

## PARLIAMENTARY DEBATE

### LAND MONOPOLY AND TAXATION

#### HOUSE OF COMMONS

##### Finance Bill—Considered in Committee

**NEW CLAUSE.**—(*Estate Duty payable in respect of agricultural property to be charged in part on agricultural value at rate under Finance Act, 1919.*)

**THE FINANCIAL SECRETARY TO THE TREASURY (MR. GUINNESS):** The Clause merely provides that the purely agricultural value of agricultural property which passes at death will be charged, as now, under the 1919 scale which is found applicable, according to the size of the estate, to the whole of the property. The remainder of the value, for instance, the prospective building value, will be chargeable at the increased rate, which is again arrived at not by treating the value of the real estate as a separate estate, but aggregating it with all the other property passing at death. For the most part, land in this country is found by tenants who supply the working capital, while the landlord—

**MR. MACLAREN:** What does the landlord supply?

**MR. GUINNESS:** I said that the tenant provided the working capital, while the landlord—I had not finished my sentence.

**MR. MACLAREN:** What does he supply?

**MR. GUINNESS:** He provides the fixed capital.

**MR. HARDIE:** What is the fixed capital?

**MR. GUINNESS:** The fixed capital is the land, the—

**MR. HARDIE:** Does he make the land?

**MR. GUINNESS:** It is his interest in the estate. The buildings, the land, and the owner's value in the estate.

**MR. LLOYD GEORGE (Liberal):** If a man puts his money into land he is not doing any particular good to anybody. There is no particular good to the community in transferring the ownership from one person to another.

If he were to put his money into the development of the land then he would promote employment, but if he puts his money into land simply as an investment, by the mere purchase of the land he does not create employment for anybody except for the lawyer.

What is largely responsible for the high Death Duty paid by agricultural land? It is its monopoly value. I have just been reading a report of the Surveyors' Institute upon that subject. The report points out that landowners are assessed upon the basis of what the land will fetch in the market, on the assumption that each farm is sold separately. But that is the value.

If they were to sell, as they do sell, in order to meet Death Duties, they get their full monopoly value in the market. It is a value which is largely, though not entirely, created by the landowners themselves. What do I mean by that? They naturally want to keep their estates together, and they do not put land into the market if they can avoid it.

Let any man who has lived in a village, as I have done, go and ask for an acre of land for the purpose of building a house there. He will not get it. I know cases where one has to pay, in a village with a population of 1,200, no less than £600 for an acre of land. Why? Because every landowner in that parish and in the two adjoining parishes refused to sell a single yard of land for the purpose of building a house, and this site was the only one which was available, and it was necessary to pay an extravagant monopoly value.

The landlord complains that he is being taxed upon a basis which he himself has helped to create. If he

insists upon a monopoly value he must pay his taxes upon the basis of a monopoly value. That is not unfair in the least. That is the whole difficulty with regard to agriculture. Take a farm of 200 acres. Suppose you let it at £1 an acre. If it is sold, owing to the monopoly value of land the farmer has to pay, in respect of the freehold, something which is more than the commercial value of that land. He is paying for a monopoly value, a fictitious value, and the landlord who is in a position to receive that amount complains that the Exchequer is taxing him upon something which he himself has assisted to create. The result is that whenever you have sales of this kind the farmer is put in a very disastrous position.

No man who knows the countryside can fail to realize that things are worse than they were before. The land is deteriorating, buildings are getting into disrepair, there is dilapidation where previously some sort of effort was made to cope with it, and the rates are constantly going up. The landlord cannot, in the face of these figures, continue to do what he was doing. The conditions are so completely changed owing to the war and the burdens of the war, that the partnership in the future is quite impossible, and the Government will have to consider the whole problem on very different and much broader lines.

**MR. CHURCHILL (Chancellor of the Exchequer):** My right hon. Friend (Mr. Lloyd George) for once, was a little less successful than usual in combining two mutually contradictory sets of arguments. One part of his speech was devoted to condemning in the sternest terms this exceptional favour to one particular class of prosperous, fortunate individuals who were enjoying the amenities of the land, the monopoly value of the land, and who had all these advantages, financial and otherwise. The other part of his speech was devoted to showing how this paltry remission could not in the slightest degree touch the grave problems with which land is afflicted, or avert the doom which is swiftly approaching it through the agency of Death Duties and high taxation. From the very beginning of his political career, he has always treated the land on an entirely different footing from other kinds of property. Sometimes he has treated it in an unfavourable and invidious way, and suggested that it should bear exceptional and special burdens, and sometimes he has extended to it special benefits. But never, at any moment in his career, whether actuated by stern or by benevolent moods, has he advocated that and should be treated in the same way as other property. We had the mood of the Land Values Duties, the Increment Duties, the Undeveloped Land Duties, all dealing with a particular class of property in a particular way. It was argued in those days that taxation should have no regard to the particular class of property at all, and should only have regard to the individual deriving advantage and benefit from the property. It was the task of my right hon. Friend to develop, with his great power, the argument that you should have regard to the special source and the special character of the property, and that taxation should have regard to that.

**MR. LLOYD GEORGE:** My right hon. Friend has forgotten, of course, all his past experience, but he will not mind if I remind him of a little partnership of that kind, where we excepted agricultural land on that occasion.

**MR. CHURCHILL:** There are many other instances in which land has been treated in a special way under the taxation system of the country. In the case of

the original Estate Duties in the Finance Act of 1894, special treatment of agricultural property was given. The principal value was not to exceed 25 times the annual value, and so on.

So far as the exceptional treatment argument is concerned the Statute Book is filled with exceptions, and agricultural land has often, if not always, been treated by successive Chancellors of the Exchequer in certain respects on a different footing.

I am not attempting to give any positive benefit in respect of agricultural land. All that the Government are doing is conferring upon them a non-addition to the burdens they bear. Even on the admission of the right hon. Gentleman, the whole of the landed and agricultural property in this country is being driven into liquidation by the pressure of taxation and the Death Duties, and that, I would suggest, is a ground, at any rate, for not adding to the burden.

MR. RILEY (Labour): Since 1896 onwards the owners and occupiers of agricultural property have been receiving a special benefit of not less than £6,000,000 per year. Local rates were first reduced one half, that amounted to about £6,000,000 a year; then in 1923 there was a further reduction from a half to a quarter, and to-day agricultural property in that respect only bears a quarter of the rateable liability compared to other forms of property. I think I am quite within the mark in saying that from 1896 down to the present day there has been a relief to agricultural property of no less than £100,000,000. It is proposed to extend that principle by a further concession now.

MR. MACLAREN (Labour): Very skilfully the Chancellor of the Exchequer has introduced the thin end of the wedge of Protection, with great skill he has introduced Colonial preference, and now the blessed Trinity of Conservatism is finding a vent in giving expression to a preference to the landowners of England.

It is only a few months ago that we handed over subsidies for beet growing. In 1923 we handed over to the landowners great concessions with regard to agricultural rates. In 1896 we reduced the agricultural rates by one-half, and in 1923 we reduced them again down to a quarter. I see, according to an answer given by the Chancellor of the Exchequer, that in the year 1922-23 we paid out by way of Government grants to make up the requirements for local rates £1,503,000, and then, after the passing of the Agricultural Rates Act of 1924, the grant from the Treasury to make up the payments for the agricultural rates of that year amounted to £4,725,000. The poor depressed landowner gets off with a quarter of his rates, and the general taxpayer of the country is asked to make up the rates.

We always hear about the tenant, because it is always the tenant who is put forward. When you introduced the Corn Production Bill it was for the benefit of the tenants, and what happened? No sooner was that Act passed than the landowners of this country went to the farmers and compelled them in many cases either to give up farms altogether or to buy them at increased values. In 1923 we had to pass the Agricultural Credits Act to help the farmers to pay off the debts that were hanging over them as a result of these purchases. One could spend many hours going over and reiterating the many concessions made to landowners, all on the plea that it is to benefit the tenant in agriculture.

When the Agricultural Rates Act was in Committee in 1923 I moved that if the Committee were anxious to assist agriculture, instead of relieving the rates on the land they should relieve the rates that are levied on the farmers' buildings, but I was ruled out of order. If hon. Gentlemen on the other side are very anxious to help the farmers and agriculture in this country, let them relieve the taxation on the industry of the farmer who

is using the land. No man in this country who knows this point better than the Chancellor of the Exchequer. There is no man in this House who has made more pronouncements on this very point, namely, that the only way to benefit agriculture—and I am using his exact words—is to take the rates and taxes levied on the users of the land off the users' improvements and levy those rates and taxes on the capitalized monopoly values of the soil of the country.

MR. CHURCHILL: That is not an exact quotation.

MR. MACLAREN: It is not as eloquent as his remark was, but it is the meaning of the whole of his speeches at Dundee and Manchester.

MR. CHURCHILL: That speech was devoted to an argument designed to show that it was desirable to rate urban land upon its true economic value.

MR. MACLAREN: I wish the Chancellor of the Exchequer would make that confession now instead of the one he is trying to put through in this new Clause.

The Landowners' Union have been demanding for years that certain concessions ought to be made on the Death Duties, and then they have got behind them the so-called Farmers' Union and have been making them lisp the same demand, that something ought to be done by way of reducing the Death Duties and the rates and taxes on agriculture. I wonder if the Committee will mind if I read this little quotation from a resolution passed by Danish agricultural people in 1902, at a conference. They said in it:—

"Our occupation and progress cannot be virtually supported by any help from the State or from any other class in the community. We can only prosper if the law fully recognises that the smallholders and all other classes of the community have equal rights."

I would like British farmers and everyone just to take these last few words to heart:—

"The smallholders, therefore, do not ask any favours by way of taxation in Denmark. All we demand is the freedom to use our land free from the imposts of tariffs and other forms of taxation."

That was in a country which is setting an example to the whole of Europe in the development of agriculture. But here in England, under an antiquated system of agriculture, you have the landlords—whether it be the old form of landlordism, which is no better than the new, or the new form of landlordism—keeping agriculture hopelessly in their deadly grip, and then superimposed on that you have your iniquitous system of

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taxing and rating the improvements of the farmer and holding up the development of land in this country. Those are the real causes of the degradation of agriculture in this country, and, although I am not at all enthusiastic over Death Duties in this way, or in that or the other way, if there is going to be a concession made with regard to Death Duties, and a concession of the character of that in this new Clause, it might have been given to people who really toil and work and do something for their existence rather than to those who merely send agents to collect rents and keep a good eye on the rising value of future rents. Landowning, as we know it in England, as long as it stands and enjoys the privileges which it now enjoys, is bound, sooner or later, to bring this country to utter disruption.

Here we have this magnificent land of England lying idle to-day; thousands of acres going to grass of an inferior character. Is it not an indictment of modern civilisation that in this country, with the magnificent people we have, our people should be driven to traversing the streets under the shadow of poverty, fear and degradation?

Surely the time has come for something bigger, something more imaginative and something that will give our people hope that there is in this country opportunity for the people, and that instead of driving them on to the streets they will be given a chance by the opening up of this magnificent heritage of ours, the land of England. Are you going to do it by this tinkering, niggling method of giving relief in regard to Death Duties? The Chancellor of the Exchequer's reasons for his concession are nonsensical, infinitesimal, and tantalizing to the hungry people outside. I appeal to the Committee, viewing the situation outside, viewing the enormous opportunities in this country to give employment to the masses of our people, that they should urge the Government to do something of real worth and value, and open up the resources of this country by removing the deadly hand of monopoly.

If we do not do something bigger than we are proposing to do this afternoon, if we do not more seriously tackle the problem of agriculture and the opening up of the land for use, something that will commend itself more than the proposition that is made this afternoon, the Home Secretary may worry as he likes about Bolshevism and about preventing people from coming here from foreign countries to propagate revolutionary ideas, but the poverty and the degradation in our midst will do more to arouse the people against the Constitution than all the armies that ever came from Russia to propagate ideas from that country. This Clause is nothing more nor less than the continuing of the old dreary steps and the old process of safeguarding the interests of the landowners, and keeping the rock-bottom constitution of the Tory party intact.

MR. HARNEY (Liberal): Suppose you have two gentlemen who die and each is worth £40,000. One of them has invested his £40,000 in an estate in the Surrey hills. The other has invested his £40,000 in a Manchester cotton mill. The successor of the gentleman who has invested his £40,000 in Surrey finds that the amount of Death Duty he has to pay is reduced by £2,000. The other gentleman whose predecessor invested in the cotton mill in Manchester finds that he has to pay the full increase in the Death Duties. Why is this particular favour given to the landowner? It is said that he has been very hardly hit and that farming ought to be encouraged as much as possible. As far as I can see, there is no encouragement given to the real producer on the soil. Is the person who gets this relief of a couple of thousand pounds going to do any more fencing, any more fertilizing of the land, or going to give any reduction in rent. You give the concession not to the person

who puts money into the land but to the person who takes money out of the land, that is, the landowner.

MR. N. MACLEAN (Labour): I cannot see why this byplay has gone on between the right hon. Gentleman and his late leader and colleague, the right hon. Gentleman and Member for Carnarvon Boroughs (Mr. Lloyd George). Both of them went round in the land campaign together. Both of them went round denouncing the landlords and calling them everything, they themselves being called everything by the landlords whom they were denouncing.

MR. LANSBURY: And singing the "Land Song."

MR. MACLEAN: I do not know that the Chancellor sang it, but he gave effect to the terms of the song in the speeches which he delivered. If he could not sing tunefully he spoke tunefully, and he persuaded the multitude to vote in favour of his land campaign.

The Chancellor of the Exchequer and the Member for Carnarvon Boroughs were members of a Cabinet which gave something back to the landlords, which abolished the land taxes that they had already put upon the landlords of this country in 1910. Both of them were in that Cabinet, and not only were both of them in the Cabinet, but both of them handed back to the landlords the amount of the taxation that had been paid by them since the introduction of the Land Budget in 1910.

The pernicious principle is involved in this Budget in which time after time he assured the Committee that he had no money with which to give concessions to the poor people of this country, that he could not take anything off tea, he could not give anything away on sugar, and that he could not take anything off entertainment duties. But when a gang of landlords through their representatives in this House come pleading for assistance and put up their poor mouths, he says: "Certainly, I have the money already laid in the stocking for you. Here is the £500,000."

MR. WALLHEAD (Labour): This remission is a disgrace, in view of the condition of the masses of the people. We have stood here pleading for some consideration for the poverty-stricken masses, who can get little or no relief. We have pleaded for remissions of the Sugar Duty, and other taxes on food, but the Chancellor of the Exchequer has talked about broadening the basis of taxation. Here he narrows it. He broadens it at one end and narrows it at the other. He broadens it for the workers and contracts it for the landlords. Wherever the landlord class gets its hand on a thing it keeps it there. We intend to expose this policy as far as we can.

MR. HARDIE (Labour): The Tory party is allowing a Chancellor of the Exchequer who has just come into the party to start on the course of giving advantages

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to men who have never by their own effort created any of the value that they enjoy. While we have the unemployed man in the street, while hon. Members opposite claim to have the votes of working men, while they talk glibly on platforms of what they are going to do, and while they come here and joke during the day in order to push serious business on to the small hours of the night, we shall take care that the country realizes the fraud the Party has proved, because, while it has done nothing for the unemployed, it has put more into the hands of the landlord.

Mr. LANSBURY (Labour) : I congratulate the right hon. baronet the Member for Wells (Sir R. Sanders) on his success in wheedling this concession out of the Chancellor and the Government. I do not think a real old-fashioned Tory Chancellor would have conceded it quite as easily as the right hon. Gentleman has done, but, as has been said many times, the right hon. Gentleman has to justify his position, and the pervert is always more zealous than one who has been a long time working for a particular cause.

I am against this proposal because it is another triumph for the Tory and Liberal landlords in this country, the worst vested interest—the most ancient anyhow—in the country. Where are you going to draw the line between agricultural land and land for building purposes? This point also can be demonstrated in the right hon. Gentleman's own constituency. On the new Southend road there has been a huge expenditure of public money, and I question if anyone in this Committee or any land valuer could assess the land values that have been created there or put a value on that land at the present moment.

I have in mind a landlord in the East End of London who paid Death Duties on a certain piece of land on the amount of £2,500. A little while later the land was wanted for building purposes and he asked the local authorities £6,500 for that piece of land. I think that is downright swindling and a robbery of the public. If any of us were to carry out such practices in private life we should be considered as thieves.

Here we have a handful of men representative of a small but very powerful community in our midst, and they are able, not by numbers, to gain this concession. I believe that hon. Members opposite who represent industrial areas do not in their hearts agree with this proposal, but so powerful is the landed interest that it is able to take the Government by the throat and shake this concession out of them. This is another instance of helping to make England—

“a paradise for the rich, a hell for the poor,” a quotation which the right hon. Gentleman will, no doubt, remember.

*The House divided and the Clause was carried by 258 to 160.*

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## WELSH LIBERALS

At the convention of the Welsh Liberal Federation at Swansea on 29th May, Dr. Black Jones (Builth) proposed:—

That this meeting of the Welsh Liberal Association demands a radical alteration in the present system of land tenure which will give absolute security of tenure to the efficient farmer, real access to land to farm workers, and the full development of all land in the country for the production of food and the maintenance of rural population.

Dr. Black Jones said he would content himself with referring only to the rating system, which he described as a thoroughly bad one, because it penalized industry. The only economic and sensible way was to put the rates on the site value of the land only.

The resolution was seconded by Mr. S. Davies (Cardiff), supported by Capt. T. R. Evans and carried.

Preceding the business meeting, the convention was addressed by Mr. Lloyd George, who in the course of his speech said:—

You can recover your export trade, you must develop your resources at home, you must get rid of all monopolies which hinder development: you must say to every monopoly that prevents the nation from making the best of the gifts of Providence—"Clear out of the road." Cases were given to me the other day of arterial roads made out of the Unemployment Fund; cases in which the land before the road was made was not worth twenty or thirty pounds an acre, the poorest agricultural land you can think of, and now sold for £500 or £600 an acre. Who made that value? The taxpayers who spent the money on the making of the road. Who gets the profit? The land monopolies who charge the uttermost farthing for every yard of land which goes to the making of the road. It is a monstrous outrage.

You cannot build until you clear away hindrances, and the greatest hindrance of all is the power of monopoly. Land used for amenity where it ought to be used for cultivation. Ah! yes, this is a rich land; it is a beautiful land, it is a resourceful land. It has plenty in its larder and in its deep cellars for all, but it says "You must dig, you must delve, you must work to get at my store." That is what the land says, and then there is plenty. It simply says—"By the sweat of thy brow thou shalt eat my bread." That is what the land says and when men and women go out to carry out the Divine mandate and seek that bread, the monopolist says, "Stop; you must first provide for my property, for my delights, for my caprices."

Mr. Lloyd George wound up his speech with a motto for Liberalism: "Let us have first the rights of the commons of England." Once again he has denounced land monopoly in clear and set terms; but his policy is what matters. Let our readers take note that, as usual, there is not one word advocating the Taxation of Land Values as a means of dealing with the problem Mr. Lloyd George thinks to tackle.

The total sum collected in local rates during the financial year 1923-24 in England and Wales was approximately £141,887,000.—*Sir Kingsley Wood, House of Commons, 17th June.*

\* \* \*

The Treasurers of the United Committee acknowledge an anonymous donation of 1s. from a donor who writes "It is impossible for me to do more at present but I wish to show sympathy."