

PARLIAMENTARY DEBATES

FINANCE BILL

(18th May)

On the Order Paper were two proposed Amendments, the first submitted by Mr R. R. Stokes and having 72 supporters of whom 57 were members of the Labour Party and 15 were non-Labour. This Amendment read :

"That this House declines to the Second Reading of a Bill which contains no declaration that the land and natural resources of this country, for which we are fighting, should belong to the people, and makes no provision whereby the economic rent of community-created values of all land shall in due course be paid by the landlords to the State for the benefit of the community."

The other Amendment was in the name of G. Benson (Labour), Sir George Schuster (Liberal-National), Graham White (Liberal) and Spencer Summers (Conservative) and regretted the failure of the Finance Bill to adjust taxation in the interests of stimulating the accumulation of industrial capital.

ORDER FOR Second reading read.

Mr G. BENSON (Chesterfield—Labour) asked whether either of the Amendments was to be called.

Mr Speaker : It will not be possible for me to call either of the Amendments, but I would suggest that, in order to deal with the subjects which hon. Members want to raise, we should start by having a general discussion for the next two hours or so, and then hon. Members wanting to speak particularly on the Amendment of the hon. Member for Chesterfield (Mr Benson) would be more likely to catch my eye for the next hour and a half or so. Then hon. Members who want to address themselves to the Amendment in the name of the hon. Member for Ipswich (Mr Stokes), might be able to do so.

The Chancellor of the Exchequer (Sir KINGSLEY WOOD) moved that the Bill be now read a Second time and the debate proceeded.

Mr J. J. TINKER (Leigh—Labour) : Land values are increasing, not by the help of the individuals who own the land but through the good will of the community. That is what is behind this Amendment on the Paper. It means for the Chancellor to get hold of a sum of money from people to whom wealth has accrued through no efforts of their own.

Mr L. SILKIN (Peckham—Labour) : Whether we can succeed in providing homes for the large numbers who will require to be accommodated after the war with homes within their means, whether we can succeed in replanning and redeveloping our bombed cities and towns, whether we can succeed in properly locating industry so as to avoid the evil of the special and distressed areas after the war, will all depend upon whether we solve the problem of the high cost of land. There was a piece of land in the county of Essex which was worth £50 an acre as farming land. At the expense of the community an arterial road was put through that land. It then became frontage land, and was sold within a short time at 20 times its original value—£1,000 an acre. The owner of that land cannot possibly claim to have had any part whatever in increas-

ing its value. There was in North London some land at £300 an acre for which the London County Council were negotiating. Then came a tube railway, and eventually that land was fetching £3,000 an acre, ten times the original price. There are the classic cases of the large estates in London and other big cities which have multiplied in value many times over, through no action on the part of their owners, except perhaps the exercise of a little foresight in acquiring land where they thought development might be in prospect. The taxation of land values would not only provide the Chancellor with important revenue and give the community a share of what it had itself created, but it would bring down the present unreasonably high cost of land. In that way it would facilitate the acquisition of large areas by local authorities who, at present, find themselves unable to acquire land, although it may be most necessary from the point of view of effective town planning. Unless we do something to deal with the problem of land values, I believe that all talk of planning after the war will become a mockery.

Mr W. GLENVIL HALL (Colne Valley—Labour) : The London County Council has for a number of years now realized that the taxation of land values would make a great deal of difference to the problems which beset them in the vast sprawl of land known as the Metropolitan area. They have on more than one occasion, put it on record that it would be of undoubted advantage to them if legislation could be passed through this House enabling them to implement the rating of land values. It has always been a mystery to me why the Chancellor has refused to consider this source of revenue, because, when he looks round the world and sees what other Governments have done, he must see that very large sums have been brought in from this source. I recently read a speech by the Hon. Walter Nash to an audience in New York on New Zealand's experience with land values taxation. He said :

"In planning for the future the problem of housing must be closely related to the problems of industry on the one hand and the requirements of home life on the other. The provision of adequate housing can be seriously handicapped and retarded if abnormal prices have to be paid for the land that is required, and a sound and scientifically based system of taxation can help a good deal by correcting such a situation. I believe that the kind of procedure we have adopted in New Zealand, although it is far from perfect, has nevertheless tended to discourage excessive inflation of land values generally and of building sites in particular."

It is beyond doubt that if this source of revenue were taxed, it would not only bring in very large sums of money to the Exchequer, but it would ease the situation in a large number of directions. It would help to ease the housing situation. It would help to bring down rents, and that would go a great way towards satisfying many pensioners and others who now find it so difficult to live. It would also cheapen many of the raw materials of production upon which industry depends. It is one of the tragedies of the years between the two wars that the proposals introduced by the

late Viscount Snowden were shelved by the Conservative Government that followed him. If these proposals had been given a fair run, if the Department which should have been set up had been set up and allowed to function, there is not the slightest doubt that the burden of the present Chancellor would have been much easier and we should have had many millions more to use in prosecuting the war.

Mr T. J. BROOKS (Rothwell—Labour) : The doings of individuals or finance corporations who make fortunes really over-night are the theme that appears to be before us now. I understand that already the Government have had to take steps to prevent them from buying up blitzed areas both in London and the provinces and making money out of them. If we sink a pit in a rural area and bore down to the coal, land which was 6d or 1s a yard becomes the morning after the coal has been found 5s to 10s or even £1 a yard. Fortunes made while they sleep ! The same thing happens when a factory is built, or even when a new bus route is opened up through the country. The price of land goes up. Every local authority will tell you that if it requires land for road widening, it finds the value goes up. Taxation of land values ought to be made a fact not only in order to find revenue now, but for the development of all our resources on a sure and sound foundation for prosperity in the future. It would not impoverish the landowner but would make him put his land on the market at something like its proper price. It would give a real send-off to the proposed new order.

Mr R. R. STOKES (Ipswich—Labour) : If we are to have a just and lasting peace, this matter has to be dealt with so that the peoples of the world may realize that we are setting an example and that we intend not only to apply this principle to our own territory, but to use all the influence we have on the Dominions, the Colonial Empire, and so on, so that their natural resources shall be used for the benefit of all the people. Men and women of the country are having to go to war, but many of them sacrifice their lives, but what has to be done ? We have to buy the aerodromes before we can use them. Up to November, 1937, for 26,500 acres we paid £1,525,000 for land which was probably absolutely valueless. Since 31st December, 1938, 58,000 acres of land have been bought for £3,760,000 or £60 an acre. From 1934 to 1937, 105 sites were purchased, involving 290 acres—most of it agricultural and de-rated and making no contribution to the community—at a cost of £218,000, or £70 an acre. Again, in connection with housing estates, in the five years from 31st March, 1938, 35,000 acres of land have been bought at a cost of £8,000,000, or about £220 per acre—all this for land which was standing idle.

We paid the coalowners, the people who say they own the coal, though they never put it there, £100,000,000 for not having put it there, certainly not for taking it out, and the people who work the coal will for evermore have to produce, at 5 per cent, £5,000,000 a year to pay the

interest on the debt. To do the same with the whole of the land of the country would cost something like £10,000,000,000, and, when you have done it, you will hand it over to a set of quite incompetent people in Whitehall who will not know what to do with it.

At present we are crazy. The only thing we do is to tax effort. We never tax people for being idle. People who work in factories are taxed up to the hilt. The Chancellor of the Exchequer taxes their effort. What does he do for the landlord who is reaping the benefit of the war? The only person who benefits when a town gets bombed is the ground landlord. He gets his site cleared for nothing, and in many cases insists, and is supported by the courts in insisting, that his ground rent should continue despite the fact that the buildings thereon have ceased to exist. The most fundamental thing of all probably is the fact that if you insisted on a thorough-going taxation of site values, it would penalize idleness and make it impossible economically for landlords to hold their land out of use or not to put it to the best use because it would be uneconomical to do so. If a tax were put on site values, unemployment would be done away with for ever.

I want to quote again the Prime Minister on this subject. This is a somewhat earlier speech than the other and was made on 20th April, 1907, at Drury Lane Theatre, London :

"We have to face all the resources of a great monopoly so ancient that it has become almost venerable. We have against us all the modern money power. We have to deal with the apathy and levity of all sections of the public. We have against us the political machinery of class and privilege represented by the Second Chamber in the State. There are only two ways in which people can acquire wealth. There is production and there is plunder. Production is always beneficial. Plunder is always pernicious, and its proceeds are either monopolized by a few or consumed in the mere struggle for possession. We are here to range definitely on the side of production and to eliminate plunder as an element in our social system. The present land system hampers, hobbles and restricted industry. . . . They were resolved if they could to prevent any class from steadily absorbing under the shelter of the law the wealth in the creation of which they had borne no share, wealth which belonged not to them, but to the community, wealth which they could only secure by vexatious obstruction of social and economic progress, far more injurious and wasteful than could be measured by their own inordinate gains."

I commend that to my right hon. Friend, and would earnestly beseech those on the other side to realize that this fundamental thing has got to be done.

The Financial Secretary to the Treasury (Mr ASSHETON) : I do not feel that the House will expect me to deal, in detail at any rate, with the speeches made by hon. Members on the subject of the taxation of land values, land nationalization, and so on. The whole question of the future treatment of land is now being examined by the Government in connection with the Uthwatt Report, and it has been made clear on more than one occasion that no decisions in that very highly complicated matter have yet been arrived at. These are all matters of a controversial nature.

Mr S. S. SILVERMAN (Nelson and Colne

—Labour) : What I rose for was to protest against the way in which the Government have dealt with this question. Here is a question which has formed part of the declared policy for many years of a party in the Government as an equal partner with any other party in that Government. It was set out in an Amendment which appeared on the Order Paper as long ago as three weeks. It was signed by 70 Members of this House. It deals with a question—whatever anyone may think of the merits of it—which goes to the root of our method of financing the war and which must also go to the root of any plans of reconstruction that may be in anybody's mind.

Mr DAVID ADAMS (Consett—Labour) : When we reflect that this is one of the Amendments which Mr Speaker decided not to call, it seems to me a very sound policy so to organize one's Amendment that we shall not be called, because evidently a much better discussion can be obtained by not being called than by being called. I also wish to make a protest against the very cavalier manner in which this subject has been treated by the Financial Secretary. I was astounded to hear him say, as I am sure was the House, that he did not intend to make any reply to the arguments which had been put forward from this side. This has been a question of fundamental importance in this country for many years past. It has been accepted in conference after conference, and it would be extremely difficult to find one local authority that is not most cordially in favour of the taxation and rating of ground values. These are looked upon as a new source of revenue, from which new funds may be justly claimed, for they are created by the presence, by the necessity and by the expenditure of the community. No one can just cavil that these are some unjust form of taxation. All that is required is the necessary legislative power to carry them into effect.

The Second Reading of the Bill was carried without a division. The Land Values Amendment and the Speeches thereon had surprisingly good publicity in newspapers all over the country.

THE CHANCELLOR ON FREE TRADE (12th May)

In the debate in the House of Commons discussing the "Keynes" plan for Post-War International Currency, a noteworthy statement was made by Sir Kingsley Wood, the Chancellor of the Exchequer, accepting the lesson that had been learned from the operation of Protectionist policy. If the Conservative party now also shares the remorse for its actions they will, we hope, follow the Chancellor's lead.

SIR KINGSLEY WOOD said : "Of course, international trade was being done before the Clearing Union was thought of, and, of course, goods were moving from one country to another, for no peoples are prepared to stop work and starve. But do not the underlying facts suggest that international trade was being gravely distorted, or even slowly strangled, by commercial policies and exchange devices adopted by each nation in turn as defensive necessities? If the world has not learned its lesson we may have to go back

to such a system and no doubt, again, we could make it work somehow. But we ought not to begin by thinking that this is our best policy. . . . We have a responsibility to the whole framework of the world economic order. I suggest therefore that we should take it as our present policy for the world after this war, that we want to see the goods of each country exchanged as freely as possible, that we want the immense technical developments which are being stimulated by the war to produce a harvest for peace, that we want the unity of the world to be more than a pious phrase. . . . I have spoken deliberately of the movement of goods rather than of the movement of money, for any international monetary scheme must serve the interests of international trade, and its success or failure will be conditioned not by the technical skill of the monetary mechanism but by the sanity of the policy which we shall adopt in international commerce. No monetary mechanism, no system of regional grouping, no adoption of such monetary terms as 'bancor' or 'unitas' will be of the slightest use in helping goods, services and the results of inventive ability to move freely round the world if simultaneously any nation erects unnecessary barriers to check their movement and flow.

Mr R. ASSHETON, the Financial Secretary to the Treasury, summing up the debate, said : "It is clear as the Chancellor of the Exchequer has told us and as more than one member has stressed that no monetary mechanism will be of the slightest value in helping goods and services to move freely about the world if at the same time nations erect unnecessary barriers to check that movement and flow. That is a fundamental fact which we must keep firmly in mind throughout all the discussions on this matter both to-day and in the future."

DISTRIBUTION OF LAND IN JAMAICA

In the House of Commons on 19th May, Col Stanley the Colonial Secretary answering Mr B. Riley said he was asking the Governor for information as follows : the approximate number of agricultural holdings in Jamaica, giving the number of separate holdings of half an acre and holdings of not more than 5 to 10, 10 to 50, 50 to 100, 100 to 200, 200 to 500, 500 to 1,000 and the number exceeding 1,000 acres ; but he could not guarantee that the information would be available in exactly the form Mr Riley had asked.

In his recently presented report, Dr C. Metcalfe Brown the Medical Officer for Manchester, estimated that there were at present 68,837 unfit houses in Manchester, and he estimated at 76,272 the number of houses needed. So many unfit houses, he said, must be causing great harm to health and he urged that post-war housing should proceed with the utmost rapidity every effort being made to complete the programme within ten years.

Mr C. A. Gardner writes : "The Henry George School of Social Science prospectus so impressed an acquaintance to whom I handed it that he bought a copy from Mr Roberts's bookshop in Cardiff."