

HOUSE OF COMMONS DEBATES

The Suspension of the Land Value Tax and the Valuation

FINANCE BILL
SECOND READING

(9th May)

Mr CHARLES BROWN (Labour): I beg to move to leave out from the word "That" to the end of the Question, and to add instead thereof the words:

"this House regrets the reversion to the long-discarded and unjust policy of raising an increasing proportion of the national revenue by indirect taxation, and cannot assent to the Second Reading of a Bill which suspends for an indefinite period the Land Value Tax, reimposes a duty on tea, and clears the way for new taxes upon staple foods without affording any relief to the great mass of the people upon whom existing taxation is a crushing burden."

Clause 24 is the Clause which suspends the Land Values Tax, and it is the most blatant piece of political spleen that has been witnessed for a long time. No sooner had this Parliament met than the Chancellor of the Exchequer was bombarded day after day with questions from land and property interests about the immediate suspension of the valuations which had commenced. In the end the right hon. Gentleman meekly gave way. Doubtless when hon. Members go into the Lobby to-morrow night they will gloat over their triumph in regard to the suspension of the Land Values Tax. They may gloat. Their triumph will be temporary, for the day will come when this nation as a whole, either in this House or in some other way, will assert its right to the ownership of the land of these islands.

Mr LUNN (Labour): In the last Finance Bill, as is mentioned in our Amendment, there was a proposal to tax land values. That proposal passed through Parliament, and, in view of the vastly increasing value of land by its development and the activities of the community, we believe that if that scheme were put into operation it would give back to the community large sums of money now taken by private individuals to which, in my opinion, they have no right. The Labour Party have always supported such taxation, the Liberal Party have had it in their programme for 40 years, and Bills containing that principle have passed Second Reading in this House, under Conservative Governments, on half-a-dozen occasions. Hundreds of local authorities have supported the principle, and we believe there is no reasonable argument against it.

Colonel WEDGWOOD (Labour): I deplore that in this Budget we have the final consummation of the death of all hope of the taxation of land values. [Interruption.] It is by no means a laughing matter. That was a hope of increased employment and of improved trade. It has been turned down. Free land made free men. It meant the end of unemployment, it meant cheap labour, and it meant the fruits of labour for the man who worked. We must not wipe out from our minds the fact that, if land was all put to its best use in this country, if land that was not being used was thrown open to the unemployed miners to cultivate chickens or pigeons or anything else, there would be something done to ease the hideous pressure of unemployment. I have always advocated the taxation and rating of land values, not because I wanted revenue or taxes or rates, but because I wanted land, which is essential for production, cheaper than it is to-day.

THE CHANCELLOR OF THE EXCHEQUER (Mr Chamberlain): I have been chided by the Opposition because Clause 24 provides for what they term the indefinite suspension of the Land Tax and the valuation. Some of my hon. Friends are equally distressed because the Clause does not go further and provide for the repeal of the Land Tax. The Clause as it is drafted carries out the course which I explained to the House when I first made a statement upon what the Government proposed to do in this connection. I explained that the proposals with regard to the Land Tax had been considered by the Government not upon the merits of the tax, but upon its appropriateness

in the present financial situation of the country. We had to bear in mind that in any case the tax could not have come into operation for some considerable time; moreover, that when it did come into operation it would be productive of a comparatively trifling amount of revenue; and that in those circumstances, while we were imposing sacrifices and additional tax burdens upon a section of the community, it seemed entirely inconsistent and, in fact, undesirable that we should proceed with the expenses of the valuation.

(10th May)

Mr NEIL MACLEAN (Labour): Considerable resentment is felt that this is the second occasion since the war when a Land Tax Clause has been scrapped without giving it on either occasion an opportunity of showing whether it could be workable or not. Since this Clause has not been definitely abandoned, but is merely being continued, I trust that at some future date, when the present Financial Secretary to the Treasury and his chief and those who support him will not occupy the benches opposite, but will be on these benches, and we shall be on those benches, a Labour Chancellor of the Exchequer will restore the Land Tax Clauses to his Budget in a manner that will in some degree make up for the losses of revenue involved by the non-operation of the present Land Tax Clause by the present Chancellor of the Exchequer.

Mr MORGAN JONES (Labour): Hon. Members opposite must not complain if we draw attention to the fact that, after the nation has spent hundreds of millions of pounds in improving the road services of the country, thereby adding substantially to the value of the land adjacent to those roads, the land still remains un-valued from a social point of view. In days when we are looking right and left for new sources of revenue and taxation, it is nothing short of a scandal that this obvious source should be so carefully and deliberately overlooked by those who are in charge of our national finances.

COMMITTEE STAGE

(26th May)

Lt.-Col. ACLAND TROYTE (Conservative) moved an Amendment having the effect of repealing the provisions for the Land Value Tax and the Land Valuation. He said:

The Lord President of the Council, speaking on 13th June, 1931, said:

"I can say one thing about it—that if we get back to power, that tax will never see daylight."

Speaking on 18th June, 1931, he said:

"I am not alarmed about the Land Value Tax, because I do not believe that tax will ever come into existence. If we come in, it certainly will not."

The present Government, instead of fulfilling expectations we all held, have tried to fob us off by simply postponing the operation of this tax. As long as these provisions remain on the Statute Book, they can be put into force in a very short time. They are causing great uncertainty and difficulties with regard to mortgages and things of that sort. As long as this Measure remains on the Statute Book, those uncertainties and anxieties will remain.

Mr LAMBERT (Liberal-Nationalist): I ask the Government, in their own interests, to repeal the Act. If they do not repeal it there will be constant agitation throughout the country. Every owner of land for development will be in a state of difficulty and embarrassment.

THE LORD PRESIDENT OF THE COUNCIL (Mr Baldwin): Had this been a Tory Government we should have repealed the Statute. Had I been a private Member I should very likely have put my name to the Amendment to which hon. Members from Devonshire have put their names, but I occupy a more responsible position, and I have to remember that this is a National Government. The right hon. Member for South Molton (Mr Lambert) asked whether there was any precedent for what we are

doing. I do not know; and I do not care. We have to make our precedents, if they do not exist, as we go along. Let me remind the Committee that the subject of land taxes and land valuation is one of the deepest controversy between Parties. I remember very vividly how we were kept up night after night, and all night, on what was then called the Lloyd George Budget.

With regard to this Act, we all remember what took place in the House of Commons. In the National Government there are five Members who were Members of the Labour Cabinet when this Act became law. The matter has been considered and discussed among us. Members of the National Government, fully conscious of the importance of the cause for which they were returned by the country to serve, are anxious, so far as practicable, without sacrifice of principles, to hold together; to give and take. What is the present effect of this Statute? It is a Statute in coma. For this Parliament there can be no prospect at all of there being a land tax or land valuation, so that apprehension ought to be removed.

Would anyone as a member of a National Government, who had gone through the fight we went through last autumn and were taking part in discussions on finance on the first construction of the National Government with men who fought during that election, like Lord Snowden, and they expressed their reluctance to see the Act finally taken off the Statute Book; do you think that I, going about the country as I did and knowing the force of Lord Snowden's speeches and broadcasts in helping to win seats which we should never have won, was going to say to them, "Oh, no, now we have got a big Tory majority, much bigger than I expected, out you go." Not much. That is why we stand for the Clause as it is in the Bill. We can accept neither a repeal of the Act nor the insertion of the Amendment.

Sir STAFFORD CRIPPS (Labour): This is, of course, quite obviously a compromise. It seems to us that this method of dealing with it is just dishonest. Either it is the intention of the Government not to go forward with the Land Tax or else it is their intention when the times become quieter, if ever they do under a National Government, that these Land Taxes shall go forward. Apparently they are postponing the evil day for another year.

Col. Sir GEORGE COURTHOPE (Conservative): What we ask the Government to do is to remove a contingent liability from the assets of the country at a time when confidence is more needed than ever. What this contingent liability does is to destroy confidence and depress values for the purposes of credit, and in these days no owner of land can maintain his property and utilize it to the best advantage without credit. So long as there is this contingent liability hanging on to every unit of land, there is a distinct added difficulty in either obtaining credit or retaining it when once you have got it. It is a deterrent to obtaining loans on mortgage, as everyone who handles real property of any kind must have found.

Sir P. HARRIS (Liberal): We realize that the majority in this House is against us, but when the financial position has changed, when so-called national emergencies have disappeared and international affairs have become more

normal, we claim full right to use all our energies not only to get the valuation into operation but to levy the taxes for which the Act provided.

(The Amendment was defeated by 298 votes to 71.)

RETENTION OF THE PROVISIONS FOR SUPPLYING PARTICULARS AS TO TRANSACTIONS IN LAND

There followed an Amendment moved by Sir Walter Greaves-Lord (Conservative) and seconded by Dr Morris Jones (Liberal-Nationalist). The object was to suspend Section 28 of the 1931 Act and so prevent the Valuation Department from obtaining particulars respecting sales and leases of land. The Amendment was resisted by the Government and defeated.

HOUSE OF LORDS

A Censure Motion

(14th June)

After the House of Lords had agreed to its Second Reading of the Finance Bill,

LORD STRACHIE moved "That this House regrets that the Finance Bill does not repeal the Valuation and Land Tax imposed by the Finance Act 1931." In the name of "the landed interests," he roundly denounced "this most objectionable clause providing for valuation and a tax upon all land." It was legislation he said, that "has a paralyzing effect on anyone who desires to put more capital into the land."

Lord Hailsham, in his reply, said that a decision to repeal instead of suspend the Land Value Tax and the Valuation would have broken up the National Government.

The motion was defeated by 16 votes to 14.

THE BREAD TAX

And Increased Rent of Land

(House of Commons, 6th April—Debate on the Report Stage of the Wheat Quota Bill)

Mr THOMAS WILLIAMS (Labour), moving recommitment of the Bill: We want to protect the farmer against increased rents or other impositions by landowners, and we ask that instructions may be given to the Committee to take steps to safeguard the nation against any part of this £6,000,000 going into the pockets of the landowners, who are rendering no service to the general community.

THE MINISTER OF AGRICULTURE (Sir John Gilmour): Those who are taking an interest in the problem will see that the labourer gets his fair and proper share. That can be properly done under the machinery of the wages boards which exist at the present time. When you are giving protection to the labourer, with a possibility of increasing his remuneration, is it conceivable that you can deny to the owner the right of protection against arbitrary treatment, and the right to have a fair and reasonable return for enhanced prosperity?

Mr DAVID GRENFELL (Labour), moving an Amendment to limit the period of operation of the Bill: The right hon. Gentleman defended the claim of the landlord to a share of this subsidy. There is no reason why this House, or the country, or the consumers of bread, should be called upon to pay additional rent to the landlord, and I feel sure that even this House will not agree that the poorest people should be called upon to pay an additional price for every slice of bread they have in order that landlords may draw for an indefinite period higher rents than those they have enjoyed so long. Here is an occasion when for every slice of bread eaten by the poorest people a contribution is to be made, one bite to the farmer and one to the landlord, for every alternative bite enjoyed by the person himself. This is the first time we have heard of the landlords' rights, and I should think that that is sufficient reason for limiting the period. We are told that part of the subsidy is likely, and legitimately, to be taken to enrich the landlords of this country who have derived enhanced interest and value in the land which they have held so long without making a single contribution towards that enhancement. If the landlords and the farmers know that there is always to be a standard price of 45s. a quarter for home-grown millable wheat, the land-

The Prophet of San Francisco. Personal Reminiscences of Henry George. By LOUIS F. POST. Blue Cloth Library Edition: 7s. 6d.

A Danish View of British Farming. By JAKOB E. LANGE. Paper, 1s.

The Theory of Human Progression. (Abridged by Julia N. Kellogg.) By PATRICK EDWARD DOVE. Paper, 1s. (4d.).

Natural Law in Social Life. By W. R. LESTER, M.A. 3d.

The Story of My Dictatorship. By LEWIS BERENS and IGNATIUS SINGER. 3d.

The New Political Economy. By JOHN B. SHARPE. 1d.
Agriculture and Land Value Taxation. Three Papers by F. C. R. DOUGLAS, M.A., Capt. ARTHUR R. McDUGAL of Blythe, and JAMES SCOTT, M.P. Presented at the International Conference in Edinburgh. 1d.

lords will very soon make an approach to their tenants, and we shall see a rent ramp very early in operation in the wheat-growing districts of the country.

Mr PRICE (Labour): In Amendments which we moved previously we suggested that there was a danger, unless there was a safeguard, that landlords would take advantage of the operation of the Measure and increase their rent charges. We were told that there was no need for such a safeguard and that the landlords would not dream of doing anything like that, but the Minister gets up this afternoon and encourages them. He says, "You will be quite justified," and he no doubt expects them to do so.

SIR HERBERT SAMUEL ON LIBERAL POLICY AND TARIFFS

Speaking at an Oxford Union Debate, 3rd June, Sir Herbert Samuel, in a vigorous attack on Protection (*News-Chronicle* report), said:—

The forces which make for tariffs are powerful. There are strong financial inducements; manufacturers have the greatest incentive to raise prices in order that they may grow rich in the name of patriotism and in the cause of the Empire.

The effects of the present tariffs are concealed from the ordinary observer, who does not closely follow economic movements. . . . Protectionists ignore the fact that the general level of prices throughout the world has fallen, and that but for tariffs prices in this country would have fallen.

Tariffs, therefore, have increased the cost of living in this country.

The whole policy of tariffs is misconceived from the beginning. It will not achieve the result aimed at, and a short experience will speedily show the necessity of returning to Free Trade and Liberal ideas.

A resolution "that this House looks to a revival of Liberal ideas as the best means of restoring the welfare of Great Britain, of the British Empire and of the world," was defeated by 184 to 172.

The vote is regarded as indicative of the reaction that has now set in against tariffs.

JOSEPH HYDER

We regret to announce the death on 2nd June, of Joseph Hyder, Secretary of the Land Nationalization Federation. He had continued working up to near the close of his life. Of his 68 years, 44 had been spent as Secretary of the Land Nationalization Federation.

G. C. writes: "Joseph Hyder was an energetic and conscientious worker, and had delivered thousands of addresses upon the injustice of private property in land and upon the economic evils which originate from it. A large proportion of these addresses were delivered in rural districts with the aid of the familiar 'Yellow Van.' This gave the title to Richard Whiteing's interesting novel, though, when the author gained his experience by travelling with the van, the lecturer was not Joseph Hyder but M. T. Simm, of the Lancashire Branch of the Society. Mrs Hyder often accompanied and assisted her husband in these tours. In recent times the Society suffered, like many others, from a decline in income, but Mr Hyder continued his labour at his post vigorously in spite of unfavourable circumstances."

In public speaking, Mr Hyder was ever at his best, and his claim for compensation to landowners was in striking contrast to his fierce denunciation of the tyranny of landlordism. That, of course, was the policy of his Society, and it is what separated him and his organization from the Single Taxers. The Land Nationalization Society wanted State ownership and control of land by purchase. The Single Taxers stand for the liberation of the land from monopoly, State monopoly included. In the Single Tax scheme the rent of land is to be taken in relief of existing taxation. In Mr Hyder's line of approach, the rent was to be earmarked for the landowners. Between the two schools of thought there could be no compromise, and there was none.

NOTES AND NEWS

One of the best short descriptions of the Budget which I have seen is that given in the course of a statement by the United Committee for the Taxation of Land Values.—*Oldham Evening Chronicle*, 26th April.

There is no economic difficulty in making the post-war payments if the debtor countries are allowed to make them. Great Britain has built up an enormous credit position by the transfer of her excess of exports, visible and invisible, to countries now her debtors. The thing can be done, then. But in that case, the other parties were willing to receive our goods and services. Tariffs, not international payments, are the chief obstacle to improvement, and in placing annulment of the debts first, authorities at home are "hunting the wrong hare." Not only that, but by themselves introducing their own tariff, they have drawn a red herring across the trail which makes hunting the right hare infinitely more difficult.—"NAUTA SINE STELLA," Egypt, in *The Economist*, 28th May.

A further examination at the London Bankruptcy Court, 13th April, of a former M.P. revealed the fact that in 1923 he and another person bought for £43,000 some cottage property from the Duke of Westminster and re-sold it at a profit of £70,000, his share of which was £24,000.

At the annual gathering of the Hotels and Restaurants Association, London, Lord Derby spoke of the many handicaps upon hotel-keepers in the small towns, as well as in London.

"A man tries to improve his hotel," he said. "He puts in more bathrooms, increases the accommodation, tries to make his hotel more comfortable in order to attract business—and at once his assessment is increased and he has to pay additional taxes. That is unfair and ought to be remedied."—*News-Chronicle*, 7th May.

The Times, 4th May: For 154 acres at Great Baddow, known as Great Sir Hughe's Farm, there were inquiries which resulted in a sale before the auction. Fruit is to be grown there. The probability of a better market for British produce is weighing with would-be buyers of land. It is of course understood that the tariffs on produce have nothing whatever to do with this increase in the value of land. It is probably due to "foresight."

The following letter, written by a Canadian farmer in reply to a request for payment of instalments due on his land, was read by Mr P. A. Cooper, Governor of the Hudson's Bay Co., at the annual meeting in London to-day: "Dear Sir,—I got your letter about what I owe you. Now be patient. I ain't forgot you. Please wait. When I have the money I pay you. If this was Judgment Day and you was no more prepared to meet your Maker than I am to meet your account, you sure would have to go to hell. Trusting you will agree to do this, I am, yours truly, —."—*The Star*, 23th April.

Mr Cameron Corbett, M.P. (now Lord Rowallan), on the Undeveloped Land Duty: "I am convinced that it will do more to assist the acquisition of new open spaces than to endanger those which exist.—Letter in the "*Times*," 17th August, 1909, reprinted in "*Land & Liberty*," then named "*Land Values*," September, 1909.

It seems to me that there is a lack of earnestness in the Government to make matters easier for the middleman, who is standing the brunt of the present strain, or the Finance Act of 1931 would be put in force, whereby Land Values would be taxed. This would relieve the situation, as it would bring in a big sum to the Exchequer, and from those who can afford it, without suffering extremes of fleecing. But, we have too many landlords in the Government for such a measure to have a fair chance. Times are extreme, and a measure like this must be insisted upon; this Taxation of Land Values.—Editorial in the *Ayrshire Post*, 21st May.