

TONS OF MONEY By Viscount Snowden

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"By strangling the land taxes the Chancellor has deprived himself of one fruitful and just source of revenue."

It seems likely that the Chancellor of the Exchequer will have considerable difficulty in April in balancing next year's Budget.

The long-continued industrial depression has a cumulative effect in diminishing the yield of the taxes which depend upon trade profits. I agree that to increase the income tax, the surtax, and the estate duties in the present condition of trade would probably give very little, if any, additional revenue.

The Chancellor has repeatedly congratulated himself on having found in the import duties a new source of revenue, amounting to some £30,000,000 a year.

He tells us that these duties are paid by the foreigner. What a brilliant discovery!

The Import Duties Committee evidently does not accept the Chancellor's belief that the foreigner pays, for it has just taken off certain import duties because "they have placed an additional burden on ship-owners and prejudiced the export trade, and the present duties bear heavily on the cost of manufacture." Of course, these duties are paid by British industry.

This is a pernicious method of taxation. Its injurious indirect effects are not always obvious, but they are none the less real. These taxes are a burden on production, and increase the cost of commodities, thus reducing purchasing power.

Such duties, now imposed by all countries at preposterous rates, are one of the main causes of world trade depression.

The nations are suffering from this policy by huge Budget deficits, by the loss of one-half of their foreign trade, and by having to maintain, in one way or another, thirty millions of non-producing unemployed.

To raise revenue by taxes which aggravate industrial depression, and in effect lessen the real taxable capacity of the nation, is a suicidal policy.

JUMPING LAND VALUES

There are only two ways in which a Budget can be soundly balanced. The first is by promoting measures which will improve trade and increase taxable profits and incomes. The second is to apply unearned social values to public purposes. It is with this latter method I wish particularly to deal.

Even in these times of industrial depression, the social increment in land values is growing at an unparalleled rate.

The Minister of Health recently stated that since the war two million new houses have been built. It is within everyone's knowledge that these houses have been built, in the main, on suburban or rural land which before it was required for building purposes was agricultural land, with a low capital value.

The nation has spent during this period, out of taxes, hundreds of millions in new roads and road improvements. This expenditure has vastly raised the value of what was previously rural or semi-urban land. Land-owners have grown rich by this expenditure of public money.

During the time this land has been ripening for building purposes the owner has paid no rates upon it.

As agricultural land it has been totally exempt from rates. The ratepayers have had to make up for this exemption of a privileged class by higher rates on their property.

Worse still, much land has been withheld from use altogether, the owner thus avoiding both the payment of rates and taxes.

The landowner has sat quietly watching the population spreading out in his direction, knowing this approaching need for building land was adding to its value every year.

I am not blaming the landowners. They are taking advantage of their legal rights. I am blaming the patient victims of a system which imposes this tribute on their labour and enterprise without effective protest from them.

I have before me a summary of fourteen cases, taken at random, where provincial local authorities have bought land for building purposes. Altogether these cases comprise 3,000 acres. The price paid was £582,509. This land was rated at an estimated capital value of £120,000. *Why should there be one value for rating, and five times that value when the land is needed for building?*

UNTAPPED SOURCE

Ten days ago I went to live in a country district, five miles from the nearest town and railway station. Since then the district has been invaded by motor buses, with the result that wild heather-covered land is being sold at £250 to £300 an acre.

I need not multiply cases. The facts are within the knowledge of every observant person. For forty years a reform of the system which allows these increased land values, due wholly to social causes, to be appropriated by landowners has been advocated by Select Committees and Royal Commissions, by municipal bodies, by advanced politicians and economists, and even by many Conservative journals. *But the system continues.*

Taxpayers grumble about enormous taxation; ratepayers about the burden of rates; drastic reduction of essential public services is being demanded; and all the time there is the great potential source of public revenue in these land values waiting to be taxed and rated.

In the Budget of April, 1931, I made a modest effort to deal with this question. The proposals met with strong opposition. In one division the Bill came within two votes of being defeated. Every section which had some vested interest in land fought the proposals vigorously, and tried to get exemption.

In the end the Bill emerged in an emasculated state, and the rates of taxation to be imposed were almost negligible. That, however, did not matter a great deal, as it was open to a future Parliament to fix whatever rates it thought fit.

The preliminary step in dealing with the taxation of land values is to get a valuation of land. This was secured in the Act as it finally passed.

This valuation is a big job, as there are some ten to twelve million separate hereditaments in Great Britain. It was expected that the valuation would take about two years to complete, and provision was made in the Act for the taxation proposals to come into effect in the Budget of 1933.

The valuation had made considerable progress when I resigned the Chancellorship in November, 1931.

The first move of my successor was to propose to repeal the Act, but finally it was decided to "suspend" the valuation. All the machinery for the valuation was scrapped; the special staff which had been engaged for the work was dismissed. This potential source of

revenue was abandoned, and taxes on the people's food and other necessities were substituted for it.

This was the second time that a Coalition Government, predominantly Tory, elected for other purposes, had used its power to destroy land reform.

The Act of 1931 remains upon the Statute Book, and, unless this Parliament repeals it, it can become operative when a progressive House of Commons succeeds the present reactionary one.

We are hearing a great deal about agricultural depression, but nothing about the gains which landowners are reaping from the transformation of parts of their agricultural property into building sites.

A case was cited in the Press some time ago where a small farm of a few acres of poor land, which was being farmed at a loss, suddenly became an "eligible building site" owing to a bypass road being made through the district. These few acres were sold for £50,000!

That owner is now contemplating with satisfaction the fact that the community considers that land used for housing the people is fifty times more valuable than when used to feed them.

That is an interesting problem for the social student. My readers might try to solve it.

I come back now to the question with which I started—namely, the balancing of the next Budget.

LANDOWNERS' JOY

The Chancellor has just asked Parliament for an extra £18,000,000 for unemployed benefit because he made inadequate provision for this expenditure in the Budget last April. There will be other additions to expenditure in the coming Budget, which are likely to more than offset the gain from the conversion operations. He cannot estimate for the same yield from existing taxes.

In that case, to balance the next Budget soundly, new taxes may be needed. The Chancellor dare not increase the income tax.

If he had not killed the Land Valuation Act there would have been the revenue from the land taxes available for him.

That is a tax which, unlike the import duties, would not "add burdens on industry and prejudice the export trades." It would bring down the cost of land, throw it open for use, cheapen the cost of houses, and stimulate employment.

By strangling the land taxes the Chancellor has deprived himself of one fruitful and just source of revenue. He has done this to entrench the landowners in their monopoly. They are to continue to appropriate socially-created wealth, whilst the rest of the community are to bear ever-increasing taxes on the necessities of life.

They would not get their £30,000,000 tariff revenue if they kept out goods. It would be better to take a thousand articles off the schedule, as Gladstone did in the 'Forties. He substituted income tax and estate duties. We could substitute land value taxes. Twopence on land would produce the £30,000,000 and more.—Sir LEONARD FRANKLIN at an Executive meeting of the Central Hackney Liberal and Radical Association.

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The correspondence columns of very many newspapers and periodicals up and down the country continue to carry testimony to the ready pens of single-taxers who use this means of shedding light on the land question. More than two dozen colleagues are constantly engaged in this work. Space forbids a lengthier notice. Letters to the Editors make telling propaganda, and we recommend it to all who can engage in this service.

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Mr George Lansbury, Leader of the Opposition, in his message to Mr Silverman, Labour candidate at the by-election in the Exchange Division of Liverpool, wrote:—

"The Government, by adopting tariffs instead of legislating to secure an ever-increasing expansion of trade, have done everything in their power to restrict the distribution of goods.

"We hear of new industries 'being started' in Southern England. What use is this if such industries are only secured by crippling still further the basic industries of the North? Liverpool is one of the greatest ports of the world; the Mersey, like the Thames, has borne on its tides the commerce and goods of all lands. During the last two years shipping has gone from bad to worse. Unless the Government's tariff policy is reversed, this terrible condition of affairs will continue, and British rivers will remain blocked with millions of tons of unwanted shipping."