

## LAND & LIBERTY

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Editorial Offices:

11, TOTHILL STREET, LONDON, S.W.1.

*All communications to be addressed to the Editor.*

Telegrams: "Eulav, Vic, London." Telephone: Victoria 7325.

## TAXATION AND INDUSTRY

Sir Robert Horne made his Budget speech on 1st May, outlining proposals and tabling figures that are to be found in the printed Financial Statement circulated on the same day. The changes introduced in the Budget are now embodied in the published Finance Bill and an instructive document, a "Memorandum on Present and Pre-War Expenditure," gives much useful supplementary information on the state of the national accounts, detailing the ways in which vast sums have been spent annually during the past ten years.

Sir Robert Horne surrenders a possible surplus of £46,000,000 by reducing postal and telephone charges, reducing the rate of income tax from 6s. to 5s. in the pound, remitting one-third of the Customs duty on tea, coffee, chicory and cocoa and by sundry other concessions. He has extended a protective tariff to the growers and manufacturers of British sugar by abolishing the excise duty and giving them the full benefit of the customs duty on the imported article. He has responded to the complaints of the "agricultural interests" and raised the rent-paying capacity of tenant farmers by permitting occupiers of agricultural land to be assessed for income tax at the rental value of the land instead of twice the rental; and occupiers of pleasure parks and ground not used for husbandry are allowed to reduce their assessment to income tax from the rental value to one-third the rental value of the land.

Throughout England and Wales, excepting in the county of London, the Inland Revenue Authorities are to make a special re-assessment of land and house property and will use that as the basis for income taxation, in place of the out-of-date and generally unsatisfactory local rating assessments they have hitherto accepted. In London and in Scotland no special departmental re-assessment is considered to be necessary because there the local assessments are already under the control of the Inland Revenue and are revised periodically—in

London (after a slipshod fashion) once every five years, and in Scotland more rigorously once every year. In Scotland, especially, revised assessments have raised the burden of income taxation on improved land to a far higher level than in other parts of the country. The balance will now be adjusted upwards as the officers of the Inland Revenue get busy on this new revision; and the burden will be more noticeable because it will be imposed suddenly, so great in many cases is the discrepancy between real value and the old stereotyped assessment. There will be an increase in the amount of taxation levied, in spite of the reduction in the rate of tax and in spite of the increased allowance now to be given for repairs.

The owners of neglected acres that might be used will get all the more encouragement to hold them idle, while production and enterprise and all the most improved and best-developed lands are being inscribed in the tax-books for additional penalties. It is rumoured that the Land Valuation Department will take in hand this work of scourging industry—the department that was set up to relieve industry and bring idle acres into use through the taxation of land values! If the rumour is true, the Government have kept the department going only to prostitute it to other ends, and Mr. Austen Chamberlain and others, who hated and bitterly opposed its original purpose, can now wreak final revenge on Mr. Lloyd George.

In the present financial year it is proposed to collect and spend 910 millions and of that sum 729 millions will be raised, or are expected to be raised, by taxation levied by Customs duties, excise duties, licence duties, death duties, five different kinds of income tax, stamp duties, taxation of inhabited houses—by these and other different methods of subtraction from one single definite and limited fund, the wealth that is produced and consumed from day to day. To get at that fund and transfer a large part of it from private pockets to the coffers of the State, the tax-gatherer interferes with trade, prohibits importation, prevents the occupation of premises, closes the theatres and cinemas and makes numerous transactions illegal, unless some toll or tribute is paid on demand. He holds the fear of court and prison over all the citizens. The tax-gatherer is the officer of State who proclaims that the State can do no wrong and can establish its own code of property rights. The Budget and the Finance Bill are merely the instruments that arm the tax-gatherer with these functions. They should be discussed from that point of view and not as measures that introduce paltry changes or fail to comply with some conventional rules of financial purity, ordaining that a surplus should not be given away as long as there is a national debt to be redeemed. The Government is about to appropriate, from the fund that will be produced this year, wealth to the value of 729 millions without attempting to make any distinction between one kind of property and another. While it sends its representatives to Genoa to propound high moral principles and scold the Russian Bolsheviks for their wicked schemes of confiscation, it is prepared to take by force anything found in possession of the individual if the taxes are not paid.

The Government hopes that a shilling off the income tax, fourpence off tea and a slight reduction

in postal charges will give industry some stimulus ; that this little dose of encouragement can be risked while it "suspends the sinking fund." Think of the 729 millions to be raised in taxation, all of it imposed so that industry has to suffer, and then examine the argument, stated more than once recently in the House of Commons that unemployment and bad trade are "caused by the capacity for production being greater than the capacity for consumption." It is a mercy that in terms of capacity, things are not the other way about or there would be an end of human society. The statement following this banality was that the capacity for consumption was limited by purchasing power, as if that and the ability to produce were not the same thing. The cause of bad trade is that people do not get what they produce or they are prevented from producing at all. The enormous capacity for production is proved by the startling figures of this Budget ; in the fact that industry, taxed in the most vicious and oppressive manner, can yet subscribe 729 millions in subsidies to non-producers in a single year, in addition to all that is exacted and drained away in rent for land. Imagination can set no limit to the wealth that might be produced if the tax-gatherer would leave industry alone and if there were no private interests barring the way to natural resources.

The counterpart of the iniquitous taxation now imposed is seen in the expenditure side of the Budget. Taxation falls more heavily the greater the efforts put forth. It hampers and restricts industry at every stage. It acts like a universal protective tariff to maintain the rent and price of land at the highest level the traffic will bear, giving definite encouragement to the withholding of land from use. Discriminating in favour of the land owner and permitting him to appropriate the rent of land, it promotes poverty and the ever-increasing inequality in the distribution of wealth. The bulk of the money now to be spent by the Government is made necessary by conditions that preserve private property in land and so cause inequality. Most of the 317 millions for Civil Service is a grant-in-aid of wages or charity in kind to subsidize poverty. All the expenditure arising out of the war, including the interest on the debt and the maintenance of fighting services after a "war to end war" is just so much punishment inflicted upon society because men cannot agree that the natural resources of any country belong to the people of that country. Even if there is such a thing as a good war or a righteous war, there was never any excuse for a public loan to finance it. Everything required for the conduct of the enterprise is produced from day to day, and in a country where there was anything like an equitable distribution of wealth, a loan to "pass on the cost to posterity" would be the greatest absurdity.

The war debt is one of the liabilities that remain from the past out of the too great regard for special privilege and its power to accumulate the wealth which others produce. Various plans hold the field for the redemption and liquidation of the debt. Reduction of the rate of interest and proposals for what is called a "capital levy" are both undisguised plans for repudiation, and can only be advanced on the ground that virtual repudiation in whole or part is the only means of escape from an intolerable burden—a view that in

any case cannot be upheld, since even the total repudiation of the debt could in no degree improve social conditions while land monopoly obtains. For our part we look again at that "capacity for production," enormously as it would be enhanced by lifting the load of taxation and giving labour and capital unrestricted access to natural resources. In the resulting prosperity the burden of the debt, great as it now is, would then be a mere bagatelle, easily discharged without resorting to such a questionable expedient as a deliberate breach of faith.

A. W. M.

## THE BUDGET PROPOSALS

The principal changes proposed in the Finance Bill, following the financial statement made on 1st May by the Chancellor of the Exchequer, are as follows :—

Income Tax to be charged at 5s. instead of at 6s. in the £ as now ;

Income of occupiers of land assessed under Schedule B to be taken to be equal to the annual value of the land, where the land is used for purposes of husbandry ; where the land is not so used, the assessment is to be one-third the annual value. At present, the assessment of farmers under Schedule B is twice the annual value ; and the assessment of occupiers of amenity lands (*i.e.*, not used for husbandry) is the annual value ;

Duty on tea to be reduced from 1s. to 8d. per lb. The rate will therefore be 6½d. on Imperial tea, owing to the preferential tariff. Reduction of one-third in the duties on cocoa, coffee and chicory.

Protective Tariff on sugar to be established by the abolition of the Sugar Duty and the maintenance of the Customs Duty.

Payment of arrears of excess profit duty to be spread over five years, interest to be charged at 5 per cent per annum ;

Special re-assessment (excepting in Scotland, Ireland and the County of London) of land and house property for the purposes of Income Tax, Schedule A.

Reductions in postal and telephone charges were also announced by the Chancellor of the Exchequer and have since been effected by the Postmaster-General.

## THE NATIONAL BALANCE SHEET, 1922-23

The following figures of estimated revenue and expenditure in 1922-23 summarise the particulars given in the official Financial Statement, White Paper 77 :—

Revenue				£
Customs duties	..	..	..	112,250,000
Excise and licence duties	..	..	..	160,750,000
Income and Super Tax	..	..	..	329,000,000
Estate duties	..	..	..	48,000,000
Excess profits duty, etc.	..	..	..	27,800,000
Corporation profits tax	..	..	..	19,750,000
Stamp duties	..	..	..	18,250,000
Motor vehicle duties	..	..	..	10,600,000
Land tax, house duty and mineral rights duty	..	..	..	3,000,000
<b>TOTAL TAX REVENUE</b>	..	..	..	<b>£729,400,000</b>
Post Offices Services	..	..	..	54,625,000
Other revenue : Crown lands, interest on loans, miscellaneous and special receipts	..	..	..	126,750,000
<b>Total Revenue</b>	..	..	..	<b>£910,775,000</b>