

LAND & LIBERTY

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"ONLY A PENNY"

Experience has taught me . . . that wherever the idea of concentrating all taxation upon land values finds lodgment sufficient to induce consideration, it invariably makes way, but that there are few of the classes most to be benefited by it, who at first, or even for a long time afterwards, see its full significance and power. It is difficult for working men to get over the idea that there is a real antagonism between capital and labour. It is difficult for small farmers and home-stead owners to get over the idea that to put all taxes on the value of land would be to unduly tax them. It is difficult for both classes to get over the idea that to exempt capital from taxation would be to make the rich richer, and the poor poorer. These ideas spring from confused thought. But behind ignorance and prejudice there is a powerful interest, which has hitherto dominated literature, education, and opinion. A great wrong always dies hard, and the great wrong which in every civilized country condemns the masses of men to poverty and want, will not die without a bitter struggle.—Henry George in *Progress and Poverty*, Book VIII, chap. II.

Step by step the Government has carried out Conservative policy, starting with the general Tariff and hastening along to high Protection with its accompaniment of Imperial preference, the wheat subsidy, quotas and restrictions, trade treaties for tying up commerce, and marketing boards, all for the raising of prices and the creation of monopolies in the sale of food. It was a National Government, so-called, that was framed and formed in the days of crisis and panic, and its call for "equality of sacrifice" has since been turned to account in a large-scale shifting of taxation upon the general mass of working people.

A great legislative measure had been put on the Statute Book by the Labour Government in the passing of Mr Snowden's Finance Act providing for a tax on land values, but it was not allowed to come into operation. The crisis and the panic which so suddenly burst on the scene, when a hand had been laid upon the land monopoly, conspired to make still more secure the privileges attached to the private ownership of land. To the politicians who have to play the party game, this latest action of repealing the land value tax is the final proof that the Government is a purely Tory administration. They have a bigger stick than ever with which to hammer the point home. The protests came late in the day from those who were members of the Government when this legislation was suspended, silently consenting to that sacrifice. But what does it matter that the Government must now or at any stage in its career pin the true label upon itself? What does it matter that the Prime Minister, who had so bravely said he would suffer no partisan manoeuvring, is "finally humiliated"? What matters is how the politicians, who engage in these bickerings, stand in respect of the principles and the issues that are at stake. They would serve their country a deal better if they

would make that clear, having done with pronouncing judgment on the Government for its betrayal or Ministers for their complicity. The public are not interested in the game of making political capital out of turncoats and dissemblers. They are interested in knowing what the critic or accuser has himself to put forward for solving the problems of unemployment and poverty, for removing the obvious injustices in society and making life happier and sweeter all round. What is wanted is the positive statement of a clear-cut and radical policy leading in these directions.

The much humiliated Prime Minister wrote in his *Social Movement*, published in 1911, that the only just repository of land values was the communal exchequer. "They are the natural sources from which the cost of government and the development of communal action ought to be met . . . The community has created the values, and it needs them in order to continue a free existence. But to-day they are handed over to private individuals who are parasitical sharers in the national wealth." The question is not whether or why Mr Ramsay MacDonald has forsaken these principles. The question is whether the statement is true, and if so, what action shall be taken?

The strange phenomenon of poverty in the midst of abundance is explained by the Prime Minister in a further statement in the same book: "The owner of land is thus in the position of a man who holds the keys of life, and he constantly can exact a maximum toll as his price. He does so. Rent, therefore, tends to absorb every social improvement that can be turned into an advantage in the exchange market." That being true, the remedy is simple and just. It is to appropriate this public fund, this rent of land, for public purposes and the practical method is to concentrate taxation upon the value of land, correspondingly remitting the taxation that is now levied upon trade and industry.

The Snowden Act of 1931 initiated that policy with a straightforward tax on the value of land apart from buildings and improvements, but exempting, from both taxation and valuation, minerals and land that had no higher value than for purely agricultural purposes. These and other exemptions, such as land owned by the railway companies and remission of the tax where it did not exceed 10s. a year, were serious defects against which the land values movement made most vigorous protest. In regard to the exemption of agricultural land Mr Snowden had no alternative except to drop the Bill altogether. Powerful deputations from both Labour and Liberal Parties in Parliament had intimated that no tax on agricultural land would be countenanced and even to-day the programmes of both parties put agricultural land outside the scope of their land value tax proposals. They contain the reactionary policy of land purchase at public expense, drawing an arbitrary line between one kind of land and another that would treat land value as absolute landlord property in the one case, and as communal property ripe for taxation in the other case.

As the Bill passed through the House of Commons further exemptions and concessions were given which we deplored, alike with those that were in the Bill as originally introduced. But with all these alterations the valuation of the land was not affected, the valuation that promised so much for future developments and was by the same token so feared and so unrelentingly opposed by the vested interests.

The Act being on the Statute Book could have been put readily into operation. Its faults in those exemptions and concessions could have been quickly remedied, and its provisions extended by amending legislation to embrace all the land that it exempted. That is what its

opponents saw. Its provisions were sufficiently full to enable a very great deal to be done. The Prime Minister in his letter to us seeks to justify the repeal with the excuse that the next Government desiring to tax land values, and determining to take more drastic and energetic steps than hitherto, would have to pilot a fresh Bill through all its stages in the House of Commons. We can hope that when action is taken again, the provisions will be more drastic and the procedure for valuation more energetic, but the Act now to be repealed was the instrument, only needing to be perfected, by which with far less trouble land value taxation could have been universally applied for both national and local purposes.

"Don't be deluded," Mr Baldwin said at Southampton on 15th June, 1931, as protagonist-in-chief against the Snowden Bill, "by the mention of a 'penny in the pound.' You must remember that a penny in the pound which is now spoken of, and which may reach any figure you like, is on the capital value and not on the income." It was in the same speech that Mr Baldwin said: "If we (the Conservatives) get back to power that tax will never see daylight." As we have already observed, the Conservatives have been in power all along, behind the façade of a National Government, and the deed has been accomplished in good season with by-elections showing how the tide has turned and a General Election possible at any moment. But what we draw attention to is the warning that there was far more in that legislation than "a penny in the pound." It was repeated by many spokesmen and agencies of the landed interests. According to the *Morning Post* of 18th June, 1931: "The machinery which the Socialists are setting up with Liberal aid is the most potent weapon that those who are the declared enemies of society as it exists to-day could possibly have. The tax as at present proposed is only a penny in the pound but it establishes a principle which will enable any Socialist Chancellor to tax property owners out of existence with little more than a stroke of the pen." The *Worcester Daily Times* of same date put it well: "It is obvious that we have to face not only the inevitable raising of the initial penny rate of national taxation on the land, but we must also face a further municipal tax on it as well if Mr Snowden's land tax proposals become law." And the Association of British Chambers of Commerce in a statement reported on 19th June, 1931, declared: "There is no guarantee that the tax will stop at one penny or that the valuation will not be used for collecting rates."

The Taxation of Land Values is the most potent weapon for the rebuilding that is necessary. We will not quarrel with the *Morning Post* as to who are the enemies and who are the friends of society. Here is the testimony that the Land Value Budget of 1931 held forth promises and prospects of a far-reaching character. The advance of the thought on which it is based is not halted by this temporary success of its opponents. There is the stimulus of seeing the opposing forces once more out in the open, and it is for us to work with all the more confidence and determination to overcome them.

A. W. M.

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