

tax" in the sense of putting one single farthing on agricultural land.

First of all there is what is called a tax on unearned increment. You know the meaning of that. Take the case of Lord De Vesci and Lord Pembroke, and other wealthy ground landlords. Their land in the vicinity of Dublin a generation or two ago was worth no more than the ordinary agricultural land of the country. Since then they have not put sixpence into it by way of improvement; they have remained abroad, and left the land there. But the community by their rates, by the building of roads and streets, by the building of waterworks, the building of houses, the building of tramways, the laying of electric light, and so forth, have made this land in the neighbourhood of Dublin four, five, six and ten times the value that it was a couple of generations ago, and all that increased value is gained without the expenditure of one penny piece out of the pockets of these rich ground landlords. Well, now, this Budget proposes to put a tax on that increased value on these landlords, and I say it is a just tax.

LEASE OR PURCHASE OF SMALL HOLDINGS.

On July 7th the Earl of Camperdown introduced a Bill in the House of Lords to apply the principles of the English Small Holdings Act to Scotland, to give the County Councils power to purchase land and sell or let it to small-holders. The Government opposed the measure for reasons given by the Lord Chancellor. The following are some of those reasons:—

The LORD CHANCELLOR—I regard this as a very barren controversy, and I am afraid it will so remain so long as the majority take the attitude towards the Ministerial policy that they take now. Although reminiscences are by no means agreeable, let me say a word or two which explains the unreality of this debate. That the subject is of immense importance no one can dispute, because the people of Scotland are more and more in a rapidly increasing volume emigrating from Scotland, from the agricultural parts of Scotland. There is no doubt about that, and the evil is one which everyone proposes to remedy if they can. Therefore for the first time during the last 15 years, when we came into power, we proposed a bill which was met by Lord Rosebery with opposition. He said what we wanted was a purchase scheme, and not a hiring scheme. Now there is no authority in Scotland who will say that, and the noble Earl himself will not say it.

The Earl of CAMPERDOWN: No, I will not.

The LORD CHANCELLOR—The opposition of Lord Rosebery was received with great acceptance in this House, and was one of the main reasons why your Lordships 18 months ago refused to give a second reading to our Bill. The second objection of Lord Rosebery was that it was a great insult, a gross insult, to the County Councils in Scotland. Does the noble Earl know a single County Council which has expressly desired to have his bill? Not one. That is the spirit in which honest proposals to try and meet this question were received. After that I appealed to the House, and acting in consort with my noble friend the Secretary for Scotland I went through what I am afraid was a painful and tedious analysis of the English clauses and the Scottish bill, and told the House I was prepared to try to meet every difficulty which could arise by any amendment which I could in reason accept. I said I would do my best to meet their views. I did not say that without meaning it. The leader of the Opposition, followed by his supporters, boarded our ship and asked us to scuttle our own vessel. I admit with grace, but he proposed that we should give up the main principle of our bill before he would consent to give it a second reading. Even the second reading was refused, and now the noble Earl brings in this bill.

MR. BIRRELL AT BLACKBURN.

Speaking at Blackburn on July 14th, Mr. Birrell, Chief Secretary for Ireland, argued in favour of the Taxation of Land Values as follows:—

"An increment duty of 20 per cent. had been talked about by Liberals and Conservatives for the last 25 or 30 years, and if they were agreed upon anything it was that, in principle, there was no fairer tax for the Imperial Exchequer or the local rates than a tax upon the increased value of land which could be proved to be due to the exertion of the community. He was a Liverpool man, and could remember his father walking over Bootle when it was a rabbit warren. Now it was a great city bringing in an enormous rental to the fortunate owner. Lord Derby had done nothing to help to increase the value of the land from a few pence per acre to a few pounds per acre—the price it now represented. After twitting those who clamoured for more Dreadnoughts and refused to pay, Mr. Birrell remarked that it was said that no human being could say what the value of land was. Well, let any of them try to buy it. (Laughter.) Let them want it for a railway company, gas works, a national school—noble purposes all of

them—and the landlord would soon tell them what the value of it was. People said the increment tax was impossible, and they seemed to be very undesirous indeed that there should be a complete valuation made of all land in the country. Although that was not the motive of the Budget, he was satisfied that it would be a very good and just thing that they should know what the site value was, not a hundred years ago, but now, and also what the value of the buildings upon the land was."

LORD LANSDOWNE ON THE BUDGET.

Addressing the National Union of Conservative and Constitutional Associations in London on July 16th, Lord Lansdowne said:—

"I scarcely open a newspaper or a magazine without finding a column of advice or threats as to what will happen to the House of Lords if we do certain things or leave certain things undone. I am inclined to take refuge in the attitude of a friend of mine the other day who said: 'You may depend upon it that when the time comes the House of Lords will do its duty.' The Finance Bill is not yet through the House of Commons, and we can hardly bring ourselves to believe that it will emerge in the same shape as Mr. Lloyd George presented it. I think I may venture to tell you what the House of Lords will not do. I do not think that when the time comes the House of Lords is at all likely to proclaim that it has no responsibility for the Bill, that because it is mixed up with the financial affairs of the nation we are obliged to swallow it whole. (Cheers.) That would to my mind be not only a mistake but an unconstitutional position. (Cheers.) I could easily supply you with authorities from text-books, but in a case of this kind it is really not only a case for text-books but one for common-sense.

"Well, his Majesty's Government seems to me to be beset by a great many hallucinations, and in respect to no subject more than in respect to the matter of the land. (Hear, hear.) For example, we are told, why do you make all this fuss? You landowners have cried out very loudly when the Harcourt taxes were imposed, but they have not hurt you a bit, and we expect you to pay a little more. Now, are we quite sure that is the case? I live a great deal in the country, and my impression is that the owners of land in England, particularly those who are only moderately wealthy, have already felt the pinch of the Harcourt duties to such an extent that if you can take the census of the number of country houses which have been closed altogether or been denuded of their contents in order to pay this levy, I expect you would find uncommonly few that have escaped. Of course we have only had, roughly speaking, one round of the Harcourt duties, and you will have to see what will happen when the tax-gatherer has been round a second or third or fourth time. I noticed a statement made the other day, apparently in all seriousness, by a Minister to the effect that these duties were paid by those who were dead—(laughter)—and it did not matter to those who were left. (Renewed laughter.) Now, I always believed that whatever retribution may overtake us in the next world for our shortcomings in this, we at any rate should not be liable to persecution by the tax-gatherers. I cannot remember Virgil, Homer, or Dante in their descriptions of the infernal regions ever assigned a permanent place to taxpayers. (Loud laughter.) . . .

"Another extraordinary theory is gravely put forward. We are told not by the more cautious of them, but by some of them, that the land is the property of the nation. That is repudiated, I think, by the Prime Minister. But that is the doctrine, remember, of people like the Lord Advocate, the men who really are at the back of and to whom is due this legislation."

MR. CHURCHILL AT EDINBURGH.

On July 17th Mr. Winston Churchill, President of the Board of Trade, addressed a meeting in the King's Theatre, Edinburgh. After a few introductory remarks he proceeded to deal with the land clauses of the Budget in these words:—

"It is quite true that the land monopoly is not the only monopoly which exists, but it is by far the greatest of monopolies—it is a perpetual monopoly, and it is the mother of all other forms of monopoly. (Cheers.) It is quite true that unearned increments in land are not the only form of unearned or undeserved profit which individuals are able to secure; but it is the principal form of unearned increment which is derived from processes which are not merely not beneficial but which are positively detrimental to the general public. (Cheers.) Land, which is a necessity of human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position—land, I say, differs from all other forms of property in these primary and fundamental conditions. Nothing is more amusing than to watch the efforts of our monopolist opponents to prove that other forms of property and increment are exactly the same and are similar in all respects to the unearned

increment in land. They talk to us of the increased profits of a doctor or a lawyer from the growth of population in the towns in which they live. (Laughter.) They talk to us of the profits of a railway through a greater degree of wealth and activity in the districts through which it runs. They tell us of the profits which are derived from a rise in stocks and shares, and even of those which are sometimes derived from the sale of pictures and works of art (laughter), and they ask us—as if it were the only complaint—“Ought not all these other forms to be taxed too?”

“But see how misleading and false all these analogies are. The windfalls which people with artistic gifts are able from time to time to derive from the sale of a picture—from a Vandyke or a Holbein—may here and there be very considerable. But pictures do not get in anybody's way. (Laughter and cheers.) They do not lay a toll on anybody's labour; they do not touch enterprise and production at any point; they do not affect any of those creative processes upon which the material well-being of millions depends (cheers); and if a rise in stocks and shares confers profits on the fortunate holders far beyond what they expected or indeed deserved (laughter), nevertheless that profit has not been reaped by withholding from the community the land which it needs, but on the contrary, apart from mere gambling, it has been reaped by supplying industry with the capital without which it could not be carried on. If the railway makes greater profits, it is usually because it carries more goods and more passengers. If a doctor or a lawyer enjoys a better practice, it is because the doctor attends more patients and more exacting patients, and because the lawyer pleads more suits in the courts and more important suits. At every stage the doctor or the lawyer is giving service in return for his fees, and if the service is too poor or the fees are too high other doctors and other lawyers can come freely into competition. (Cheers.) There is constant service, there is constant competition; there is no monopoly, there is no injury to the public interest, there is no impediment to the general progress. Fancy comparing these healthy processes with the enrichment which comes to the landlord who happens to own a plot of land on the outskirts or at the centre of one of our great cities, who watches the busy population around him making the city larger, richer, more convenient, more famous every day, and all the while sits still and does nothing. Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, water is brought from reservoirs a hundred miles off in the mountains—and all the while the landlord sits still. (A laugh.) Every one of those improvements is effected by the labour and at the cost of other people. Many of the most important are effected at the cost of the municipality and of the ratepayers. To not one of those improvements does the land monopolist as a land monopolist contribute (hear, hear), and yet by every one of them the value of his land is sensibly enhanced. He renders no service to the community, he contributes nothing to the general welfare; he contributes nothing even to the process from which his own enrichment is derived. If the land were occupied by shops or by dwellings, the municipality at least would secure the rates upon them in aid of the general fund, but the land may be unoccupied, undeveloped, it may be what is called ‘ripening’—(laughter)—ripening at the expense of the whole city, of the whole country, for the unearned increment of its owner. Roads perhaps have to be diverted to avoid this forbidden area. The merchant going to his office, the artisan going to his work, have to make a detour or pay a tram fare to avoid it. (Laughter.) The citizens are losing their chance of developing the land, the city is losing its rates, the State is losing its taxes which would have accrued if the natural development had taken place; and that share has to be replaced at the expense of the other ratepayers and taxpayers, and the nation as a whole is losing in the competition of the world—the hard and growing competition of the world—both in time and money. And all the while the land monopolist has only to sit still and watch complacently his property multiplying in value sometimes manifold without either effort or contribution on his part; and that is justice. (Laughter and cheers.) But let us follow the process a little further. The population of the city grows and grows still larger year by year, the congestion in the poorer quarters becomes acute, rents and rates rise hand in hand, and thousands of families are crowded into one-roomed tenements. There are 120,000 persons living in one-roomed tenements in Glasgow alone at the present time. At last the land becomes ripe for sale (laughter)—that means that the price is too tempting to be resisted any longer. (Laughter.) And then, and not till then, it is sold by the yard or by the inch (laughter) at 10 times, or 20 times, or even 50 times its agricultural value, on which alone hitherto it has been rated for the public service. (Cheers.) The greater the population around the land, the greater the injury which they have sustained by its protracted denial, the more inconvenience which has been caused to everybody, the more serious the loss in economic strength and activity, the larger will be the profit of the landlord when the sale is finally accomplished. In fact, you may say that the unearned increment on the land is on all fours with the profit gathered by one of those American speculators who engineer a corner in corn, or meat, or

cotton, or some other vital commodity, and that the unearned increment in land is reaped by the land monopolist in exact proportion, not to the service, but to the disservice done. (Cheers.)

“It is monopoly which is the keynote, and where monopoly prevails the greater the injury to society the greater the reward of the monopolist will be. See how all this evil process strikes at every form of industrial activity. The municipality, wishing for broader streets, better houses, more healthy, decent, scientifically planned towns, is made to pay, and is made to pay in exact proportion or to a very great extent in proportion as it has exerted itself in the past to make improvements. The more it has improved the town, the more it has increased the land value, and the more it will have to pay for any land it may wish to acquire. The manufacturer proposing to start a new industry, proposing to erect a great factory offering employment to thousands of hands, is made to pay such a price for his land that the purchase price hangs round the neck of his whole business, hampering his competitive power in every market, clogging him far more than any foreign tariff in his export competition (cheers), and the land values strike down through the profits of the manufacturer on to the wages of the workman. The railway company wishing to build a new line finds that the price of land which yesterday was only rated at agricultural value has risen to a prohibitive figure the moment it was known that the new line was projected, and either the railway is not built or, if it is, is built only on terms which largely transfer to the landowner the profits which are due to the shareholders and the advantages which should have accrued to the travelling public. (Cheers.)

“It does not matter where you look or what examples you select, you will see that every form of enterprise, every step in material progress, is only undertaken after the land monopolist has skimmed the cream off for himself, and everywhere to-day the man or the public body who wishes to put land to its highest use is forced to pay a preliminary fine in land values to the man who is putting it to an inferior use and in some cases to no use at all. (Hear, hear.) All comes back to the land value, and its owner for the time being is able to levy his toll upon all other forms of wealth and upon every form of industry. A portion, in some cases the whole, of every benefit which is laboriously acquired by the community is represented in the land value and finds its way automatically into the landlord's pocket. If there is a rise in wages, rents are able to move forward, because the workers can afford to pay a little more. If the opening of a new railway or a new tramway or the institution of an improved service of workmen's trains or a lowering of fares or a new invention or any other public convenience affords a benefit to the workers in any particular district, it becomes easier for them to live, and therefore the landlord and the ground landlord, one on top of the other, are able to charge them more for the privilege of living there. (Laughter.) Some years ago in London there was a toll-bar on a bridge across the Thames, and all the working people who lived on the south side of the river had to pay a daily toll of one penny for going and returning from their work. The spectacle of these poor people thus mulcted on so large a proportion of their earnings appealed to the public conscience, an agitation was set on foot, municipal authorities were roused, and at the cost of the ratepayers the bridge was freed and the toll removed. All those people who used the bridge were saved 6d. a week. Within a very short period from that time the rents on the south side of the river were found to have advanced by about 6d. a week (laughter and cheers), or the amount of the toll which had been remitted. And a friend of mine was telling me the other day that in the parish of Southwark about £350 a year roughly speaking was given away in doles of bread by charitable people in connection with one of the churches, and as a consequence of this the competition for small houses, but more particularly for single-roomed tenements, is, we are told, so great that rents are considerably higher than in the neighbouring district. All goes back to the land, and the landowner, who in many cases, in most cases, is a worthy person utterly unconscious of the character of the methods by which he is enriched, is enabled with resistless strength to absorb to himself a share of almost every public and every private benefit, however important or however pitiful those benefits may be.

“I hope you will understand that when I speak of the land monopolist I am dealing more with the process than with the individual landowner. I have no wish to hold any class up to public disapprobation. I do not think that the man who makes money by unearned increment in land is morally a worse man than any one else who gathers his profit where he finds it in this hard world under the law and according to common usage. It is not the individual I attack, it is the system. (Cheers.) It is not the man who is bad, it is the law which is bad. It is not the man who is blameworthy for doing what the law allows and what other men do; it is the State which would be blameworthy were it not to endeavour to reform the law and correct the practice. We do not want to punish the landlord. We want to alter the law. Look at our actual proposal. We do not go back on the past. We accept as our basis the value as it stands to-day. The tax

on the increment of land begins by recognising and franking the past increment. We look only to the future and for the future we say only this, that the community shall be the partner in any further increment above the present value, after all the owner's improvements have been deducted. We say that the State and the municipality should jointly levy a toll upon the future unearned increment of the land. The toll of what? Of the whole? No. Of a half? No. Of a quarter? No. Of a fifth? That is the proposal of the Budget—(cheers)—and that is robbery (laughter), that is plunder, that is communism and spoliation, that is the social revolution at last (laughter), that is the overturn of civilized society, that is the end of the world foretold in the Apocalypse. (Loud laughter.) Such is the increment tax about which so much chatter and outcry are raised at the present time and upon which I will say that no more fair, considerate, or salutary proposal for taxation has ever been made in the House of Commons. (Cheers.)

"But there is another proposal concerning land values which is not less important. I mean the tax on the capital value of undeveloped urban or suburban land. The income derived from land and its rateable value under the present law depend upon the use to which the land is put, consequently income and rateable value are not always true or complete measures of the value of the land. Take the case to which I have already referred of the man who keeps a large plot in or near a growing town idle for years while it is ripening—that is to say, while it is rising in price through the exertions of the surrounding community, and the need of that community for more room to live. Take that case. I dare say you have formed your own opinion upon it. Mr. Balfour, Lord Lansdowne, and the Conservative party generally think that that is an admirable arrangement. They speak of the profits of the land monopolist as if they were the fruits of thrift and industry and a pleasing example for the poorer classes to imitate. (Laughter.) We do not take that view of the process. (Hear, hear.) We think it is a dog-in-the-manger game. (Hear, hear.) We see the evil, we see the imposture upon the public, and we see the consequences in crowded slums, in hampered commerce, in distorted or restricted development, and in congested centres of population, and we say here and now to the land monopolist who is holding up his land—and the pity it was not said before (hear, hear)—you shall judge for yourselves whether it is a fair offer or not—we say to the land monopolist:—'This property of yours might be put to immediate use with general advantage. It is at this minute saleable in the market at 10 times the value at which it is rated. If you choose to keep it idle in the expectation of still further unearned increment, then at least you shall be taxed at the true selling value in the meanwhile.' (Cheers.) And the Budget proposes a tax of a halfpenny in the pound on the capital value of all such land; that is to say, a tax which is a little less in equivalent than the income-tax would be upon the property if the property were fully developed. That is the second main proposal of the Budget with regard to the land, and its effects will be first to raise an expanding revenue for the needs of the State; secondly, half the proceeds of this tax, as well as of the other land taxes, will go to the municipalities and local authorities generally to relieve rates (cheers); thirdly, the effect will be, as we believe, to bring land into the market, and thus somewhat cheapen the price at which land is obtainable for every object, public and private, and by so doing we shall liberate new springs of enterprise and industry, we shall stimulate building, relieve overcrowding and promote employment. (Cheers.) These two taxes, both in themselves financially, economically, and socially sound, carry with them a further notable advantage. We shall obtain a complete valuation of the whole of the land in the United Kingdom. (Cheers.) We shall procure an up-to-date doomsday-book showing the capital value, apart from buildings and improvements, of every piece of land. . .

"I have come to Scotland to exhort you to engage in this battle and devote your whole energy and influence to securing a memorable victory. (Cheers.) Every nation in the world has its own way of doing things, its own successes and its own failures. All over Europe we see systems of land tenure which economically, socially, and politically are far superior to ours; but the benefits that those countries derive from their improved land systems are largely swept away or at any rate neutralised by grinding tariffs on the necessities of life and the materials of manufacture. (Cheers.) In this country we have long enjoyed the blessings of free trade (cheers) and of untaxed bread and meat, but against these inestimable benefits we have the evils of an unreformed and vicious land system. In no great country in the new world or the old have the working people yet secured the double advantage of free trade and free land together (cheers), by which I mean a commercial system and a land system from which, so far as possible, all forms of monopoly have been rigorously excluded. Sixty years ago our system of national taxation was effectively reformed and immense and undisputed advantages accrued therefrom to all classes, the richest as well as the poorest. The system of local taxation to-day is just as vicious and wasteful, just as great an impediment to enterprise and progress, just as harsh

a burden upon the poor, as the thousand taxes and Corn Law sliding scales of the 'hungry forties.' We are met in an hour of tremendous opportunity; 'You who shall liberate the land,' said Mr. Cobden, 'will do more for your country than we have done in the liberation of its commerce.' (Cheers.) . . .

"I have only one word more to say, and it is rendered necessary by the observations which fell from Lord Lansdowne last night, when, according to the Scottish papers, he informed a banquet (laughter) at which he was the principal speaker that the House of Lords was not obliged to swallow the Budget whole or without mincing. (Laughter.) I ask you to mark that word. It is a characteristic expression. The House of Lords means to assert its right to mince. (Loud laughter.) Now let us for our part be quite frank and plain. We want this Budget Bill to be fairly and fully discussed; we do not grudge the weeks that have been spent already; we are prepared to make every sacrifice—I speak for my honourable friends who are sitting on this platform—of personal convenience in order to secure a thorough, patient, searching examination of proposals the importance of which we do not seek to conceal. The Government has shown itself ready and willing to meet reasonable argument, not merely by reasonable answer, but when a case is shown by concessions, and generally in a spirit of good will. We have dealt with this subject throughout with a desire to mitigate hardships in special cases and to gain as large a measure of agreement as possible for the proposals we are placing before the country. We want the Budget not merely to be the work of the Cabinet and of the Chancellor of the Exchequer; we want it to be the shaped and moulded plan deliberately considered by the House of Commons. That will be a long and painful process to those who are forced from day to day to take part in it, but we shall not shrink from it. (Cheers.) But, gentlemen, when that process is over, when the Finance Bill leaves the House of Commons, I think you will agree with me that it ought to leave the House of Commons in its final form. (Loud and prolonged cheers.) No amendments, no excision, no modifying or mutilating will be agreed to by us. (Cheers.) We will stand no mincing (renewed cheers), and unless Lord Lansdowne and his landlordly friends choose to eat their own mince again (laughter) Parliament will be dissolved (great cheering) and we shall come to you in a moment of high consequence for every cause for which Liberalism has ever fought. See that you do not fail us in that hour."

LORD PENTLAND AT GREENWICH.

Speaking at Greenwich on July 22nd, Lord Pentland said:—

"If there was an increase in the value of land due, not to the owners' own improvements, but to that silent, sleeping, passive increase which was perpetually going on owing to the fertile expenditure of money by the community, it should be taxed.

"It was not a hardship to levy a tax of a halfpenny in the £ on land which the owner held in order to secure an enhanced value. No land need come under this particular tax at all. The owner had simply to develop it himself, if he chose, or let someone else develop it."

THE INCOME TAX ON AGRICULTURAL LANDLORDS—ITS INJUSTICE.

The following statement on this subject was made by Mr. H. B. M. Buchanan, of Hales, Staffordshire, in a letter to the MARK LANE EXPRESS of June 28th:—

"In a short letter which appeared in the SPECTATOR of May 15th I made a statement to this effect: that the agricultural landlord was suffering from a great injustice in being obliged to pay income tax on moneys which he does not receive from his estate; and, further, that this unfair assessment was a direct inducement for landlords to spend as little on their properties as possible.

"I am told that I would strengthen this statement if I were to give the figures relating to my own estate. In common with most Englishmen, it is distasteful to me to make any of my private affairs a matter for public discussion; but this distaste is overcome by the feeling that is strong upon me that we agricultural landlords are now suffering, and have been suffering for a number of years, from an unjust form of taxation.

"My estate comprises about 1,800 acres, 200 acres of which are woodland. It consists of a church, parsonage, school and school-house, nine farms, the acreages of which are 291, 245, 219, 200, 160, 129, 83, 69 and 53 respectively, two small holdings of 15 acres, six holdings of from one to five acres, 16 cottages, a hall and shooting, which is let, and a small house, in which I can, with economy, live on the rent-roll that I receive from the estate. In all there are 37 houses and 15 blocks of farm buildings. The total number of people living on the estate is about 180. The repairs and upkeep of the houses, buildings, cottages, drainage, and water-supply of the estate fall entirely on my shoulders.

"My estate does not pretend to be a show estate. Every single