

FOREIGN AND COLONIAL

Victoria

The Melbourne HERALD of 29th January reports:—

The power to make their own valuations, for the purpose of assessing rates upon land values, and exempting improvements from taxation, granted to municipalities by the recent amendment of the Land Values Rating Act, is being very widely discussed in municipal councils. Already a number of them have resolutions tabled for the adoption of the Land Values Rating Act, and one council has actually adopted such a resolution.

At the meeting of the Caulfield Council on Tuesday, 13th January, the following motion was carried by nine votes to three:—

That this Council gives notice that it will, at its meeting to be held on May 4, resolve to adopt the Rating on Unimproved Land Values Act 1915.

Unless the ratepayers, by petition and a poll, decide to upset the council's proposal, Caulfield will have the distinction of being the first municipality in Victoria to adopt the new system. It is worthy of mention that the present Mayor of Caulfield is Cr. W. A. Wharington, who, in 1911, when a member of the Lilydale Shire Council, instituted a movement for rating reform throughout all the municipalities of Victoria, which helped materially towards having the principle put upon the Statute Book.

At the next meeting of the Collingwood City Council on 9th February the following resolution is to be submitted:—

That this Council, recognising that the present system of rating is unscientific and unfair, and a tax upon labour, industry and enterprise, agrees to adopt the Rating on Unimproved Values Act 1915.

The Essendon City Council is unanimously in favour of the reform, and its introduction in that municipality is regarded as certain. Many other municipal councils that had already affirmed the principle are now proceeding to adopt the new method, while others are going into the matter and making inquiries as to how the new system would operate as compared with that now in operation.

Rating on land values is now in operation in New South Wales, Queensland, and South Australia, and the new movement in Victoria has attracted attention in Tasmania, where proposals are on foot for the introduction of a similar system. There is no doubt that during the next few months many Victorian Councils will have come under the provisions of the Act; and it is believed that its adoption or otherwise will be made the leading feature at the municipal elections in August.

United States

The American Economic League of 16, East 22nd Street, Baltimore, Maryland, continues the frequent issue of its Press Bulletins, edited by Mr. Samuel Danziger, which keeps the American newspapers advised on the progress of thought and action on the Taxation of Land Values. The BULLETIN 1201, just received contains interesting news:

There are hopeful signs in California. The Golden State will vote on a constitutional amendment to put into effect the single tax as completely as is possible for one State. If adopted, all taxes on improvements, personal property and other labour products will be abolished within a few months, and all State and local revenue will be raised by taxation of land values alone. The prospects of its adoption are said to be excellent.

In Kansas there is also a favourable situation. Once a State of home-owners, the Sunflower Commonwealth has become a prey to land speculators, so that in some rural counties tenant farmers constitute sixty per cent. of the population. Even conservative citizens, whose conservatism has not completely destroyed their public spirit, recognise the need of checking that tendency and refuse to be led astray by false remedies. Under the direction of Governor Henry J. Allen, the Legislature has met the situation by submitting a constitutional amendment to transfer a big share of taxation from improvements to land values.

Single tax tendencies are noticeable also in many scattered localities. Pittsburgh and Scranton, Pa., have maintained for some years a taxation system under which taxes are being transferred gradually from improvements to land values. In spite of the fierce opposition of land speculators the measures have become so popular that, when recently interviewed by an investigator for a Baltimore business men's organisation, seven

out of Pittsburgh's nine councilmen took firm ground against any suggestion of repeal. As to Scranton, a representative of THE BALTIMORE SUN, who was sent to the city with the obvious intent to get hostile opinions and make an unfavourable report, was forced to admit that it worked well.

The American LABOUR BOOK for 1919-20 prints the "Reconstruction Program" of the American Federation of Labour, and one of the demands (p. 137 of the YEAR BOOK) is in favour of a progressive increase in taxes upon land values of such a nature as to render it unprofitable to hold land without putting it to use.

Canada

The TORONTO GLOBE of April 3rd reports that at the Convention of the Canadian Independent Labour Party, held in London, Ontario on April 2nd, the following resolution was adopted:—

"That whereas the tariff issue is being forced to the front as one of the most important issues to be dealt with at the approaching Federal elections, and whereas, irrespective of the fact that it is a strictly Federal issue, this convention of the Ontario Labour party must deal with it owing to the necessity of placing candidates in the field at the Federal elections;

"Therefore, be it resolved that this convention favour the following plank in the party platform: The gradual elimination of import duties on all necessities of life, such as food, clothing (including boots and shoes), and the tools and machinery used in production, the revenue derived from these sources to be raised by a taxation of land values and luxuries."

Natal

A new Rating Ordinance is in course of preparation for submission to the Natal Provincial Council, which will confer certain extended powers and application is being made by the Durban Town Council for power to rate land values.

Orange Free State

We reported in our issue of last month that the Bloemfontein Town Council was promoting a Bill to give power to municipalities to transfer rates from improvements to land values. It is interesting to note that (as the Census and Statistics Office of the South African Union informs us) sites have been valued separately from improvements in all the Free State Municipalities since 1913, under the provisions of Section 104 of Ordinance 4 of that year.

PROPOSED REPEAL OF THE LAND VALUE DUTIES

House of Commons Debate

April 19th.

The CHANCELLOR OF THE EXCHEQUER (Mr. Austen Chamberlain) making his Financial Statement in the House of Commons on April 19th, announced the decision of the Government to abandon the Land Value Duties which with the Valuation of the Land were the feature of the "People's Budget" of 1909, introduced by the present Prime Minister. We give below an extract from the report of the Debate:—

Mr. CHAMBERLAIN: The next is the thorny question of the Land Values Duties. I regret that on this subject neither the Government nor Parliament have derived any guidance from the Select Committee which was appointed last Session; but the evidence laid before the Committee has been presented to the House and will, I think, be sufficient to enable the House to come to a decision. It is, I believe, universally felt, whatever division of opinion there may be, that for the reasons which I indicated last year, these duties in their present form are unworkable. They have produced hardly any revenue, and, from a variety of causes into which I will not now enter, they are, with the exception of the Mineral Rights Duty, either wholly or partially in abeyance, and can only be revived, if at all, by proposing legislation of a highly technical character. In these circumstances, if Parliament ever wishes to levy duties of that character it will have to begin over again.

We have unanimously come to the conclusion that the proper course to pursue is to repeal these duties, with the exception of the Mineral Rights Duty, which is a simple tax, offering no practical difficulties of administration. The question thereupon arises as to the course to be pursued in reference to arrears of duties which are outstanding. These arrears include duty which has been assessed, but which is unpaid, and duty which, owing

to adverse decisions in the Courts and for other reasons, it has been impracticable even to bring into assessment. In numerous instances the arrears date back to the very inception of the duty. It will be recalled that no Undeveloped Land Duty has been assessed since 1914, although the duty is an annual one. The collection of arrears in such conditions is clearly impracticable, but any decision to give up the arrears raises at once the question of the duties which have already been paid. In the circumstances the repayment of Undeveloped Land Duty, where paid, must be authorised, and in that event I think the Committee will probably feel that Increment Value Duty and Reversion Duty should be dealt with on the same lines. In the ordinary course, I should have expected to receive some £500,000 from the Mineral Rights Duty and the Excess Mineral Rights Duty. It might be anticipated, under the circumstances I have described, that part of this sum will be swallowed up by repayment, but I have left £500,000 standing in the White Paper as a conventional figure.

Whilst we propose to terminate the duty, we attach great importance to the existence of a State valuation of all the land and buildings of the United Kingdom based upon an up-to-date system of values, which would be available for the information of the Government and, within proper limits, of other public authorities, and which might be utilized in connection with any taxation proposals of the future or with a reform of rating. The present condition of highly fluctuating and unstable values shows that this is not the time for undertaking an immediate general valuation of the kind, and until conditions are more stable the Government feels that it would be premature to plan the precise form of the future valuations. But one thing is clear, that, in connection with any future valuation, it would be essential that the knowledge and information acquired by the Valuation Department of the Inland Revenue should be fully utilised. I therefore propose to continue that Department in its present form. It is essential that the system under which particulars of sale and leases of land are reported to the Inland Revenue should be continued in order that the Department may be in possession of the fullest information on which to base any fresh valuation that may have to be made.

Colonel WEDGWOOD (Lab.): The Budget not merely abolishes land value duties when the value of the land has gone up by at least 50 per cent. owing to the War and owing to our men fighting in Flanders, but the land itself should now be bringing in an enormous revenue to the Treasury. This has all been washed out owing to the action of the Government in not collecting those taxes and abolishing all arrears. Not only have they abolished the land duties, but they have taken no steps to substitute for them the variegated taxes which were introduced in previous years. We had no love for these land value duties when they were imposed, but we accepted them because it was the only way to get a valuation, consequently the Government are reversing the policy of previous years.

Mr. RAFFAN (Lib.): We are informed that although the taxation is to disappear the valuation is to remain. I understood the Chancellor of the Exchequer to say that the valuation would remain not only for the purpose of assisting the Government in regard to death duties, but in regard to other valuations which are necessary, and that it will provide material which will be available in the event of subsequent legislation to set up some other method of land values taxation, or in the event of an alteration in the system of rating in this country. At the present time it is the duty of the Valuation Department to bring out figures showing the different values set up in the Budget of 1909-10, the total value, the full site value, the assessable value and so on. I can hardly understand that it is intended to continue to prepare these figures, because they are only useful for the purpose of this special taxation. Therefore, I can imagine that there would be no longer any necessity for it. But I would like to be informed whether the provisional valuations which were suspended during the War have now been completed, whether the Valuation Department has at its disposal sufficient material which would enable the Government to tell us approximately the land value of the country, and whether the Valuation Department is to continue to value separately improvements, and the unimproved value of the land. These matters are very vital and very material.

I and those who are associated with me would be very glad if the Valuation Department is to be continued, and if part of its work is to ascertain the unimproved value of the land because that would be providing material upon which we could probably

build in future years. To be informed that the Department is to go on as it is, inclines one to think that the Department is being continued for the purpose of camouflage only. I hope some information will be forthcoming with regard to that.

The Chancellor of the Exchequer complained that he had received very little assistance in connection with this matter from the Select Committee which was set up to consider the question of land values duty. That was not entirely the fault of the members of the Committee. The question which was remitted to the members for consideration was whether these duties should be continued or abolished. I and those who thought with me, who were appointed as members of the Committee, were of opinion that the reference was wide enough to enable us to consider the question whether we could substitute for these duties a system of land values taxation on the basis of the system which is in operation in so many of our Colonies, and which, so far as our information goes, has worked with very useful results, but we were informed by the Chairman of the Committee—I understand that he had a consultation with Mr. Speaker—that that was not a matter which we could consider under the reference.

We then suggested that the Government should be asked to extend the terms of reference. While the Committee was not unanimous or anything like unanimous in making that request the Committee was unanimous in asking the Chairman to convey to the Government what the position was and ask whether the Government would so extend the terms of reference, but we were unable to obtain from the Government an answer to that request, which was made something like six weeks before the close of last Session. We were only called together practically on the last day of the Session for the purpose of bringing forward a report when there was no opportunity of hearing witnesses, and we have never had a reply from the Government as to whether they were or were not willing to extend our terms of reference.

Those of us who have been most keenly interested in the taxation of land values in this country were not ardent advocates of these particular taxes. We agreed with them because we were informed that they were a method of getting the valuation and that that was the foundation upon which we could build; but it is true that up to the year 1914 the Prime Minister was still an unrepentant advocate of the policy embodied in these taxes. As a result of actions in the Law Courts some of these duties were difficult to collect, and immediately before the War broke out in August, 1914, the Prime Minister, who was then Chancellor of the Exchequer, was engaged in a great agitation, not for the purpose of getting these taxes abrogated, but of getting a fuller system of land valuation taxation adopted.

We are told that these taxes are unworkable. Can it be said that the experience of the British Empire is that the taxation of land values is in itself an unworkable policy? The Chancellor of the Exchequer tells us that when he was engaged in investing the question of the taxing of war profits he sent a Committee specially to the United States and Canada for the purpose of inquiring into the system in operation there for taxing war profits. Why then, before abandoning the policy sanctioned by the electors of this country at two general elections, was a Commission not sent to Canada, Australia and New Zealand for the purpose of ascertaining how this system of the taxation of land values was working in these places?

The Select Committee was supplied with official reports from the Governments of all these Colonies with reference to the manner in which land values taxation was in operation, and in every case the report showed that the system was working smoothly and bringing in revenue, and that so far from militating against building, as we are told these taxes would do, in every case they make land much more accessible for building and for use for the purposes of commerce and industry.

Dr. MURRAY (Lib.): When one thinks of Limehouse and the attacks upon Dukes and all the turmoil of those wild times of ten or eleven years ago, and now witnessing the dropping of these taxes in sombre mood during the dinner hour, one must think that some great change has come over the House. Where is the raging, tearing propaganda we had in those years? The then Chancellor of the Exchequer and now Prime Minister, told us that these Land Taxes would give us a new world and would regenerate rural life, and would bring a new spirit into urban life as well, and we heard the talk of "rare and refreshing fruit." What has become of all that? The whole meaning of it is that these Land Taxes are not allowed on the other side of the Rubicon,

and as a condition of the Prime Minister being allowed to become Leader of the Tory party he must drop these Land Taxes. The other day at the luncheon to the Prime Minister the "Land Song" was played outside, and I suppose it was the swan song of the Land Taxes, and there we leave it. I consider that his colleagues in the Government have not been very considerate to the Prime Minister in dropping these Land Taxes, which were not taking much from the land and which would remind the Prime Minister of his Radical days.

April 20th.

Mr. ASQUITH (Lib.): What are these Land Values Duties which the Chancellor of the Exchequer is going to cast on the scrap heap? They were, if not the most important, certainly the most contentious chapter in the Budget of 1909. I was a party to that Budget, and my memory goes back to those distant days. What a struggle it was! We formed, I think, an association called the Budget League. We sent a fiery cross the length and breadth of the country. Those were days of comparatively crude development in the arts of political propaganda. I am sorry not to see my right hon. Friend the Secretary of State for War in his place. Some of us, and he and I were among the number, even went so far as to speak messages into gramophones, which were circulated throughout all the villages and hamlets in Great Britain.

It is true that these duties have not yielded all the fruit—the rare and refreshing fruit—which was anticipated from them. That was not at all the fault of their parents. On the contrary, they have been crippled in their infancy; they were crippled, and to a large extent mutilated, in Committee of this House—and still worse after they had become part of the law of the land. They were, if I may use the expression, disembowelled, and to a certain extent devitalised, by the decisions of unsympathetic legal tribunals. Then, at a critical moment, came the War, which arrested their further development. I venture to repeat to-day what I have often said before, and what I said at the time and believe now, namely, that in principle and conception they were perfectly sound; and I think it is a great mistake to wipe them off the Statute Book without putting anything in their place. There is no more fit subject for taxation than the unimproved value of land, and I think it is much to be regretted that the Committee, appointed, I think, by my right hon. Friend, which recently sat, and which, I believe, came to no considered conclusion, had not the opportunity, which I think might well have been afforded by the House of Commons, of so far enlarging and vivifying the terms of their reference as to enable them to suggest some practical alternative form in which these duties could have remained. I venture to repeat a phrase of my own which I used many years ago in relation to a totally different case, and to say that if, as appears to be the case, they are to be for the moment more or less decently interred, their epitaph should be, not *Requiescat* but *Resurgam*.

Mr. CLYNES (Lab.): This Budget, if it is not distinguished for anything else, is distinguished for its tender treatment of the land-owning classes. I am not thinking merely in the terms of those taxes which in due course might have been imposed on certain of the land of the country had the War not intervened. I marvel at the patience of the people of this country, having a land to fight for and work for, and which they can call their own, but which literally belongs to a few people, in suffering the exactions and exploitations imposed upon them by those who own the land. There is not a single activity or national interest or anything in the way of work, trade or business that can be pursued that must not pay its contribution to the landowner, and millions and millions a year pour into the pockets of landowners, who remain substantially untaxed compared with other activities and other forms of problems.

Mr. PRETYMAN (C.U.): The right hon. Member for Paisley made a very interesting funeral oration upon the Land Value Duties. It is not often that the parent has the privilege of pronouncing a funeral oration upon his own offspring, and I notice he attributed its decease to the fact of its having been crippled and mutilated after its birth. I should rather venture to suggest that its decease was not due to the mutilations which it received after its birth; but to adherent defects and to a very bad constitution. I do not know whether it is attributable to heredity or not, but the infant at the time of its birth was dressed in such wonderful clothes, and was taken round the country so disguised in garments and decked with flowers, not to speak of refreshing fruit, that the country was deceived into imagining that it had a sound constitution behind it, and the only thing

that I regret is that so many of us were deceived by those outside appearances into spending more time than we need have done in the crippling and mutilating process, because such was the constitution of the infant that, even if it had never been attacked at all, it must have come to an untimely end. I venture to say that any merit which the Land Value Duties had was purely political. It was a political tax and not a financial tax, and it served its political purpose, I suppose, sufficiently in more ways than one.

Mr. SEDDON (N.D.P.): Any Member of this House in years gone by will not begrudge the last speaker the evident enjoyment which he has expressed this evening. Those who happened to be Members remember very vividly his pertinacity, and certainly his doleful story of what would happen when these taxes were proposed. I suppose now he will lay the flattering unction to his soul that his prophecies have become a reality. I would remind him in the exuberance of his joy that we have still the machinery left with us, and that that machinery may be put to more useful purposes at no distant date. I think the right hon. Gentleman himself will agree that land values, so far as urban sites are concerned, which are created entirely by the community, are a just source of taxation when it is done on a proper, fair and equitable basis.

Mr. MILLS (Lab.): Although £4,000,000 was spent in 1909 for the purpose of Land Valuation, which was going to be the foundation stone of the new England, apparently it is the policy of the Government now to drop the taxes upon land, because, forsooth, they have never realised the amount they might have realised. That is due entirely to the cowardice of the Government as regards facing the vested interests in land. The beggarly amount of the tax has been one of the features of its failure. It is only because of the Government's lack of the courage to administer such a tax as would have justified the initial outlay, that we are in our present position. The party with which I am associated, short of public ownership of land, desires, not only that the Land Valuation staff shall be kept in existence, but that the valuation of land shall be taken on its present basis, which is 50 per cent. above the pre-war value. From that we hope, even if it is not practicable this year, at least that the pressure of public opinion shall see to it that the people who individually own the land upon which future generations have yet to be born, shall realise that they are in possession of something which they cannot hold with equity.

Mr. TREVELYAN THOMSON (Lib.): Profiteering in land has been going on for generations, and the profiteer has escaped almost entirely that taxation which we hoped to institute by the duties of 1909-10. We all know the land on the outskirts of towns, originally worth £40 or £50 agricultural value, has increased ten or a hundredfold in value. When the Budget of 1909-10 was passed, it was looked upon by many as the Magna Charta of Land Reform, and it was expected that profiteering in land would cease and that the increased value due to the growth of the community would help to pay the communal charges.

April 21st.

Sir DONALD MACLEAN (Lib.): An immense amount of war wealth has gone into the land, and as far as we can see land is going to be the special pet of the Government, and is going to be absolved as far as they can possibly do it from the incidence of taxation which, in my judgment and in the judgment of those with whom I associate, might well fall upon it. The Government in taking the line which they have initiated of abolishing the Land Duties are deliberately raising an amount of opposition in the country of which they know little. The principles upon which those duties were initiated still stand, and I regret indeed to hear that it is proposed to abolish them. At any rate, I can promise my right hon. Friend that the funeral rites will be accompanied, I hope, with no measure of real Parliamentary disorder, but at any rate with a certain liveliness, because we shall make as clear as we can our position with regard to those duties and the proposals of the Government in connection with them.

Mr. GEO. BARNES (Lab.): So far as the land adjacent to a town is concerned, the owners are drawing incomes from it on account of the needs of the population, and I am sorry that these special taxes, upon which such great hopes were placed in 1909, have been dropped. I think they have been a failure, but, at the same time, that failure has arisen, in my opinion, because we have not tried hard enough, and I believe some future Chancellor of the Exchequer will have to try a little harder to tax the men who get rich at the expense of other people's efforts.