

PARLIAMENTARY DEBATES

THE REPEAL OF THE LAND VALUE DUTIES

Continuation of Report of Debate in the House of Commons, 14th July

Mr. CHAMBERLAIN: The Prime Minister has great qualities which all of us who have watched him in this House, and still more those who have watched him in council recognize, and he has other qualities which those of us who at one time or another have been in opposition have been not slow to characterize with less condemnation. He is human, but he has one great quality not given to every man, and that is that in middle-age and after middle-age he can still learn. He is no coward who fears to own a change of mind or to admit altered conditions, and he is no pedant who refuses to alter any views which he first took up when a case was first presented to him. I trust the Committee will give some consideration to the condition of these taxes and the results which legislation has produced, and, if so, they will see that my right hon. Friend the Prime Minister and his Government are right to repeal them, and that never was time or energy more lamentably spent than all the time and energy which my right hon. Friend (Mr. Asquith) says he and his colleagues devoted to the preparation and elaboration of these taxes. May I say before I deal with the taxes themselves, that it seems to me that the affection of my right hon. Friend (Mr. Asquith) for the taxes grows as the taxes approach their mournful end. I do not remember any note of enthusiasm or fervour in his early speeches on the subject. He told us a great deal about what passed in the Cabinet. Of course, I was not a member of the Cabinet, but rumours did reach us, and we never understood that my right hon. Friend was an early or enthusiastic convert to the principle of these taxes.

Mr. ASQUITH: I would ask my right hon. Friend to apply to the Prime Minister and ask his views on that.

Mr. CHAMBERLAIN: Of course, I am speaking of something which I cannot know of my personal knowledge, and if the rumours that reached us were not correct and if my right hon. Friend says that, I shall say no more about it. I would ask the Committee to consider this as a business proposition. I wonder how many Members of the Committee have read the Memorandum presented by the Deputy-Chairman of the Board of Inland Revenue on behalf of that Board to the Committee which was set up to examine this matter. That report was drawn up for the official information of the Chancellor of the Exchequer and was presented to me as one of the first matters which I must consider when I took office last year. It is a document drawn up, not by party politicians, not by people who were accustomed to take or do take any share in our party strife, but by officials whose business it was to make these taxes work, and he said that they are not workable in their present condition. It is a cold and damning document; an absolutely damning document. I do not want to trouble the Committee with too many quotations, but I would call attention to a few. Hon. Members will understand that I am omitting words in reading. It is on page 16. He says:

"The general difficulties which have been encountered by the Board in connection with the work of valuation may be summarized as follows:

(a) The necessity of assessing and collecting the Land Values Duties simultaneously with the process of making the valuation, thus diverting the time and energies of the staff from the work of valuation to work in connection with the duties:

(b) The unusual nature of the values which have to be ascertained under the Statute, values of a completely new character with which neither expert valuers nor the public were familiar."

Values which nobody had ever had to deal with, hypothetical values for the purpose of the tax not entering into any transaction of a common kind.

Having referred to the prolonged and organized opposition which was offered by the public, they say:

"Further, there were difficulties of a technical character which experience has shown to be inherent in the provisions of the Act itself."

On page 17, Section 11, they say:

"The complexity of the duties, especially of the increment value duty, is such that it is impossible for the taxpayer, except in the simplest cases, to form even an approximate estimate of the duty he will be called upon to pay, and even when he has received his assessment it is impossible in very many cases for him to grasp how it is computed without incurring the expense of employing expert assistance."

They go on to the Undeveloped Land Duty:

"Since February, 1914, its assessment and collection has been suspended in consequence of the judicial decision which laid down that the basis adopted was wrong, and which directed a basis which is not capable of practical application as being the basis."

That is not all. My right hon. Friend dwells lovingly on the great purposes for which he cherishes these taxes. He wants the land to be developed and not held up against the public. He wants the public to buy land at a fair price. So do we, so do the Government of which I am a representative, and the Government, in this House of Commons, have proved it, not by mere observations in Debate, but by the passage of the Land Acquisition Bill for the acquisition of land at a fair and just price. What help do you get out of these things? Undeveloped land duty was to fall upon land that was ripe for building and which the owner was wrongfully holding up in the expectation of a greater profit. In so far as that duty has been operative, it has failed to achieve its object, namely, to tax land which was ripe for building, but was held up for other purposes. On the contrary, in practice, the tax has not fallen upon land which was ripe for building to any great degree. It has fallen on land which has a building value, but was not ripe for building, and which nobody at the time could be found to build upon.

Coming to increment value duty, we are again taxing what nobody wants to tax; what we said it would tax: what the right hon. Gentleman said it would not tax. But he promised to amend it, but the Bill was never able to be got through.

"Apart from other difficulties, administration"

—says the Board in paragraph 18—

"was further rendered difficult because in the case of a very large number of assessments it is necessary to make difficult mathematical calculations and apportionments both of the increment value duty which arose and of duty paid or deemed to have been paid on previous occasions and to apply highly scientific principles for ascertaining the amount of duty payable."

They go on to say:

"As time elapses constant apportionments and reapportionments and calculations of previous apportionments are applied, and add still further complications. Cumulatively the effect of all these difficulties is overwhelming. The charge upon minerals is one which, except in a limited number of cases, produces most inequitable results and yields no visible revenue, and drastic amendments are necessary if it is to be rendered workable."

Finally, come to the Reversion Duty, where—

"The duty is largely in abeyance in consequence of the decision of the Court, and further legislation will be required to make it work."

When I hear my right hon. Friend describe and dwell upon the unparalleled, almost unexampled, care which they gave to the preparation of this measure in these long Debates and contrast it with the hasty improvisation of a later Government, I think that, after all, there is something to be said for hasty improvisation by practical men instead of long Debates by men of theory producing something which has no relation to practice and is unworkable.

That is the case against these duties. From top to bottom they are unworkable. You cannot make them workable without an immense mass of new legislation. You have got to alter and change and alter again.

In those circumstances what are we to do? I think I have got work enough on my hands in this Budget. I was not encouraged—I should not have been encouraged in any circumstances—to undertake the immense work of revision, amounting to a complete re-casting of the taxes, the repeal of the old taxes and the provision of new taxes, in the present year, even if I thought it desirable. I thought, and my colleagues agreed, that in the circumstances the right thing was to recognize facts, to admit failures, and to act like sensible men, rather than to be afraid of the taunts of gentlemen whose consistency is shocked by political or personal antagonism, or moved by that prophetic fervour which is admirable in the individual, but dangerous in the polity of the State. My right hon. Friend wanted an explanation of the Prime Minister. I have given as much explanation as I think the circumstances require or the Committee expect. But has my right hon. Friend himself nothing to explain? I wish he had quoted from himself. He said:

“I now come to the final charge against this tax”

—that was the Undeveloped Land Duty.

“The right hon. Gentleman (Mr. Balfour) having made it before, repeated it this evening. He said that this was not a fiscal proposal in any sense at all, on the ground that the yield of the tax would be less, or certainly would not exceed probably this year the actual cost of valuation. I do not assent to the right hon. Gentleman's proposition. I defend this tax and all the taxes contained in this Finance Bill as fiscal instruments, and if anyone can demonstrate to me that they are not I shall agree that they ought to be excised from the Bill. I shall agree that they shall be excised if anyone can show that they will not be useful, profitable, and fruit-bearing for fiscal purposes.”—(OFFICIAL REPORT, 10th August, 1909, col. 318, Vol. 9.)

What of the future? Suppose we legislate to reverse every judgment which has gone against the claims of the Crown. Suppose we have everything our own way. What do you suppose is the annual revenue that you might conceivably expect to get? I am told that the possible yield may be about £600,000 a year, probably rather less, and the probable annual cost for collecting these duties, apart from other duties attached to the men employed in the Department, would be £400,000. You have an annual cost of collection £400,000 and an annual revenue of £600,000. That is a net advantage to the whole body of taxpayers of £200,000, or less, I should think, than would be spent by the individual taxpayer in providing the information required by the Inland Revenue or in checking the calculations on which the Inland Revenue sought to assess you. I call upon my right hon. Friend (Mr. Asquith) for an explanation. I call upon him for more. I call upon him for action. He said he would agree that these taxes should be excised if anyone could show that they would not be useful, profitable, and fruit-bearing for fiscal purposes. I call upon him to fulfil his undertaking and to support me in the Lobby.

Major BARNES (Lib.): The Chancellor of the Exchequer has a number of taxes which produce no greater amounts than these duties. The tax on films, I believe, is bringing in an even smaller amount than these land taxes, but he is not abandoning them on that account. In regard to the Tea Duty, the right hon. Gentleman said he was not prepared to throw away money for an economic theory. He is throwing away a certain amount of money here, because during the years the taxes were imposed they have brought in something like £1,300,000.

Unfortunately for those who support the valuation and duties, one of the effects of the War undoubtedly was to impede the progress of valuation. Another effect was that in respect of the new taxes—the great increase in Income Tax and the Excess Profits Duty—it put a strain upon the Commissioners of Inland Revenue which, I think, made them rather anxious to get rid of these particular taxes. They did feel them to be a burden, and that the work thrown upon them was not commensurate with the returns the duties were bringing in. That was undoubtedly the case, and their feeling was a very natural one.

But what I suggest is that now the War is over, and we are settling down, more or less, to a settled fiscal policy, when every £100,000 which can be retained is required, when the work of valuation is practically complete and some portion of the staff can be put on to the work of assessment, these taxes might have been retained at least for another year or so, until some alternative could have been found either to put in their place or the machinery improved.

Mr. GRIFFITHS (Lab.): I am going to appeal as a Welshman to the Chancellor of the Exchequer to try to keep this child of the Prime Minister alive. I have vivid recollections of the elections which took place in Wales in 1910. I am just thinking of my hon. Friend the Member for Llanelly (Mr. Townyn Jones) on the Benches opposite. In those days every little village, every hamlet, every Nonconformist chapel in Wales was filled with leaflets urging the people to sing “God gave the land to the People.” I believe the hon. Gentleman opposite joined in the song himself. It was sung in the day schools by the children and by others. I am not saying what I do offensively, but if these Land Value taxes are repealed I am afraid that it would cast a grave reflection on the political reputation of the Prime Minister in so far as Wales is concerned. There is no doubt about that. We fought two elections on the land question in 1910, and the votes at the election were given in favour of it. Now the votes given during that period have been flouted by a combination of Liberal and Tory Coalitionists so far as the Government is concerned.

I can assure the right hon. Gentleman that every home in the land understands the land question, and the people are going to resent the repeal of these Acts. The Chancellor of the Exchequer said across the Floor of the House that he was going to refund the money that had already been collected, because Mr. McKenna had given a pledge in this House that that should be done. I want to point out that that is one of the chief causes why Mr. McKenna lost his seat. I want to say this, that the Division lists for to-night will be scrutinized in the country, and there will be a good many other Members who will lose their seats.

Lieut.-Colonel A. MURRAY (Coal. Lib.): I am one of the Members who in the year 1909 tramped unceasingly through the lobbies of this House day and night in support of the present Prime Minister in order that these duties might be placed on the Statute Book. I can well understand the attitude towards this tax of the Chancellor of the Exchequer and of other right hon. Gentlemen on that Bench, for if I recollect rightly they were among the strongest opponents of the duties in those days. I am glad to see at least one Liberal Minister has the courage to be present on that Bench. The hon. Gentleman who last spoke (Mr. Griffiths) referred to the land songs that were sung in the year 1909-10 and I venture to say that at that time there was no greater land reformer who stepped out of Wales than the hon. Gentleman now sitting there (Mr. Townyn Jones). Everyone sang those land songs in those days and the hon. Gentleman was among the loudest of the singers. It would be very interesting to hear hon. Gentlemen who at that time supported the taxes, now state the reasons why they are determined to acquiesce in their omission from this Bill.

The Chancellor of the Exchequer, in a passage with the right hon. Member for Paisley (Mr. Asquith), said that after the first Election of 1910 the party which proposed these taxes lost over a hundred seats. I would venture to remind the Government that, so far as Scotland is concerned, that was not the case. We went to the country holding sixty or sixty-one seats out of seventy, and we came back, after a contest, in which we had clearly and fully explained this tax to the Scottish people, with exactly the same number of seats as we held before the Election. That, I suggest, is a very material point to be borne in mind. The Chancellor of the Exchequer, in his speech, appeared to me to make out a very good case not for the omission of these Land Duties, but for their revision. Many Bills have been passed through this House that have proved in certain respects to be unworkable. The right hon. Gentleman will remember the battles we had in the year 1911 over the National Insurance Act. I would like to ask how many Acts have since been passed amending that Act—two or three at least. I suggest in all seriousness that if in certain respects these Land Duties have proved unworkable for the reasons stated by the Chancellor of the Exchequer, namely, the concessions that were made to the Opposition when they were going through the House—it was the duty of the Government to come down to the House with legislation in order to improve the machinery for the collection of the duties. The right hon. Gentleman quoted from the Report of the Select Committee on Land Values, and in doing so referred to the opinion of the Chairman of the Inland Revenue Committee—I think I am right in that description of the witness. I wish the Chancellor of the Exchequer had turned over a few pages and quoted the opinion of Mr. Harper, the Chief Valuer of the Board of Inland Revenue. If I may be permitted to do so, I will give a few quotations from the evidence put forward by that

gentleman, as they are very material to the point we are discussing. The Chancellor of the Exchequer said that this Department, which had been set up by the Land Valuation Department, was useless for every other purpose in life. What does Mr. Harper say on that point of the utility of the Department for other purposes?

"The experience and information gained by the staff during the progress of the original valuation has been of considerable advantage in connection with other duties they have had to discharge."

Then Mr. Harper goes on—and this is of much importance in considering the reasons why neither the Department nor this Duty should be dropped:

"The original valuation now forms a reliable record of practically all real property in Great Britain. It is not an ordinary valuation such as might have been obtained by payment of appropriate fees to a large number of practising surveyors working independently. It is a detailed analysis of values made by a single co-ordinated staff. It could not have been prepared except by a staff specially trained for the work. It can afford information not merely of the values of individual properties and of the distribution of value over various areas, but also of the constitution of each of the different values with details of the way in which they are built up. The difficulties referred to in previous paragraphs, while increasing the time and cost involved in the work, have compelled the recording of a great quantity of detail in a thorough manner, and all that is now necessary is to keep the records up to date and revise the values from time to time."

That is what the Government do not propose to do. They propose to scrap the whole thing. In regard to the future, what did Mr. Harper say? Presumably we can take his evidence as being that of a gentleman with great experience and great knowledge, and this is what he says with particular reference to the observations of the Chancellor of the Exchequer:—

"The future value and utility of the work done in the original valuation will largely depend upon the maintenance of the existing organization and the machinery under which particulars of conveyances, leases, &c., of land are presented to the Inland Revenue Department."

I venture to say that this Department has saved the Government, and the country, and the taxpayer millions of pounds more than it has cost in its maintenance and upkeep. Turning to Table "D," Estate Duty Valuations (England and Wales), at the end of this evidence, I see that, up to the end of March, 1919, the increase due to this official valuation under the Land Valuation Department amounts to £41,338,383. I do not wish to weary the Committee with arguments which have already been placed before them in favour of the retention of these Duties, but I very deeply regret that the Government has put these Clauses in the Bill. I venture to say that throughout many parts of Scotland this action of the Government will be deeply deplored, and that in days to come those Members of the Government who happen to represent Scottish constituencies will have to explain their attitude to their constituents, and will have one of the hardest tasks that has ever faced them in the whole course of their lives.

Mr. SPENCER (Lab.): One has listened to-night with mixed feelings to the case which has been put by the right hon. Gentleman on behalf of the Government. A good many hon. Members upon these Benches have received part of their training on local authorities, and they have had some experience in the purchase of land. I distinctly remember that before the 1909 Act was passed, in the district on which I served on the education committee, we were paying about 7s. a yard for land to build schools upon; but as soon as ever the 1909 Act was passed, and we required land again in close proximity to the land we paid 7s. a yard for, we could get it for 2s. So that the fruitfulness of these Clauses cannot exactly be judged in the immediate returns to the Chancellor of the Exchequer. They must be looked at from a wider point of view, and from that wider point of view—from the point of view of the general public—these taxes have been very fruitful indeed.

This is a source whence the Chancellor of the Exchequer can derive almost unlimited revenue if he will take the trouble to derive it. In the "Times" of 9th June there was a report of a sale which had taken place at 36 and 38, Cornhill. In one

instance £430 was paid per annum for the site and in another instance £285. It worked out per annum in the first case at £323,000 per acre, and in the second place at £270,000 per acre. That would realize, if capitalized at 5 per cent, £6,500,000 per acre. The value of land has been derived not from anything the landlord has done, not because of any contribution that he has made, but simply because of the fact that the public are there, and it is out of the labour and energy and industry of the people that this land has derived its value.

By propaganda and the use of all the agencies he could bring into play, the landlord has been using all the powers he has got to make this tax as unpopular amongst his section as he possibly could. The Report from which the Chancellor of the Exchequer has been quoting goes on to say:

"Organized opposition to the valuation has been extended also to the assessment and collection of the duty. The smooth administration of taxation must to a great extent depend upon the consent of the public to bear the tax imposed upon it. In the case of Land Values Duty such consent has never been apparent on the part of the bulk of the taxpayers affected."

That is to say, that so far as they are concerned there has been strong opposition to this form of taxation. A little booklet which the Land Union has circulated—and I think that without any offence I may say that the Land Union is the mouthpiece of the great landlords of this country—says that it is unfair to impose taxation upon Land Values. I do not think the Chancellor of the Exchequer attempted to defend the removal of the tax from that point of view, but they do, and they say that the land has to bear Estate Duty and Legacy Duty and Succession Duty, and Income Tax also, and that for these reasons it ought not to bear the further imposition which the 1910 Act imposed upon it. The statement that it does bear Estate Duty and Legacy Duty and Succession Duty is not true. They are not based upon the land as land, but are based upon the fact that a person has died and the person who is going to succeed has this immense fortune handed over to him, and he has got to pay, not because it is land, but because it is a fortune. Therefore, when the Land Union say they are having to pay these things, they cannot say they are having to pay because it is land, because it is not so, and the deduction is entirely wrong. Why do we on this side believe in the Taxation of Land Values? In the first place, we believe in it because a great deal of the land of this country which actually belongs to the people, has by the use of the legislative machinery of this House and of another place been taken from the people. In many instances for land which is supposed to be possessed by men belonging to this House or the other House, they can show no legal title. I have been associated with a co-operative stores, which in three instances has had to purchase land from the lord of the manor, who was a very Noble Member of the other House, and in each of those three instances no title deed whatever has been forthcoming from the supposed possessor of the land. We have had to take the signature of the chief agent, who has stated that to his knowledge the land had been in possession of the Noble Duke for more than 20 years, that being the only title deed they had to the land at all. We say this land is the property of the community, and if it was taken wrongfully and unjustly when our forefathers were comparatively ignorant and asleep, it is not wrong now to impose a tax upon it, and it would be right and virtuous to take it back again and give it to the people to whom it belongs.

Colonel WEDGWOOD (Lab.): The first thing to be done in speaking in this Debate is to congratulate the Land Union. The right hon. Gentleman the Member for Paisley (Mr. Asquith) remarked to-day that this reversal of a considered policy of one Government by another in the matter of taxation was unique. That is not so. In my researches I found that in 1418 Parliament even in that day passed a Land Tax. So horrified was the Land Union of that day at the imposition of that tax that in the following year it was not only repealed, but it was ordered that the record of it should be expunged from the records of this House. They were more thorough in that day, but not much less thorough than is the Land Union now that it has got the whip hand of the Government of the country. They have been consistent throughout. These taxes were not popular with the Land Union, which means the great vested interests of the landlords of this country. They were only introduced one day when the great protagonist of the Land Union, and I think its author, the hon. Member for Chelmsford (Mr. Pretymann), rose in his place and remarked, with authority,

as it turned out, that the taxes would not lead to any surplus, and that they would be wrecked. Addressing the present Prime Minister he said :

"I venture to state to the right hon. Gentleman across the Floor of the House that I shall absolutely refuse to make any such valuation at all."

And he stuck to his promise, and by influencing the rest of his kind they have wrecked the valuation and taxes. He was replied to by the present Prime Minister in these words :

"The hon. and gallant Member says that he for his part will not send in any declaration of value at all. If that is to be the attitude of the landlords in the Kingdom, then I agree that the valuation will be a much more costly valuation, and in that case all that will have to be done will be to send a valuer at once to the landlord's property."

That was a right threat, but unfortunately it was not carried out, and Form 4 has not been answered to this day. When we are told that these taxes are a failure we must not forego our tribute to the Land Union for their capacity to make good the threats of their representative in this House by refusing to act upon an Act of Parliament by which they broke that Act of Parliament. This is a lesson which we on these Benches will be slow to forget. It is possible to refuse to work Acts of Parliament. We have in this Session a Mines Bill and an Unemployment Bill, and we have threats that those Bills will not be worked, and I am quite confident that the great unions who say that they will not work those Bills will be as powerful to do so as was the Land Union to break the Land Values taxes. We ought to understand how it is that for the first time in our modern history we have seen a vested interest too strong for the Government of the country. In the first place, we must admit that the Government of that day which introduced these taxes was pushed into them from outside, and was not heartily in co-operation with the spirit that introduced the taxes. They were forced, and they had very strong opposition to these taxes in their own party. Little surprise need be expressed at the fact that, as these taxes went through this House, they were whittled away, amended out of all recognition, and, finally, rendered unworkable by the process of giving way to the vested interests. That has had a large share in the wreckage of these taxes. Another reason why they failed, and why they are now being repealed, is that they were a compromise intended to please the people outside who were asking for Taxation of Land Values, and at the same time to satisfy the landlord interests in this House. Take the Increment Duty. This is an admirable case in point. It was a compromise which was finally put into the Budget by Mr. McKenna. He was always an opponent of the Taxation of Land Values, and, therefore, he invented this Increment Tax as a compromise. The Increment Tax never had the support of the people who wished to tax Land Values. For my part, I am heartily glad to be rid of that tax; but it was based upon the fundamental view that Land Values are in an entirely different category from what we call capital; that Land Values are the creation of the community. No one put this view better than the present Prime Minister. In defending the Increment Duty, which we are repealing to-day, and which was a tax of 20 per cent. on any increase in the value of land, he said :

"We are taxing the owner of this kind of property not upon something which he has created by his own capital or by his industry, enterprise, or foresight, but entirely upon that part which is created by the enterprise or industry of the community as a whole."

That is the fundamental distinction between Land Values and any other sort of property. The value of any piece of land anywhere is in fact the exact measure of the benefits conferred upon the owner of that particular plot of land by the community.

The more you tax capital, the more your capital will cost you. But there is a profound difference between any taxes such as those, taxes which are almost welcomed by the capital interests of this country, because they know that they can pass them on, and a tax on Land Values or upon any form of monopoly. They know quite well that a tax on Land Values is the only tax that cannot be shifted. Let me prove that from the Debates of ten years ago. The right hon. Member for the Gorbals Division of Glasgow (Mr. Barnes), then the Member for the Blackfriars Division, made the position perfectly clear. He said :

"I am glad to have had from the leader of the Opposition an admission of the fact that this tax would diminish the selling price of land, because it is a conclusive answer to many who

still say with regard to the proposition for a tax on land that the landlord is going to shunt it on to somebody else. The landlords know better than that. They know that they are not going to shunt it on to anybody else, and that is the true inwardness of their opposition to the Taxation of Land Values."

That is perfectly true. The real reason of the success of the Land Union has been that these taxes cannot be shifted by the landlord on to the tenant or on to anybody else. They definitely injure the vested interests in land monopoly throughout the country. The same may be said of any other tax upon a monopoly. Any taxes upon monopoly are paid by the monopoly owner because the monopoly owner is already getting out of the community all that the community can pay. Therefore, the tax cannot be shifted and the monopoly owner pays the tax. There you have the grounds of the opposition to these Land Values taxes. These taxes were resented not on account of the amount of money that would definitely be transferred from the pocket of the landowner to the community—restored, rather, by the landowner to the community—but they were resented because they might lead up to taxes which would definitely break their monopoly, force land on to the market, and force them to sell land at slaughter prices to anybody who wanted to get it. With these Budget taxes I was looking forward to the creation of new industry in this country. I hoped to see landlords employing commercial travellers, just as manufacturers employ them travelling round the country offering goods for sale, offering the land which they have to sell. We did not succeed in breaking the land monopoly. Instead of that they have done their best to break the community.

The tax that more nearly fulfilled our wishes on these Benches was the $\frac{1}{2}$ d. on undeveloped land. That tax was never put into operation at all because the law courts upset anything that the then Chancellor of the Exchequer could manage to get through the House, but that tax certainly, if it had been imposed, would have forced land on to the market and brought the land everywhere round towns down in price. That would have been a crime from the point of view of the landlord, but an unmitigated blessing from the point of view of the community, because, after all, cheap land is what we most want in this country. Cheap land means greater production. Every time I see right hon. Members opposite going about the country preaching to the working classes that they ought to produce more, I wish the working classes would ask them to give them a chance to produce more, because production must depend first upon access to land. Unless you can get access to your raw material you can produce nothing; as long as they do their best, as they do in the repeal of these duties, to keep up the value of land and to increase it as long as that is their main policy it is obvious that there is less chance of production to those who want to get land to produce wealth for the whole of the community.

Right hon. Gentlemen prevent others from getting the raw material which is essential to them. Little wonder, we are told, that the working classes will not work hard or produce all that they might produce at the present time. If there is only just enough work to go round human nature and common sense tell the worker that he must share that small amount of work that is available out equally among the number, so that one man working too hard does not mean that another man shall lack work altogether, but that will only continue so long as there is only just enough work to go round. If once we could throw open all the raw materials of the world to the workers of the world there would then be endless opportunities for producing wealth, and production would increase and prices come down.

Every sort of useful work you can think of is taking some part in the conversion of land or raw materials into something that is required. It begins by the application of labour to land and raw material. Neither capital, nor organisation, nor labour will get the work unless they can get raw materials. Just that sort of work which we want to increase depends on access to land. It depends on making land a little more accessible to labour. One of the ways in which one can increase that sort of work is by making land more accessible than at the present time. That is by making it cheaper. Every time land falls in price the opportunities for production increase, and, speaking of land generally, I mean minerals, clay pits, sand pits, building land, every sort of natural product. If those products are made more accessible to labour, that is made cheaper, then there are opportunities for more work to be done. Naturally the people who own these raw materials, who own nature, object very strongly to what they own being brought down in price. Even though—it is only natural, too—it must be of inestimable value to the whole com-

munity both in order to absorb the unemployed and get things produced cheaper, even though the interests of the whole community are in favour of cheap land and raw material, the owners of land and raw materials will strongly oppose it.

We are not all philanthropists, but it is the business of this House to look at the question from the point of view of public interest, and we cannot have a clearer example of the opposition between the public interest and the vested interest. It is the interest of the vested interest, the landlord, who owns all the raw materials, to keep the prices up, and it is the interest of the whole community to get those prices down, and is your legislation to be directed towards assisting vested interests to keep up the price of what they own or bring it down? Any sort of tax levied on Land Values will not only bring the price of land down, but enable this country to produce more. I submit that it is a case where the owner's interest must give way to the interests of the community if we are to get through the critical times in which we are at present. We shall have unemployment before a year's time far worse than ever before. At present we are taking no steps to meet that except by putting our hands in our pockets to provide a fund to keep these people when out of work. Nobody wants to see them out of work or kept out of benefits. What we want to see is that they should get employment quickly and access to raw material to start work.

I ask the Chancellor of the Exchequer—quite hopelessly, because the present Government must do what the Land Union tell them—that he should scrap these very unsubstantial, unsatisfactory Land Duties and replace them by something that is seriously meant, something that will not only bring in revenue, but, above all, will bring down the value of the land. I am not concerned with the revenue side so much as I am with the cheapening of land. It seems to be far more important to provide opportunities for employment than to provide revenue, and everything we can do to cheapen raw material is far more important to everyone in this country than to make provision of revenue for State purposes. We suggest that there should be a real valuation of the land of this country. We do not expect that we can ever get a satisfactory result from the present valuation. That valuation has been destroyed by the action of the landlords through the Court, who are naturally enabled by the intricacies of the original Act to make the working of that Act far more difficult.

We shall use that valuation for two purposes. In the first place we shall use it for a general tax, which will enable a certain amount of revenue to come in. We take Schedule A of the Income Tax, which is the Income Tax based upon all landed property and at the rate of 6s. in the £ now brings in something like £30,000,000 a year. That is a tax which at present is levied upon the annual value of property, land and houses together. We shall not levy any additional burden on property owners, but we shall base it, not upon the annual value of land and buildings together, but upon the land value of each man's property. Some men will pay more, some will pay less, and some will pay exactly the same, but they will pay upon the land value and not upon the building or improvement value. The same burden will fall upon property owners as a whole, but all those who have improved their property by putting up buildings or factories, or who have made two blades of grass grow where one grew before, will find that their burden will be lighter because they will have had above the average of improvements effected upon their property. On the other hand, those who have starved their land of capital, who have allowed it to run down, whose house property is falling to ruin, will find that their burden will be enormously increased. In that way there will be an incentive to people to improve their property and a distinct incentive to the bad landlords to clear out and let someone else get their land and use it instead of allowing it to lie idle.

I am sorry the landlords in this House do not like that. They are not likely to like it. I am quite aware that many of them think that the only way to get round it is to laugh at it, but we know perfectly well that they who laugh at it to-day will smile on the other sides of their faces a little later on. It is not necessary to deal with Limehouse speeches in order to deal with landlords. The ordinary elector in this country is perfectly alive to the fact that by the repeal of these duties and by this Budget they have been "done" by the landlord, and they are not likely permanently to put up with that state of affairs. You may be in this House in a majority now, but it will not be very long. I have dealt with the general tax. We also propose to use the valuation in order that local taxation may be put on a sound foundation. Everyone knows that at the present time the land-

lords and the farmers escape the payment of their proper contribution to the rates. Agricultural farms all over the country are assessed far below their proper value, many of them at one third of their value, whereas the small holder and the allotment holder alongside are assessed at the full value of their property. In that way small-holdings and allotments are prevented, in that way any improvement in agriculture is harassed and stopped. What we propose is to use a new valuation as the new assessment upon which local taxes as well as this Imperial Tax can be raised. All local rates can just as well be based upon land value as upon the present annual value. Property will be contributing exactly the same sum year by year to the local rates, but there again the people who improve their property will benefit, and those who do not improve it will suffer. That is what we want.

The man who builds upon his land finds now that his assessment for rates increases with every house he puts up. But across the road there may be an idle piece of land used for empty tins and dead cats, and the owner of that property pays practically nothing to the local rates. What we ask is that the owners of those two pieces of property, whether they use them or not, should make the same contribution to the rates, and thereby induce the man who is not using his land either to build or to sell to someone else who will build. In that way you will force the landowners to use their property to the advantage of the community. You will also make it easier for public authorities and private individuals to acquire the land they find necessary for their improvements. I am quite convinced that it will be impossible to do without some form of purchase. Not only the Labour party but the Liberal party are in favour of a combined system of rating and purchase which will enable the land monopoly in the hands of the present landlords to be completely broken. The only thing I can hope for is that the Chancellor of the Exchequer, when he has finally destroyed that which the Prime Minister created, will as soon as possible vacate his seat and allow another Government to occupy the Treasury Bench. Until then it is quite hopeless to suppose that we shall get any real land reform. We shall have many measures tricked out in order to catch votes, but I can assure the Chancellor that he will not catch the votes of the people who cast them in 1910. The people of this country are far better educated on this question of the land than are most right hon. and hon. Members of this House. It comes home to them. The man who wants work and sees a building site lying idle, the man who wants a house and sees a site used for dead cats and empty tins, the manufacturer who wants to increase his factory and finds that the landlord is asking £1,000 an acre for a bit of land, realize the land problem of this country. They know that unless we solve that question the whole of our social legislation will fall to the ground. I know, too, and I think all those old Members of Parliament who went through the 1910 elections know, that there is nothing that appeals to the electors better than a sound economic attack upon the landed interests of this country.

Mr. C. WHITE (Lib.): I do not think it is possible to introduce any further arguments into this Debate, nor do I think it will be very much use. Surely it is not respectful to bury the child without the presence of the father. At any rate, an explanation is due to those men and women who, at his bidding, fired by his religious fervour, by his perorations, carefully prepared, but called impromptu perorations—I remember many of them—went out, many of us who could not sing very much, singing the Land Song with our unmusical voices. It all seems so unreal now, that we can scarcely credit that those days have gone until we get another Government on those Benches. The Prime Minister was then delighted in being called a robber of henroosts, but he now stands convicted by his silence of deserving some such a name as that. At any rate, if he does not deserve that, he does deserve to be called man who deceived some of us in the years that are past.

I spent my last shilling to go to Bedford when this campaign was inaugurated, and I remember the right hon. Gentleman who has just gone out of the House—he must have had an inspiration—now Minister for the Overseas Trade Department (Mr. Kellaway), supporting his chief. He was actually the chairman at his meetings, and he made a most brilliant speech in support of the very proposals which we are going to bury and destroy to-night. I wonder what part he is taking in this Debate to-day; I wonder which lobby he is going into. I seem to think I saw him walking out of the "Aye" Lobby this afternoon, after one of the Divisions, and my mind went back to those days at Bedford when the Prime Minister inaugurated

this campaign. I also remember that the right hon. Gentleman the Minister of Labour (Dr. Macnamara) was a very brilliant speaker that day, advocating these things which are to be destroyed without any explanation from these Gentlemen who were so to the front then in encouraging us to hope that at last we were going to break this land monopoly. The Minister for War (Mr. Churchill), too, was one of the chief advocates of it, and he was not a simple crusader like oneself; he was one of the chief men, as indeed he must be if he is in any movement. We minor lights were tramping the country for many months advocating these land reforms and the breaking up of this monopoly which has been so eloquently described by my hon. and gallant Friend (Colonel Wedgwood). We felt somewhat the inspiration, I believe, of the Prime Minister, and we felt that we were fighting for a noble cause. I was assaulted in many of the villages where I went by men paid by the landowners of this country to drive me out of the village when I went to explain the faith I had learned from the Prime Minister—and not a word of explanation from him to-day or from his Government colleagues who were supporting him on that occasion. It reminds me of the distinguished father of the Chancellor of the Exchequer who, many years ago, when fighting vested interests, as we are fighting them to-day, said this, pointing to the men who were advocating Protection in those days:

“A merciful Providence fashioned them hollow,
On purpose that they might their principles swallow.”

I make no apology for quoting those words, which were used by the father of the right hon. Gentleman, who to-day is assisting in the obsequies of this Land Tax. The Prime Minister to-day, in my opinion, at any rate, by his silence is shedding the last semblance of Liberalism by his action, or inaction, in this matter. The day will come when Members opposite will regret, as we regret, the faith that we placed in him in those days that are past. The other day I got a letter and a little book from them (the Land Union) asking me to subscribe to their funds. I can promise them that the subscription will not be a very large one. The audacity of these people in sending on these things! A good deal has been quoted about the Land Union to-night, but I notice they are anticipating, as they have every cause for anticipating, what is going to happen to-night in the House of Commons. This is what they say:

“Repayment of the Land Values Duties.

The Land Union will advise members claiming repayment of these Duties, and assist them as to methods of claiming repayment.”

Before it is decided by this House what is to be done, they issue a book telling us how it is to be done, and then ask some of us to send on subscriptions for them to be able to do it. There is no question of Parliament not sanctioning the Budget proposal. The Land Union to-day, whatever they are at any other time, are the masters of the Government. I want to say, with all seriousness, that the return of these taxes is the most scandalous, the most amazing, the most impudent proposition ever put before any Government.

Mr. HOGGE (Lib.): The right hon. Gentleman the Chancellor of the Exchequer twitted the right hon. Gentleman the Member for Paisley (Mr. Asquith) on the fact that he was a very merry mourner on this particular occasion. After all, there are those of us on this side who quite confidently believe that this is not our funeral, and that the Government, which is a Government of coalition, is attempting by a policy of collusion between the various interests of which it is made up to destroy the results of the progressive propaganda that we have attempted to push in past years, and which we have succeeded in obtaining by the legitimate means at our disposal. But my right hon. Friend opposite (Mr. Kellaway) fought as we fought, just as he sung himself hoarse on land platforms in the old days. Those of us who are Scottish Members know perfectly well how the decisions of the Law Courts have vitiated the whole system of getting men on to the land in Scotland. If it had not been for the decisions of the Law Courts, Scotland would have been re-populated in many parts. I am not going to quote the Prime Minister's speeches; I am going to take a much more matured reflection of the Prime Minister. I suppose we all have in our libraries—no doubt even the Chancellor of the Exchequer has in his library—the famous volume known as “The People's Budget.” I see that the Leader of the House is amused. I have heard him often on the subject of the People's Budget before it

was published. Here we have, not only the Prime Minister's speeches, but his matured opinion, written down in a preface. Here is what he says, after thinking the matter over—and we know, of course, that that is a final decision in every case with the Prime Minister:

“The greatest provision for all unemployment, in my judgment, is contained in the Land Clauses of the Budget. Those provisions must have the effect of eventually destroying the selfish and stupid monopoly which now so egregiously mismanages the land. Only the business community of this country, and those who have been associated with it all their lives, can fully appreciate the extent to which the present ownership of land hampers and embarrasses trade and industry. Ask any man with a growing business in town or village in this country, and he will tell you more than all the theorists and agitators in Europe about the mischief done by the unintelligent greed of some of the land-owning class. It is not merely that extravagant prices are demanded and impossible conditions imposed, but what a business man minds even more is that an atmosphere of uncertainty is created by the powers of incessant interference and imposition reserved for the landlord and his agents. The Budget strikes the first real blow at this mechanism of extortion and petty persecution. No class of the community will have greater reason to feel joy at the triumph of the Budget than the men engaged in putting their best energy of mind and moral into the building up of the commercial greatness of our nation.”

That was what the Budget was based upon, and that is what we are deserting to-night. The Prime Minister, speaking, as he did, frequently on this subject, and speaking with the Leader of the House in his mind at that time, said further:

“I say more than that. I cannot conceive of a more shabby opposition.”

The Prime Minister, with the consent of the people who deserted with him to that Bench, has surrendered the one just tax that can be imposed upon any community; and he has surrendered it to those who led at that time the “shabby opposition.”

The Debate was closed on a motion by Mr. Bonar Law, and the clause repealing the Land Value Duties was added to the Bill by 190 votes to 68. The division lists were printed in LAND & LIBERTY for August.

Report Stage, 27th July

The Finance Bill was considered on Report in the House of Commons, on 27th July. In the Debate, Mr. Austen Chamberlain, the Chancellor of the Exchequer, answered certain questions with reference to the Valuation.

Mr. CHAMBERLAIN: The House knows that I have proposed to bring to an end the collection of all the fancy values which were created for the purpose of the taxes. Those values go with the taxes. They have no relation to any transaction that ever took place between man and man. But the Government, while thinking that valuation useless, attach the greatest importance to having as accurate information as possible as to the value of land and hereditaments in England. We need that information for the purpose of taxation and for the purpose of advising public departments and authorities when they are purchasing land. The information we collect under the provisions it is sought to abrogate is most valuable for that purpose. It has proved to be of the greatest assistance to the Valuation Department for all valuation purposes, providing as it does an exhaustive and progressive indication of the movements of values in the property market. It is really essential, if the Valuation Department is to give that assistance which it ought to be able to give to public authorities, and especially to the State, when purchasing, and if it is to exercise that intelligent supervision and check which ought to be exercised over the valuations tendered to it in Death Duties, and all questions of valuation that come before us. What I referred to as fancy values was what has been described as metaphysical abstractions, the valuation of something which never passed in any transaction. You imagined a site divested of buildings and quite different from what it was, and found out your value for the purpose of Land Values Duties. That