the document which is prepared for Death Duties. I do not know how many of those are filled in in the course of a year. I also noticed that the great majority of the questions put had no reference to the ordinary transactions that take place. They are supposed to cover every sale of property. Let me take one or two of the cases that my hon. Friend quoted. There were questions with regard to public rights of way and with regard to mining royalties; but to the vast majority of the 500,000 cases to which he referred these questions would have no reference at all, and an ordinary clerk, going through this document, would say, "There is no right of way here, because it is a house in a street; and there is no mining royalty here, because it is not in a mining neighbourhood." Then there were questions with regard to leases. My hon. Friend has read out questions which refer to every kind of transaction as if they were questions which had to be answered in respect of each transaction. That is not so. It would be as easy as possible to answer these questions, and I never heard very much complaint with regard to them; but they contain information which is of very great value. Take the particular questions with regard to rights of way. If these questions with regard to rights of way had been answered for the last 100 years, it would make a very great difference to the public in many cases; and the same thing applies to other easements with regard to property.

I earnestly appeal to the Government not to destroy the value of a register which I have no doubt at all, whatever course they may take with regard to taxation in the future, whether in the case of Imperial taxation or of local taxation, they will find invaluable.

Mr. Austen Chamberlain (Conservative, Birmingham, W.): I beg my hon. Friends on this side of the House, who have to defend property against a very able and very dangerous and increasingly active attack, not to shelter misdeeds which bring property into contempt. There is nothing, I think, that has done more to injure the rights of property owners than the notorious difference between the prices which have been charged for property as between a willing seller and a willing buyer, and the prices asked for the same property if it is known that a public department or a local authority needs it. I think in the majority of cases the owner of the property is probably perfectly innocent in the transaction. He takes advice. The advice given him by those whom he would naturally consult—by the valuer or by his lawyer—will at once be coloured if they know that a public authority is trying to purchase. We ought to have, for the protection of the State, all the information we can get as to the real value of property, and this important information has saved the country thousands, hundreds of thousands—I am not sure I might not put it higher than that—of pounds in the large transactions that took place in consequence of the War in the purchase and sale of land. The Valuation Depart-

ment was being increasingly used, and, I think, properly used, not only by the different Departments of Government when they had to do with property, either in acquiring or in selling it, but by local authorities, who found that the Valuation Department had a wider experience and a greater knowledge than was possessed by themselves, and could often save them from making great mistakes involving a great loss of public money.

I think I know what is in the minds of hon. Members of the Opposition above the Gangway. They think some day upon these valuations they are going to found a system of taxation of a predatory kind. I think I know what is the fear of many of my hon. Friends on these benches. It is that this knowledge in the hands of the Government will make its task easy. When we have to fight that fight, we are not going to win or to be beaten because of the collection of such knowledge as is involved in this case. We shall win or lose on a much bigger issue. And though these Returns, if continued, would no doubt lighten the task of any Government which wanted to make a valuation, the mere fact that you have not got any of these records will not make it much more difficult to obtain that valuation whenever it is required, though it may deprive you of some evidence which it would be in the interests of all of us to have. I hope I may appeal to my right hon. Friend (the Prime Minister) to leave the law as it was before this Clause was introduced for another year and to take time to make up his own mind and that of the Government as to the course they will pursue.

Mr. Asquith (Liberal, Paisley): My right hon. Friend the Member for West Birmingham has already expressed his views on the matter, and I cannot express my own views better than to quote the words which he used, and which he has in substance repeated to-night, in 1920 when the taxes disappeared:—

"What is there, for the purpose the hon. Member has in mind, in the Act of 1909-10? It is the obligation that wherever the sale of land or the transfer of interest in land, takes place, the particulars of it shall be made known to the Valuation Department, and recorded at Somerset House. That is the part of the Act which has been invaluable in assessing public authorities. Those are the provisions which have led to the saving in the purchase of land, in the price paid, as described by the Minister of Health in the answer given to a question, to which reference has been made. Those are the particulars which we still propose to require to have supplied to the Valuation Department." —(OFFICIAL REPORT, 14th July, 1920; col. 2435, Vol. 131.)

What does the Solicitor-General mean in the observation that these are dusty, musty, out-of-date transactions? There are the things that are going on day by day and year by year, and which afford, or ought to afford, as they were intended to afford, through the Valuation Department to the taxing authorities, real authentic information as to what the course of the market was in a variety of transactions. That is a far better index than the speculative assessment of professional valuers, although I do not wish to disparage them.

The vast number of queries and suggestions and requirements as to information which this Section demands are totally irrelevant in the ordinary transactions of life. In the purchase or sale of a house, you do not go into the question of mineral rights, or rights of way, or the hundred or so other possible things which are swept into the net if you leave it as wide as you can, and which do not occur in everyday transactions. Investigation, as the Financial Secretary told us, is going on at this moment in the Treasury and other Departments in regard to the matter, and I do add my appeal and I make it as strong as possible, to the appeal which has already been addressed to the Prime Minister by the right hon. Member for West Birmingham, not to persist in this accidental addition, this excrescence, to his Budget, but to allow the matter to remain over for more deliberate consideration.

Sir W. Joynson-Hicks (Conservative, Twickenham): I want the House to realize that we are not in any sense, if this Clause remains in the Finance Bill of this year, destroying the Land Valuation Department, or even destroying its utility. The right hon. Member for Carnarvon Boroughs paid the strongest testimony to the first valuation of 1910, which was made as soon as the Finance Act, 1909-10, was passed. He spoke of the great value of that valuation, and of the ability of the valuers who made it. I want the House to realize that that valuation was made without having any one of these returns. It was made by the right hon. Gentleman's land valuers from the knowledge they had, and the knowledge which all land valuers do have if they are worth their salt when they are making a valuation. I have made the very fullest inquiry in my Department as to what the effect will be on that Department if this Clause remains in the Bill. The Land Valuation Department, presided over by a gentleman who is very well known to my right hon. Friend, would prefer to have the original Section. They would prefer to receive from time to time this information which is not in the possession of any other valuer in the country, and to that extent in transactions with the Government loads the dice against the subjects of the King. That may be desirable or it may not, but it is true. I have made very full inquiries of my Department, and they are prepared to carry on the Department efficiently without the possession of this Section.

I want the House to realize a little more clearly, before they go to a Division on this matter, a little more clearly what the present position of the Opposition is with regard to this Section. The hon. Member for Burslem (Mr. A. McLaren) who—he will forgive me for saying so—really caused a good deal of feeling the other night. He laid it down very clearly. He said, it is perfectly clear,

"We on these benches will not allow an irreligious touch upon the valuation of land at Somerset House. Although the valuation is not up to date it can be brought up to date within six months, if power is given to the Department. We look upon the valuation at Somerset House of the value of land in this country as the Domesday Book which we shall use when we come into power . . . some sort of easy attack may be made that will cut the ground from under the Valuation Department, and that we will not tolerate for a moment, because the valuation has cost the country far too much."

The hon. Member summed up the valuation

"As something which we, on this side, shall watch with great care."—(OFFICIAL REPORT, 19th June, 1923; cols. 1369-70, Vol. 165.)

It is not only the hon. Member for Burslem. The right hon. Member for Paisley has just made a speech to this House—if I may say so, it was a very reasonable speech, a speech in the most reasonable manner—asking that this Section should be continued, but saying nothing of what he said a few months ago as to the real reason for this Section.

The right hon. Member for Paisley said, as late as 1st June of this year—he is reported in the YORKSHIRE POST—

Mr. Asquith: I said it about a fortnight ago.

Sir W. Joynson-Hicks: The right hon. Gentleman did not say it here to-night. Let us see what his real reason is. He said:—

"There lies at the root of all the reforms mentioned the question of the taxation of land. It has been found in the Undeveloped Land Duty, which has since disappeared from the Statute Book. One of its main purposes was to insure the complete capital valuation of the land of the country. The tax has gone! The valuation remains, and I am told that there would be little difficulty in bringing it up to date."

The right hon. Gentleman goes a little further, and says:—

"I am particularly glad"—

and this relates to the actual Clause we are discussing to-night—

"to think that the Valuation Department will continue to keep a record of sales and other transactions."

Why? In order to give valuers information they could not get otherwise? No. This is what he said:—

"So that when the resurrection of the duties takes place, as I am sure it will, we shall find it in existence and in working order."

That is the real reason. It is out at last! I wondered if anyone on the other side of the House was really going to cheer this evening. Now we have got the cheers. We know what they mean. They are not, as the right hon. Member for Carnarvon Boroughs says, in order that valuers may have a little more information than they otherwise would have had. They may be useful for that reason, but, as the right hon. Member for Paisley said, quite frankly, when he, or some of his colleagues—be it the Opposition above or below the Gangway—come into power, and they can really get to work on these land values, that they may find that the Department keeps those returns in existence in order that they may reimpose the duties.

I feel that this valuation, these returns, were made for other purposes than those which the right hon. Gentleman for Carnarvon Boroughs, and my right hon. Friend the Member for West Birmingham (Mr. A. Chamberlain), thought they were solely made for—I am perfectly certain my right hon. Friend would never subscribe to the speech of the right hon. Member for Paisley—

Mr. A. Chamberlain: If my right hon. Friend will permit me to say so, I certainly should not have made any attack on him. I was speaking in defence of my right hon. Friends, his present colleagues.

Sir W. Joynson-Hicks: Then the right hon. Gentleman does not agree with the right hon. Member for Paisley. I think there are many Members on this side of the House, having now heard, from an official source, the real views of the Opposition in regard to these Sections who will be prepared to say it is desirable it should remain on the Statute Book.

Mr. J. Ramsay MacDonald (Labour, Aberavon): The position is a simple one. The right hon. Member for West Birmingham (Mr. A. Chamberlain) has made a statement about the utility of the law as it stands which no official of this House dare deny. The figures are there. These returns are not dusty pieces of paper. They keep the Valuation Department in touch with the day to day and week to week transactions, in the sale and purchase of land. The result is that when the Death Duties Returns are put in the Department has got actual transactions in the sale of land and of houses, and the authorities who are dealing with those death duty valuations are enabled to check the value of those estates. Year by year the difference of the certified accepted valuation, as the result of the working of the Land Valuation Department, and the information at their disposal from 1911 to 1921, amounted to about £3,500,000 one year, £4,000,000 the next year, £5,800,000 the next year, £4,600,000 the next year, and so on, the maximum being £11,000,000 in 1917 and reaching a figure in 1921 of £9,982,000.

That is why the landlords' section of this House want to abolish this provision of the law. It is not that they are afraid of the taxation of land values. They know that if the decision of the country is that a Government is to come in with that in its programme, that, valuation or no valuation, it is going to be carried out. The right hon. Member for West Birmingham was right. Nobody with any sense of political power would say that the existence or non-existence of this part of the Land Valuation Department is going to make any difference in the question of the

taxation or the non-taxation of land value. Much larger issues are going to settle that question.

Does anybody mean to tell me that the enthusiasm which developed on the last night of the Committee, and the enthusiasm which has shown itself on the benches opposite to-day, is merely the enthusiasm engendered by the destruction of a useless Department? Not at all. Enthusiasm does not come from such parched sources as that. The enthusiasm has been engendered because these records of information, held by the Public Department, mean millions of money out of the pockets of the landlord class, saved every year to the public, which would not be saved otherwise. I am in favour of the taxation of land values, but I am not in favour of this Clause being deleted simply because I happen to be in favour of the taxation of land values, but because I believe that this information is necessary for the protection of the public.

Major Paget (Conservative, Bosworth): The Government are quite right to do away with this Department. If the time should come when hon. Gentlemen opposite wish to bring in their own land taxes—I speak of those above the Gangway—it will be a good thing to let them do so and to let them start on their own basis. We on this side disapprove of this kind of taxation. Why should they expect us to give them assistance in imposing taxation of which we disapprove?

Mr. Trevelyan Thomson (Liberal, Middlesbrough, W.): Before we had the advantage of the assistance of the Land Valuation Department we had to pay for the sites of our public elementary and secondary schools up to £3,000 an acre. Some time ago I had figures taken out, and it was found that in the last 30 years prior to this Land Valuation Department coming into existence the average cost of the land charged by landowners to the Middlesbrough Corporation for sites for their schools was £1,500 an acre. That was in the absence of the Land Valuation Department, and of that information of which the right hon. Gentleman and his Friends opposite are now seeking to deprive us.

We were told in the last House, on the authority of the then Minister of Health, that owing to the services of the Land Valuation Department, land had been purchased by local authorities for their housing schemes under the 1919 Act at a saving to the public of no less than £1,411,000, owing directly to the services of the Land Valuation Department. The Minister also told us that there had been a direct saving on the land purchased, amounting to something like 27,000 acres, of £71 an acre. That does not include the saving which accrued, because landlords knew in the first instance of the existence of these returns under the 1909 Act, kept up subsequently by the registration on sale and transfer. Landlords knowing, in the first instance, that that information was available, asked a good deal less from the local authorities than they would have done had that information not been at hand, and, notwithstanding that fact, there was a saving of £1,411,000 on the purchase of land for housing purposes.

Therefore, I submit that the experience of the past is such as to make the House hesitate before it allows to be scrapped an instrument which has proved of very great value to the local authorities, and without which there is very real fear that in the future they will have to pay exorbitant prices when they require to execute works of public utility.

Sir W. Sugden (Conservative, Royton): We have listened to an exceedingly interesting and thoughtful Debate. It has centred itself in two particular phases, first, the valuation of land, and, secondly, taxation of land.

There has been an argument put forward that the taxes themselves will in some strange way bring into the market and into the fingers of those who would have it the land of the country in some mysterious way. I respectfully challenge hon. Members opposite to prove how and in what fashion by putting a tax upon ground it is going to drive it into the market any sooner or make it any cheaper.

Mr. McLaren (Labour, Burslem): I want to preface my remarks by a little explanation, which I think is necessary. I feel somewhat pleased at this great Debate in that I am largely responsible for it ever taking place at all.

I think no speech could be more illuminating than the speech of the right hon. Member for West Birmingham (Mr. A. Chamberlain). It was a speech which should be carefully read in the interests of the whole country. It was a speech by a man who knows of the great work being carried on in the Valuation Department. More than that it was a speech by one who knows perfectly well that if the Government persist in knocking off this registration it will create more trouble in the Conservative ranks in this country than anything else could cause.

The present Government have passed an Agricultural Credits Bill, a Bill which was necessitated by the Corn Production Act. It is a Bill to give credit to farmers in order that they may clear off their debts to the banks which advanced money to them to buy out the landowners who have walked off with the high values received under the Corn Production Act. I challenge anyone to deny that. There is another Bill in Committee, the Agricultural Rates Bill. I hope every industrial centre in England will read and study that question. It is a Bill to reduce to one-fourth the rates payable on agricultural land. In view of these two Bills with which the Government are now forging ahead, and which in the ultimate mean considerable presents to the landowners of this country, I thought it highly essential, when I heard the suggestion that something was to be done to weaken the Valuation Department, to raise the whole matter and bring it into the limelight of the House of Commons.

This House has passed votes necessitating enormous expenditure on great arterial roads in this country. It has voted for expenditure large sums of money on the pretext of giving employment to the unemployed, and, added to that, if the Government Housing Bill becomes effective in developing the urban areas of the country, with the assistance of a public guarantee, the building projects which will be started under the Measure will also increase the value of the land of the country to the landowners. While hon. Members are enthusiastic about these Measures which would make considerable presents to the landowners of England they are just as enthusiastic in their desire to destroy that system of registration and valuation to which the people have always looked as a means of bringing the valuation up to date at Somerset House.

I was interested the other day in a piece of land in my own Division. We wanted it for a secondary school. The land was condemned as unsuitable for housing purposes when Dr. Addison's nightmares were going to be put up. We, however, decided that we would like to have it for a secondary school. It was rated at £4 10s., but the Corporation of Stoke-on-Trent were asked to pay no less than £6,000 for it, and over and above that the owner of the land kept to himself the right to dig from underneath all iron, coal or other minerals, and, in the event of there being any subsidence of the property, the corporation was to have no power to claim compensation as against the landlord. I could give many more instances of the same kind. I am not trying to impeach the landowners and make them out to be a crowd of highway robbers and brigands, because if to-morrow a landlord came down from Heaven on to the plains of England he would have to conform to the laws of this country, and he would of necessity take every advantage of the growth and development of the community in its demands for land. It is the system I am inveighing against and not the persons.

To weaken the valuation, to destroy the efficacy of the valuations made—that is the real purpose behind those who are opposing the Valuation Department, and for no other reason, despite the Secretary of the Treasury having made a great discovery at that Box to-night. I must congratulate him. He made the discovery that those of us

who are anxious to preserve the efficiency of the Valuation Department are doing it for no other reason than to have an up-to-date valuation when the time comes when we can institute the taxation and rating of land values in this country.

That is the discovery he made. But the right hon. Member for Carnarvon Boroughs (Mr. Lloyd George) in 1914, on the eve of the War, when things were not altogether successful in the political atmosphere because of his adventures in National Insurance, made a few speeches on the land question. He went to Glasgow in that year, "The Mecca of the Single Tax," as it was called, and he asked his audience, "What would you do to transform the land system of the country?" They replied, "Tax land values!" and he retorted, "Yes, do you think I am a shirker? That is exactly what I want to do. What did I get the valuation for?" That is away back in 1914, the Secretary to the Treasury might have known that long ago, and while I knew perfectly well that the register was instituted for the purposes of the Increment Duty, I was not at all interested in the registration of transfers because of that fact, because all the taxes introduced in the Budget of the right hon. Member for Carnarvon Boroughs were worse than useless from their inception. None of those taxes were taxes that give us a direct tax or rate upon the capital value of land in this country. The only tax at all that came near to it was the Undeveloped Land Tax. The Solicitor-General said that even though the registration becomes abortive, still the Valuation Department will be in a position to keep its valuations up to date.

I want to know what guarantee we have that the Valuation Department will be in a position to rectify its valuations by going to outside authorities and appealing to them for information with regard to recent transfers of property. I should like the Solicitor-General to give us a clear guarantee that that is the case. I do not see how the Valuation Department, unless they have statutory powers behind them, can go to outside authorities to make inquiries with regard to recent transfers of property, and in that way keep their valuation up to date.

I want, if I may with due respect and deference to the right hon. and learned Gentleman the Member for Paisley (Mr. Asquith), just to say one word in passing with regard to his remarks. He said that the taxes instituted under the 1909 Finance Act were taxes that might have been a success if they had had a chance. All I have to say is that the more chance they got the more impossible they became. They were taxes which, as I have already said, were not worth the paper on which they were written. I am prepared, however, to endorse the sentiments expressed by the right hon. Gentleman the Member for Carnarvon Boroughs when he said that the taxes were good in this way, that they gave a rare excuse for bringing in a valuation of land.

I think I am speaking freely on behalf of the Labour Party when I say that the valuation which we must institute, if ever we come into power, will be something of a more coercive and peremptory nature, and will certainly be something that will give us an up-to-date valuation costing little or nothing; and, if I may repeat what I said the other night, there will be no dubiety as to the object we have in view when we stand by this valuation, namely, to take the taxes off the food of the people of this country, to go to those heavily rated industrial areas and take the rates from the houses of the people, to go to agricultural districts and take the rates from the farm buildings and the improvements of the farmers, and to transfer this vicious form of taxation and rating, which is nothing but a brake on the wheels of industry, and impose it upon the capital value of the land as ascertained in the valuation which we are now discussing.

Mr. Hemmerde (Labour, Crewe): The mere destruction of this valuation will not alter the fact that we can easily get another one within 12 months. I do not weep for

this valuation, but I want to draw attention to the real motives underlying this attack. The reason why they do not want us to keep the valuation of land up to date is not a public purpose but a private purpose.

If hon. Members imagine for one moment that they are going to stay the course of progress in this country by leaving us without a valuation when we come in, they never made a greater mistake in their lives. Our Colonies all show us how to do it, and country after country has shown us how to do it. Most of our Colonies, in one part or another, have tried successfully the very system which is a sort of nightmare at the present time to large numbers of hon. Members opposite.

Why is it a nightmare? The taxation of land values is not Socialism—they seem terrified at Socialism—it is not in any way inconsistent with enlightened individualism. They are against even making the best of their own system. They are only too ready to attack anyone on these benches, and to say they are Socialists, and Bolsheviks, and all the rest, because they propose to see that the great values, created by the people, go to the people, and to a number of private speculators. It is not necessarily part of the Socialist creed at all. It is not in any way inconsistent with the creed that many of them profess.

Mr. E. G. Pretymann (Conservative, Chelmsford): It is perfectly clear that the country is faced with a direct determination on the part of both parties opposite to use this valuation for the purpose of reimposing land taxation. I do not wish to weary the House, but I have here a quotation from the speech of the right hon. Gentleman the Member for Paisley (Mr. Asquith)—[HON. MEMBERS: "Read it!"]—and numerous statements on the part of hon. Gentlemen representing the Labour Party. The manifesto issued by the Independent Liberal Party on the 21st October, 1922, refers to—

"A comprehensive reform of the existing land system, including the taxation and rating of land values."

The manifesto of the Labour Party on the same date says:—

"Taxation of land values will secure to the community the socially created wealth now diverted to private hands."

Mr. Hemmerde: You will find that in Lord Balfour's Election Address of 1906.

Mr. Pretymann: Then we have the right hon. Gentleman the Member for Paisley saying:—

"I am particularly glad to think that the Valuation Department will continue to keep a record of sales and other transactions, and that when the resurrection does take place, as I am sure it will, we shall find it in existence and still actively working."

It is therefore perfectly clear that the objective of hon. Gentlemen opposite, both above and below the Gangway, is to use this valuation for the imposition of a system which we believe, not on private but on public grounds, to be most injurious to the life of the community. There would have been hundreds of thousands more houses to-day if it had not been for this legislation. Since then we have spent £8,000,000,000 on a War. We cannot afford any more experiments of that kind, and I say it is the bounden duty of every one on this side who realizes that fact, to do nothing to encourage and to do everything to prevent any opportunity being given to hon. Members opposite to re-introduce disastrous legislation of that kind. The hon. and learned Member for Crewe said it did not matter and that it would delay them for only 12 months. I suggest that it would take less than 12 months for the country to find them out. Unlike the right hon. Member for West Birmingham, I attach the utmost value to putting every possible impediment in the way of legislation of that kind, and I also attach enormous importance to getting rid of these particulars at the earliest possible moment, because

the earlier they are got rid of the less it will be possible to claim that they have kept the valuation up to date.

Mr. J. Jones : The cat is out of the bag now.

Mr. Pretymann : No. The hon. Members opposite take the view that this valuation is going to serve a beneficial purpose. We take the view that it is going to serve a disastrous purpose. That is the whole point between us.

Mr. Lansbury : Landlords !

Mr. Pretymann : No, on public grounds. We think that, after all, practice is better than theory. I consider that one of the most unfortunate things which has ever happened in politics in this country is that at this time, when we have been so pressed to find new methods of taxation, if it had not been for the practical lesson which the country learned when these taxes were imposed in 1909-10, we should certainly have had this disastrous experiment now, when it would have been far more injurious than it was at that time. The country has learned a lesson. I suggest to hon. Members all over the House that to dally with this thing at all is bad policy. We have got to let it be thoroughly understood that we are definitely against any attempt to renew that disastrous policy, and anything that we can do at all, to legislate or to repeal legislation, which will prevent that experiment being attempted again, we will do. That is the point of view which I take, and I state it boldly to the House, because I believe it to be an absolutely sound view.

Sir Alfred Mond (National Liberal, Swansea, W.) : Whether the taxation or the rating of land values will or will not take place, whether certain returns will or will not continue to be made if the Land Valuation Department continues to do its work, which I understand it will do, whether returns are made or not, the Solicitor-General, who spoke earlier in the Debate, put an entirely different point, which is, that the Valuation Department had no use for these returns, because they were entirely useless and they could do their work much better than without it, and that, therefore, they could be done away with. If that is the way the Valuation Department will keep up the returns, then all the consequences which terrifies the right hon. Gentleman the Member for Chelmsford will follow just as certainly whatever party comes into office. The root idea of taxing and rating unimproved land values will, I hope, always remain a cardinal part of our faith.

The Financial Secretary, in his speech, let the cat out of the bag because he said that all this information is available, and it enables them to make a more accurate valuation of land when the State or local authority requires to buy land. Then the right hon. Gentleman proceeded to say, "The dice are loaded, not against the public or the people, but against the landowner." My point is that the dice have been loaded long enough the other way.

Colonel Wedgwood (Labour, Newcastle-under-Lyme) : Having listened to the speech of the right hon. Member for Chelmsford (Mr. Pretymann) it seems to me the public hangman ought to be called in rather than the House of Commons to deal with this horrible matter. Did he realize that by his Vote to-night he is forcing a new Government when it comes into power to make use, precisely, of that rotten old valuation on which he pours such scorn, and taking away from it the only opportunity of having a real valuation and a record of real sales so that the Valuation Department can know at what figures property changes hands as between a willing seller and a willing buyer, as a basis for an honest valuation instead of the one which he condemns. I leave it to be assumed that I am in favour of the taxation of land values, but not more so than anyone behind me, especially after the exhibition we have had to-night.

The Department has rendered most valuable services to the State. Not only has it recovered revenue, but what is, in my opinion, far more important, it has prevented fraud, the understatement of the value of receipts of estates, and

people whose land is required by the public getting excessive prices, amounting to blackmail, out of the public authority purchasing the land. Let me give one example. Some time ago now the Borough of Poplar was buying land for housing. The land they required was offered to them at £6,500. They looked up the valuation of that land for Death Duty purposes, and found in the register of the Valuation Department that it had been valued for Death Duty purposes at £2,400, as against £6,500. Owing to the existence of the Valuation Department and its records, which you are now seeking to tear up, that local authority was able to force the landlord finally, after three years' delay in starting the housing scheme, down from £6,500 to £3,000. That is only one solid instance.

As the hon. Member for West Swansea (Sir A. Mond) pointed out, the Financial Secretary to the Treasury, in the most amazing passage, said that after all that would prevent the scales being weighted against the unfortunate landlord. What does that mean? It means that he is positively depriving the public of an opportunity of preventing itself being swindled. He might just as well ask the Home Secretary to get up and abolish the power of the police to take finger prints because that weighted the dice against the unfortunate criminal. If that is the case, let anarchy reign supreme, but even the bureaucracy in this country must require some weapons to prevent their being swindled by evil-doers. In this case I do think the Valuation Department has been an admitted success up to now, owing to its powers to get information as to sales and transfers that take place. Information of these sales is the absolute guarantee of the price of that particular property, and from the possession of the general facts of what property is selling at every Valuation Department can make out a stronger case for their estimate of what the value of any neighbouring property should be. Take the road from Manchester to Liverpool. By the use of the Valuation Department the landlords were settled with on that route without, I believe, in any case going before an arbitration board. The information in the possession of the Valuation Department enabled them to deal with the landlords along that route, and made that road possible.

Yesterday, downstairs, the landlords of Scotland managed to get out of the taxpayers' pocket a promise of £300,000 a year, under the guise of the Agricultural Rates Act, to be paid directly into the pockets of the landlords year by year. They admit it, and glory in it. Now they come and ask for more. Abolish the Valuation Department, they say, and keep no check upon us. The Government comes to heel obedient to the voice behind it—the effective voice. They bow the knee to the right hon. Gentleman the Member for Chelmsford (Mr. Pretymann), and accept the abolition of the Valuation Department, which they have sworn to defend. Where is it going to stop?

The Prime Minister (Mr. Baldwin) : We are discussing whether or not we shall continue the registration of certain sales and leases by communicating particulars to the Commissioners of Inland Revenue, that and nothing else. When the Division took place on the subject we are now discussing, by a free vote the House decided by a large majority in a particular way, and it was the particular way against which the representative of the Government had been advising.

It is true that considerable sums of money—it is difficult to estimate them—have been saved to the country by that Department, but he would be a bold man who would say, without fear of contradiction, that those savings have been made by the Valuation Department absolutely by reason of the registration which we are proposing to bring to an end.

The Valuation Department will go on. I have been at particular pains to discuss this matter with my advisers, because had I been convinced in the interval between the Committee stage and the Report stage that the insertion of this Clause would really imperil the cause that we all have at heart, that is, to save the taxpayer as far as we can,

I should have taken a different attitude to-night. I am convinced from the inquiries I have made that the efficiency of the Department will not be impaired.

Question put, "That the words proposed to be left out stand part of the Bill."

The House divided: Ayes, 260; Noes, 187.

THIRD READING—4TH JULY

Motion made, and Question proposed, "That the Bill be now read the Third time."

Mr. Snowden (Labour, Colne Valley): I beg to move to leave out the word "now," and, at the end of the Question, to add the words "upon this day three months."

May I say a few words about the matter which occupied the House for a considerable part of yesterday's Sitting? I refer to Clause 27, which has been incorporated in the Bill. I am not going to add anything to what was said yesterday as to the method by which this change has been made. The Financial Secretary defended this new Clause on the ground that he, who was in the House when the 1909 Budget was under consideration, has only just discovered, 14 years later, that those who support the taxation of land values and a valuation do so in order that it may be used to carry out their desires. We have never made any secret of that. We hold the position that the whole economic value of land belongs to the community and that no individual has the right to appropriate and enjoy what belongs to the community as a whole. Let there be no mistake about it. When the Labour Government does sit upon those benches it will not deserve to have a second term of office unless in the most determined manner it tries to secure social wealth for social purposes. From one point of view I do not at all regret what took place yesterday. We saw what the Tory Party really is. The Tory Party is still the same party as in the days of Lord George Hamilton, when he said:—

"It is the duty of a Tory Government to look after its friends when it is in office and to take care that they are safeguarded in the event of the Tories being out of office."

That was made quite clear by many speakers in the course of the Debate yesterday. I wonder if those who so frankly stated those views last night know what an asset they were giving to Labour propaganda? Yesterday's Debate and the confessions that were made that the Tory Party is going to prevent it from coming into its own, that they are going to do nothing while in office, and, so far as they can, make it difficult for those who follow them to do justice to the dispossessed of the country is worth at least 50 seats to the Labour Party at the next General Election.

Mr. Hardie (Labour, Springtown): I beg to second the Amendment. I have had one great picture torn from my vision by the Debates on this Bill. I had always believed that, no matter how much a man might own, it was always possible for that man to remain human in his arguments in defence of what he possesses; but I realized two things yesterday. I realized the terror of the landowner, and I realized the viciousness that was made manifest on the other side when they understood, or when they faintly realized, what will take place when our numbers justify us in sitting on the other side. This Bill is a rich man's pleasure-hunt. He has been out hunting ever since this Bill came in. He has been hunting down the poor man with his taxes on tea, sugar, coffee, entertainments, etc. All the taxes that could be flung upon him have been flung upon the working man. We have been asked to apply the sense of justice to our ideas in formulating our schemes, but it does not seem that any sense of justice is introduced by the opposite side into their schemes and arguments. There has never been suggested from the other side that taxation, to be fair, ought to be on the basis of ability to pay. Last

night a gentleman from the Government benches, when the Land Clause was under discussion, asked for some information in regard to the difficulties of procuring land, implying that there was no difficulty. Why should the landlords have fought against the Land Clause? They were saying yesterday that the thing does not matter; it is only a needless expense. If it is only a needless expense, why were they so energetic?

We had illustrations given of land on which money had been spent, and which was costing money to run. I have yet to learn of any land that costs money to run. It is only because land is not run that you require to spend money upon it, because labour applied to land always produces wealth. Why is it that those who put up these arguments do not get rid of the land which they say does not pay? Why do they always hold on to these great estates, in regard to which they try to show by figures that they are losing heavily every year? Do they only continue as landlords because they are great national patriots? Do they desire to keep up the dignity of the nation by this land being owned by Lord Tomnoddy? We are asked to believe that unless the land is owned by somebody with a weighty name the grass will refuse to grow.

I could have given the hon. Member who wanted information last night some figures that would be of interest. Here is the way that this Finance Bill affects even our present ideas in regard to houses. In Glasgow we have tried to get land for the purpose of building houses. We wanted 20 acres of ground at Balgray, Springburn, and we were asked to pay £8,000 for it, although the only rate payable upon the land was £80 per year, showing that there was no relation between the sale price of the land and the rates that were paid upon it. The Glasgow Corporation also tried to get 6½ acres of land at Langlands Road, Govan, for house building, and they were asked to pay £6,292, although the land only contributed £11 a year to the rates. At Moss Side Road, Glasgow, the Glasgow Corporation tried to get 9½ acres of land and they were asked to pay £9,196, although the rateable value was only £5 per year. If we had an efficient organization through the Values Department, this kind of swindle could not continue. It is nothing short of pure swindling. Where is the morality of men on the other side when they claim the right in land although they cannot make even a grain of sand? Even as landlords they cannot improve the land; they have to get labour on to it. In our cities, as they grow, the landlord sits there, with his eyes half-closed, watching the increasing industry of the citizens, and just as that industry increases he puts up the value of his land. Every time Glasgow spends money in taking the tramway into the country, the landlords on each side of the road get their pockets filled because the citizens' money is being spent. They have not spent a single halfpenny on the land, but they get the values on it. They are not even sportsmen. They not only hide the register, but they take every low-down means to try to deprive the public of information which they ought to have in order to bring back to the community that which is created by the community.

If the Government next year wants to improve the position of this country in relation to its trade it must get away from the class-conscious method of taxation shown in this Bill. They cannot go on expecting industry to increase or improve so long as they continue to place taxes upon industry, and all that is produced by industry, and at the same time give an incentive to the parasites. That is what is being done now. This Bill taxes every man and woman who is doing some honest work. The Agricultural Rates Bill is the first of the landlords' charters. This Bill taxes every man and woman who is doing some useful work; it bears the stamp of class consciousness, and it says to the parasites: "Go on and rob." Let us give a warning from this side to the other side, that if they want to avoid disaster, they should avoid that kind of basis in the Finance Bill of next year.