

# SNOWDEN'S BUDGET.

## Comparison of Land Tax With Former Schemes.

By ALAN PITT ROBBINS.

Wireless to THE NEW YORK TIMES.

LONDON May 1.—Despite the anxieties of his friends and colleagues, who contended that the task would be physically impossible, Philip Snowden has duly delivered his budget speech and once again has brought the whole question of taxation of land values within the range of practical British politics.

Though no revenue will be received from land taxes for at least two years, they are to be included in the finance bill, a departure from custom which is unlikely to arouse any undue amount of controversy.

There was a smile on David Lloyd George's face as Mr. Snowden made his announcement. It is doubtful whether there are any single-taxers left nowadays, but one could not help wondering whether somewhere in Valhalla Henry George was not looking down on the scene. Henry George's scheme, as set out in "Progress and Poverty," published in 1880, was simplicity itself. He aimed at the appropriation of economic rent to public uses by a tax levied on the value of the land, exclusive of improvements.

The amount of the tax was to vary according to the amount of money required for public purposes, for it must not be forgotten that this was to be a single tax, involving the abolition of all other taxes which fell upon industry and thrift. What single tax would have had to be levied on the British landowner today when a bill of \$4,000,000,000 has to be met every year?

### Unusual Complexity of Land Tax.

From Henry George of 1880 to David Lloyd George 1909 was a far cry, and in the meantime the single tax had grown into a tax of unusual complexity, one which it needed all the courage and ability of Mr. Lloyd George to place on the statute book. His scheme was divided into three sections—the first a reversion duty, which was a tax levied upon the lessors at the conclusion of a lease at the rate of 10 per cent on the "value of the bounty accruing to the lessor by reason of the termination of the lease."

The next was an increment duty, which was a tax of 20 per cent levied upon increases greater than 10 per cent on the "land value" in the technical sense of the word, accruing after May, 1909. Finally, there was an undeveloped land duty, which was a special annual tax of one-half a penny in the pound laid upon owners of land which had a higher value than £50 an acre for purposes other than agriculture.

The land values tax remained upon the statute book until 1920. When it was repealed in that year by the coalition government's finance acts, Sir Austen Chamberlain stated that the maximum yield up to that time was something below \$9,000,000, yet the country had spent \$25,000,000 to obtain a valuation which was useless for every other purpose in life.

Mr. Snowden's scheme has, at any rate, the merit of greater simplicity, though the full details will not be disclosed until he speaks in the House of Commons on Monday. In the first place, land used solely for agricultural purposes is to be excluded altogether as long as it continues to be used in that way. The idea of a tax on the betterment of the value of land has been dropped altogether.

Instead, it is proposed that on all land coming within the scope of the scheme a tax shall be levied at the rate of one penny in the pound on the capital value, which will be assessed by the Board of Inland Revenue, subject to the right of the landowner to appeal against the assessment. It is assumed that places of worship, open spaces, buildings of public utility companies and possibly hospitals will be exempted from the tax.

### Conservative Objections Met.

The removal of agricultural land from the scope of the scheme also removes most of the Conservative objections to the new proposal, for there are many Conservative members who feel that the State is entitled to receive some benefit from the increased value of land through reasons for which the owner himself is in no way responsible. In 1909 the House of Lords rejected the finance bill and created a political crisis of great magnitude, but times are changing and there will not be the old ferocity in the land taxation fight. The government would doubtless welcome a fight on this issue. A cry of "God gave the land to the people" still retains much of its force, but the House of Lords is unlikely to fall into such an obvious trap.

The question naturally being asked is on whose shoulders the burden of the tax on land values will fall. In the first place, clearly owners of valuable sites in London and other large cities will be called upon to pay heavily, for in most cases the value of land of this description continues to grow year by year. But another class of owners on whom the tax will fall is those who, as a speculation, bought up property adjacent to the great new aerial roads and bypass roads which have sprung up in all directions. The Kingston Bypass Road, familiar to most motorists, is a case in point.

The greater part of the road was driven through fields which are only used for agricultural purposes. But experience has shown that land at the side of such roads is at once snapped up for house-building. Agricultural land which was bought by speculators a few years ago is now covered with houses producing good rentals, and it is the argument of the government that the enhanced value has not been created by any act on the part of the speculator, but by the decision of the State itself to provide better roads for the people. Therefore, it is argued, the speculator should be prepared to give a thank-offering to the State in the form of a tax on land values, and the general

feeling of members of the House of Commons is that the contention is a perfectly fair one.

One of the dangers of the tax of course is that it may lead to the holding up of land which is required for development, and experience alone can show whether the suggested tax of a penny a pound on the capital value will have this effect. If this should happen, the government will probably propose that it shall be given more extended powers of compulsory acquisition where the land is urgently needed for schemes which are intended to benefit the public as a whole. Under Mr. Snowden's scheme, land which is only used for agricultural purposes will not be included in the valuation at all.

But new valuations will be made every five years, and if in the meantime the land has been used for any other purpose it will then be rendered liable to the land values tax. Whatever may be done by the present House of Commons, the actual taxation of land values will not become operative until 1933. Much may happen in the intervening two years and no British Parliament has a right to bind its successors. If, therefore, there is a general election before 1933 and the Conservatives are returned to power, there is nothing that can stop them from repealing the tax altogether if they wish to do so.