

LAND VALUES AND THE LABOUR PARTY

*Recent statements by Labour M.P.s in favour
of the Taxation and Rating of Land Values*

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Total war, the spread of social welfare legislation, and the complex industrial organization of modern civilization have tended during recent years to obscure the nature and significance of the fundamental "land question" and of its only just, practicable and well-proven solution—the taxation and rating of land values.

CHALLENGE TO BRITAIN contains the pledge that "a full review of local government finance, including the possibility of the rating of site values, will be undertaken" by the next Labour administration. That is not sufficient. The Departmental Committee on Site Value Rating appointed in November, 1947, spent four and a half years thoroughly investigating the matter. Time must not be wasted on further protracted enquiries. The desirability and practicability of this reform was clearly and strongly demonstrated by the signatories to the Minority Report, among whom was the Labour peer, Lord Douglas of Barloch. The subsequent repeal of the financial provisions of the Town and Country Planning Act, 1947, has largely invalidated the objections of the signatories to the Majority Report.

The community creates land values; the community must enjoy the benefit of those values.

This brief selection from recent pronouncements by Labour Members of Parliament is offered in the hope that members of the Labour movement will demand a less timorous and halting approach to the transcending land question. Editing has been confined to the provision of cross-heads and, in places, to abridgment.

A copy of this pamphlet is being sent to every member of the Parliamentary Labour Party, to every constituency Party secretary, to the editors of Labour, Socialist, Co-operative and Trade Union journals and to the national press. The co-operation of the reader in securing the widest possible distribution and discussion of this pamphlet is invited.

July, 1954.

RT. HON. R. R. STOKES, M.C., M.P.

*From an article in "Tribune," 19 December, 1952,
in the "Labour Next Time" series*

EVERYTHING WE do to improve the social order, every increase in production, puts up the value of land. Unless we tackle the land question first, we shall create a growing obstruction to our own efforts by having to pay ever-increasing rents to the landlords. The longer the delay, the more we shall have to pay each time before we can get on with the next move. Meanwhile, we pour more and more wealth into the pockets of the landlords.

We talk loosely about nationalizing the land, but do those who do so really understand what they mean or what would be involved? For instance, it would be crazy to pay the landlords for something which the community created and which the landlords did not. "Buying out the robbers" is what I called it in the recent debate on the Town and Country Planning Bill. There is all the difference in the world between compensating owners of created wealth, when for example nationalizing the railways, and compensating the landlords for land values which the community created.

LAND VALUE TAXATION ENCOURAGES PRODUCTION

There are three accepted ways of dealing with the problem—confiscation, nationalization and taxation . . .

The third alternative is to tax and rate site values, compelling the owners to pay a tax on the value of each piece of land whether they use it or not. By this method we would stimulate the use of land, making it unprofitable to keep good land idle or any land improperly used.

SUBSTANTIAL MUNICIPAL SUPPORT

I say rating as well as taxation, so that local authorities may raise their much-needed revenues by this means. Nearly 300 local authorities have already applied for permission to do so, but it has never been granted.

"STARTLINGLY SUCCESSFUL OVERSEAS"

Rating of site values has been done with startling effect in Sydney, New South Wales, where the municipal authority raises the whole of its rates on site values and every house has air and sun all round it; in Johannesburg, where they do likewise, and

are now busy tearing down old buildings which are uneconomic on high value sites and replacing with modern dwellings; and in Denmark, where every acre of agricultural land is used to the best advantage.

BENEFITS HOME-OWNERS, TENANTS AND FARMERS

If we now adopt the same policy we shall not only recover by taxation for the benefit of the people the land values which they themselves created, without paying out enormous sums in compensation. We shall also be able to relieve the rates on dwelling houses, cut down the rents on council houses and above all stimulate the best use of all agricultural land right down to the marginal land.

And this will be done without pouring subsidies, intended to help the marginal farmer, into the pockets of farmers who have very good land and who—in many cases because of the subsidies—do not use the land to the best advantage.

FIRST THINGS FIRST!

So taxation and rating of site values should be No. 1 in the Party programme. Every candidate in a marginal constituency should realize how much it would swell his vote!

MR. H. G. MCGHEE, M.P.

Letter published in "Tribune," 30 January, 1953

ACCORDING TO C. S. Orwin the solution for our immediate and hard pressing problem of land use is for the state to purchase the land as it comes into the market over the generations. This is to avoid the odium of compensating the land owners for values they never created, but the long-run economic result is the same—the working classes are to be robbed piecemeal to purchase community created values.

A TORY FABLE—"L.V.T. WAS TRIED AND FAILED"

It is curious how a Research Director can accept Tory fable as history. He trots out the Tory statement that "Lloyd George's scheme for taxing site values broke down under the manifest impossibility of ascertaining them." The truth is that Lloyd George's scheme was not to tax site values, but to tax increment values.

A tax on land values is the fair and just way to recover for the people the values which they have created . . .

RT. HON. SIR HARTLEY SHAWCROSS, Q.C., M.P.

From May Day Speech, St. Helens, 3 May, 1953

WE SHOULD deal with the problem of the land. But I am quite sure nationalization is the wrong way. It would cost an enormous amount, and the administrative difficulties not only of taking it over and compensating for it, but of its subsequent management would be enormous. In the end almost everybody would become a civil servant.

That does not mean nothing should be done.

I have always thought—I recall making a speech in favour of it at the annual conference of the Labour Party 30 years ago—that the policy which our Party should adopt is that of taxing and rating what are called land values.

HOW LAND VALUE ARISES

The value of land, apart from the buildings and improvements put upon it, is always the result of the social and industrial development of the community. It is not made by the owner or due to effort of his. It is the presence of other people, the building of other houses, the erection of a factory, the provision of water, the construction of a railway, and so on, which increases the value of the land.

INCENTIVE TAXATION—THEORY AND PRACTICE

There is really no justification for allowing that increased value to remain in the pockets of the land owners. And so I would tax the land values themselves. By doing that we should stimulate the use of land, and make it unprofitable to keep good land idle, or to use land improperly.

This system has been adopted with great success in some of the sister nations in the Commonwealth. It has been done in Denmark and elsewhere. And where it has been done it is leading to old and uneconomic buildings being pulled down and to improvements in agriculture so that the best and most economic use is made of the land available. That is what we need to stimulate. If we do, no need to bother about nationalization: the owners will themselves use the land to the best economic advantage.

REMISSION OF PRESENT TAXES MADE POSSIBLE

The state and local authorities will secure a large revenue, without the need for paying out subsidies, and reductions in other forms of taxation will be possible. That is the way to secure for the community the real value and use of the land, without the wholly impracticable course of nationalizing it.

MR. J. H. HUDSON, M.P.

Letter in "Manchester Guardian," 30 April, 1953

*From a debate between advocates of land value taxation
and Mr. George Dallas, a former Labour Party Chairman*

MR. DALLAS says the issue of the single tax versus land nationalization was settled in the Labour Party ages ago. If he means by Single Tax an effective tax on the true rent of land, that issue was certainly settled when Snowden introduced with the full Party approval the third Labour Budget of 1931, which was based on the taxation of land values . . .

"STATE LAND PURCHASE WOULD BE SOCIAL INJUSTICE"

I doubt from the point of view of nationalization whether Mr. Dallas has taken into account the very strong resentment and disappointment felt by railwaymen, miners and others concerning the heavy annual charges now made on the services in which they are concerned as a result of the compensation the state paid for capital holdings. Labour, in my view, could not do otherwise than compensate for the capital taken over, but we have been dealing long enough with the land question—whether under Snowden's or Lloyd George's proposals—to realize that the same case for compensation which applied to mines and railway stock cannot be applied to land.

To compensate the owners for those values in land which they have done nothing to create is a piece of social injustice. Mr. George Dallas writes as though the Physiocrats and Ricardo and Henry George had never existed. At any rate the Labour Party is thinking out its policy on these matters.

RT. HON. HUGH DALTON, M.P.

House of Commons, 20 April, 1953

Debate on the Budget Proposals

HAVING ABOLISHED the development charge without too many tears being shed by anyone, it is regrettable that the Government have not made some suggestions for shifting part of the burden of local rates on to socially created land values and that we have not at least sought some partial easement of the problem, by the local rating of site values. I am sorry that there was no suggestion for that in the Budget speech, but it is not too late for the Chancellor to put something in the Finance Bill. Perhaps he will take that into consideration.

MR. C. R. HOBSON, M.P.

House of Commons, 20 April, 1953

Debate on the Budget Proposals

I AGREE with my right hon. Friend (Mr. Hugh Dalton). In place of development charges there should be taxation on site values.

The value of these sites is created by public effort and enterprise and not by the individual. What happens to-day is that every improvement in the social order, every improvement in production, puts up the price of land. That creates an obstacle.

We are deliberately creating a barrier to our own progress. Forcing up rents puts money in the pockets of the landlords who in many cases neither toil nor spin. We should compel owners to pay a tax on land whether they use it or not. We should make it unprofitable to keep any land idle or to use land improperly.

LAND VALUE FOR LOCAL AND NATIONAL PURPOSES

There is no reason why the taxation from site values should not be allocated in part to the local authority and in part to the national authority . . . In view of the complaints about high rates, common throughout the country, this is certainly a proposal worthy of examination.

Why should not we recover by taxation for the benefit of the community land values which the people themselves have created? I hope that this proposal, which has been made many times, will be considered by the Government.

MR. C. W. GIBSON, J.P., M.P.

House of Commons, 15 March, 1954

Second Reading of Town and Country Planning Bill

WITHOUT THE gathering of men on a site that site has no value at all. It does not matter very much whether the men are highly organized into a town or a community. The fact that men gather together to live and work adds to, and goes on adding to, the value of the land, the owner of which can exploit their need right to the very limit. In fact, the landowner has done that and is doing so now in the city in which we are meeting at this very moment.

We say that those values ought to come back to the people who created them, that is, the community in general. The 1947 Act went the wrong way about it.

There is evidence all over the world of the successful application of the principle of taxing land values as a means of getting back to the community the values which the community has created

and which, incidentally, landowners cannot create. That is helping very considerably to ease the financial troubles of towns and cities all over the world.

Therefore, it seems to me that, having got rid of the development Clauses of the old Bill, and having got rid of the £300 million present to the landowners, the Minister might have been very well engaged in trying to get back all these values for the community by putting a stiff tax on land values.

FABULOUS COST OF L.C.C. HOUSING SITES

I took the trouble to find out what we have paid during the past 12 months for sites required for housing purposes, and I discovered some even worse examples than I had previously experienced. For instance, I found that

in **Bethnal Green**, of all places, there was an estimate of **£36,000 per acre** for a housing site;

in **Southwark** the price asked was **£21,000 an acre**;

in **Bermondsey**, **£16,000 an acre**;

in **Poplar**, **£18,000 an acre**;

and the average cost to which the London County Council has been put during the past 12 months for housing sites alone has been **£12,000 an acre**, an increase of 66 per cent compared with the figure of three years ago. In other words, land values are continuing to go up, and the only person who benefits is the landowner.

WHO WILL DO IT—AND WHEN?

I wish that this Bill had done something to tackle that situation. I am quite sure that one day some government will have to tackle it. *I hope it will be a Labour Government.*

RT. HON. HERBERT S. MORRISON, C.H., M.P.

House of Commons, 4 November, 1953

Debate on the Address

WHATEVER HAPPENS, this (housing) is a grave problem. It will cost the local authorities a lot of money, and it will be necessary to help them. I wish we could find some new and independent source of revenue for local authorities in these matters. Of course, they can be given additional state grants, and that is proposed. Indeed, that is the story of the present century. As an old local government man I am apprehensive. It is almost inevitable that as the state grants to local government grow, so the state control over local government grows, and, consequently,

the healthy independence and initiative of local government is lost.

Therefore, I think there is much to be said for the consideration of the rating of land values as a local authority source of revenue in their own right. I once brought in a Bill with the object, but a Conservative majority rejected it. It was a London County Council promoted Bill. I still say that in my judgment there is much to be said for consideration of this proposal.

RT. HON. A. G. BOTTOMLEY, O.B.E., M.P.

Article in "Reynolds News," 28 February, 1954

Written on return from Kenya as a member of the Parliamentary delegation which visited that colony in January

LAND HUNGER is a problem which must be faced. It cannot be solved, however, merely by depriving the Europeans of the lands they farm, although in many cases it is true that Europeans do not use their land to the best advantage . . .

We feel that the way to make the best use of land by all communities is by the taxation of land values. This means that land which is not being fully utilized will still be subject to tax. This will provide an incentive to better farming and provide money for important social services.

A tax on land values would be a substitute for the poll tax, which is inequitable because it applies equally to the impoverished African and to the wealthiest landowner.

RT. HON. GEORGE A. BROWN, M.P.

At Bristol Co-operative Party Forum, 21 February, 1954

The *Co-operative News*, 27 February, reported that Mr. George Brown, M.P., speaking at the Sunday Forum of the Bristol Co-operative Party said that it was far better to have taxation of site values rather than land nationalization. Land nationalization would imply the payment of many millions of pounds in compensation. What was important was not technical ownership but the benefit derived from land for the community.

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MR. JAMES JOHNSON, M.P.

House of Commons, 16 June, 1954

At Question Time Mr. Johnson asked the Secretary of State for the Colonies if he would "bring to the attention of the Governors of Nyasaland and Kenya the advisability of placing a tax on land values, thereby ensuring that the best use is made of land?" Such a tax had "met with much success in young, under-developed lands—for example, New Zealand and Australia." Did not the Colonial Secretary think that "there are undeveloped parts of East Africa where a tax of this kind would be an incentive to development?"

Mr. Lyttelton replied that he was awaiting the report of the Royal Commission on Land and Population in East Africa. He did not propose taking any action until he had received it.

A similar exchange occurred on 24 May after Mr. Lyttelton had made a statement about his recent visit to Nyasaland. Pressed by Mr. Stokes to "consider bringing to the notice of the Governors of all these Territories—not only Nyasaland, but the others as well—the advisability of introducing a Measure based on the taxation of land values," Mr. Lyttelton gave the illuminating reply that: "The real obstacle to my recommending that to the Governors is that I should myself have to be satisfied, which I am not, that the measures recommended by the right hon. Gentleman are appropriate."

JOIN THE LEAGUE

The Land-Value Taxation League is an independent, non-party organization. Membership is open to all who sign in good faith a declaration of adherence to its Objects and who pay the minimum annual subscription of five shillings.

Branches of the League are established for Derbyshire, Manchester, Merseyside, Midlands, Portsmouth, Yorkshire and Northern Districts. The League is associated with the United Committee for the Taxation of Land Values, Ltd., and the Welsh and Scottish Leagues for the Taxation of Land Values.

Addresses of Branches and associated organizations will be supplied on application.

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What YOU Can Do

- ★ Write to your Labour M.P. or prospective parliamentary candidate. Does he support the taxation and rating of land values? When and where did he last speak in its favour ?
- ★ Send a copy of this pamphlet to each Labour member of your local authority. Ask them to move a motion in favour of the rating of land values at the next meeting of the council.
- ★ Your constituency Party secretary has received a copy of this pamphlet. Recommend him to obtain further copies for discussion by members. Favourable discount terms are offered for quantities.
- ★ Request the editors of each of the Labour, Socialist, Co-operative and Trade Union journals you read to publish articles on this policy. Publicity and discussion will dispel the ignorance and misunderstanding which benefits the land speculator and monopolist.
- ★ Obtain, study and distribute further copies of this pamphlet and other literature on the land value policy. Particularly recommended is the new and condensed edition of Henry George's "Progress and Poverty," published September, 1953, by the Hogarth Press, Ltd., London, price 7s. 6d. net. It is obtainable from all booksellers and from most public libraries.
- ★ Join the League or send a donation to aid its work.

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