

## LAND, LABOUR AND TAXATION AFTER THE WAR

A PAPER READ BY FREDERICK VERINDER, GENERAL SECRETARY, AT A MEETING OF THE CENTRAL COUNCIL OF THE ENGLISH LEAGUE FOR THE TAXATION OF LAND VALUES, OCTOBER 25TH, 1915

### I.—THE TRUCE, THE COALITION AND THE BUDGET

It is written that there was once a man, so dead to all sense of reverence, that he would "even speak disrespectfully of the Equator." His fate—which he no doubt deserved, whatever it was—is not, so far as I know, recorded. But those who, since the beginning of the war, have been accused of speaking disrespectfully even of the "political truce" feel inclined to spare him a little sympathy. The Equator is, after all, as the geography books used to tell us, only "an imaginary line." The truce is, very largely, only an imaginary truce. This is abundantly clear when we consider its working in terms of policies. As I have been permitted to say elsewhere,\* "the outbreak of a great war automatically creates an atmosphere in which every specifically Tory idea tends to flourish exceedingly. The declaration of a 'Party truce' merely gave free play to this tendency." The Tories, and other foes of Liberty, advocate all their favourite measures as "means to the successful prosecution of the war," and appeal to the "truce" as a sufficient reason why Radicals should not oppose, or even criticise them. There are still a few of us who refuse to sacrifice without a protest all the ideals for which we have fought for years. It is sought to shame us into silence by insinuated charges of lack of patriotism. The idea of the truce is that the Radical lamb and the Tory embodiment of the true-bred British Lion should lie down peacefully together—while the Lion is digesting the lamb.

Before the declaration of war, the three most hotly controverted questions were probably Taxation of Land Values, Tariff Reform and Conscription. Note how differently these three party measures have fared under the truce. Conscription has never before been the subject of such a raging and tearing propaganda. The National Register brought us to the very threshold of its application. Its advocates (of course) are merely performing a patriotic duty in urging the only possible means of bringing the war to a speedy and successful issue. They claim, apparently, to be the only people who know how to save the Empire from the inevitable destruction which "Uncle Five-heads" almost daily foretells for a Nation that will not obediently carry out his behests. Those who still oppose Conscription, as they always have done, and who refuse to like it any better even under the name of National Service, are (equally of course) committing the crime of splitting the country in the face of the enemy. It is they who are breaking the sacro-sanct "truce."

The Tariff-mongers have never ceased telling us how to complete the discomfiture of Germany, by excluding her products, shut out by the British Navy during the war, by a Tariff wall to be erected and maintained after the conclusion of Peace.

All kinds of revolutionary measures, unthinkable sixteen months ago, have been passed quite easily during the war; but, as regards Taxation of Land Values, to which the Government stood pledged when war broke out, there must be "a close time for landlords." We were asked to accept Sir Fredk. Banbury's impudent proposal to scrap the Land Valuation Department as a measure of necessary war-economy, but Sir Frederick has made no protest against the heavy additional work to be thrown upon the Customs staff by the new Import Duties.

The Tories get almost all they ask for, because of the war: we must hold our tongues, forsooth, because of the truce.

The truce begat a Coalition Government, and the new Government has just hatched out its first Budget. Those who did not before realise what the fine flower and fruit of the so-called truce was bound to be, may perhaps learn something from a study of the Budget. All the forms of taxation to which we have long objected—taxes on industry and the earnings of industry and the spendings of industry—are heavily increased; but there is no tax upon the taxers of industry as such—the consumers of land values and the withholders of land. Not merely have the old bad taxes of Customs and Excise been increased, but a new Tariff, even worse than the old one, has been added.

No valid objection can be made, under our present circumstances, to the increase of the super-tax, or to the special taxation of the huge profits which some folk have been able to make out of the needs of the Nation in a time of danger. None of us is likely to shed hypocritical tears over the woes of the man who has to pay over £34,000 in taxation out of an income of £100,000 a year. Personally, I do not see how anyone can come by such an income honestly: nor can I conceive anyone arguing that the man who draws £100,000 a year works 1,000 times as hard or renders 1,000 times as much service, as the man whose days of laborious toil are requited with a pay of £2 a week. These enormous incomes must be, in the main, "unearned." They are the result of some sort of an unfair "pull" over one's fellow-citizens, some sort of monopoly. Till we can so alter our social arrangements as to prevent them, we can at least tax them, and tax them heavily, for urgent National needs. This is, as we have often shown,\* not by any means an ideal system of taxation, but it is not open to the very worst objections; and, anyway, there is no help for it just now.

But the new extension of the Income Tax downwards, entrenching upon even the very modest standard of comfort suggested by the old £160 limit, is very bad, and brings us a long step nearer the taxation of all weekly wages advocated by Mr. Harold Cox and his City friends.

The old Government, which had the misfortune to displease Lord Northcliffe, represented a Party pledged, for as long as I can remember, to the repeal of the Breakfast Table Duties. The new Government, child of the truce, has increased nearly all of them by 50 per cent., and has done this at a time when prices are already high because of the war, and when all wages over £2 10s. per week are to be taxed. The increase falls nominally on tea, coffee, cocoa, chicory, sugar, and dried fruits (except currants). But this bare enumeration gives only a faint idea of what it all means. Take, for instance, sugar, upon which the taxation has been increased from 1s. 9d. to 9s. 4d. per cwt. It is already taxed, as sugar, in 24 different grades, the rate of taxation in each grade being determined by the results of a polariscopic examination. But sugar is also a raw material in many branches of manufacture, and its taxation will necessarily increase the price of all the articles into the making of which it enters in any quantity. According to the Co-operative Wholesale Society's Grocery Department these will probably include:—

Biscuits, black beer, blacking, blanc mange powders, bottled fruits, British wines, cake flours, cakes, candied peels, candy, chocolates, cocoa, condensed milk, custard powders, glacé fruits, health salts, jams, jellies, lemon cheese, lemon curd, lemonade crystals, lime juice, lime juice cordials, marmalade, Pomfret cakes, sherbet, Spanish juice, sweets, syrup, and tinned fruits.†

\* Thirty-third Annual Report of the English League (LAND VALUES, August, 1915).

\* See Verinder, LAND INDUSTRY AND TAXATION, pp. 19-23.

† CO-OPERATIVE NEWS, September 25th, 1915.

The taxes upon tobacco and motor-spirit are also increased by about 50 per cent., while the stamp duty on patent medicines is doubled.

The proposed increases (in large part abandoned) of certain postal and telegraph charges was not so much an increase of taxation as an increase of price for services rendered. It would have pressed very heavily on many persons and businesses; not a little upon organisations like our own which do so much of their work through the post. The modifications which the Postmaster-General announced two or three days ago mark a victory for public discussion and criticism even during war-time.

So we come to the worst feature of all in this amazing Budget—the new Tariff of 33½ per cent. on imported motor-cars and motor-cycles, cinema films, clocks and watches, and musical instruments. The proposed duty on imported plate-glass has been abandoned. No one would have dreamed, even two months ago, that we were so near an attempt to revive, in a new form, the discredited window-tax of the bad old times; or that the proposal would come from a Liberal Chancellor of the Exchequer; or that it would be made precisely at the time when Count Zeppelin's bombs and our own anti-air-craft guns were creating something like a plate-glass famine in certain districts! The tax on hats has gone, too: apparently because the difficulty of settling what *is* a hat would have brought our Custom House Officers to the verge of lunacy.

Now these taxes are frankly different from the Breakfast Table Duties, inasmuch as they are taxes on imported goods of a sort that we can and do manufacture at home, and that the corresponding home products are not to be taxed at all. They are, so far, the worst result of the truce, in the realm of taxation. From our point of view, as out-and-out Free Traders, they are, of course, absolutely indefensible. But they are also indefensible even from the point of view of what the Americans call "British Free Trade." About three years ago the WESTMINSTER GAZETTE\* told us that the "full Free Trade doctrine" "in our sense of the word" requires that every tariff for revenue should be "balanced by an excise," *i.e.*, if we tax (say) Swiss watches we must put a corresponding tax on Clerkenwell watches. Which is as if one should say that a man who has been handcuffed is not really "free" until he has shackles on his legs also. Mr. McKenna, who stood up to propose them, cannot, as a former Hon. Secretary of the Free Trade Union, have been ignorant of the effects of these new imposts, and he must be singularly blind to the lessons of tariff history if he really believed his own repeated suggestion that the new taxes would only run for ten months. He must have known that, under these provisions of his Budget, every purchaser of an English-made clock or piano is going to be swindled on the plea that the American exchanges need to be rectified, and luxurious expenditure to be checked.

That the revenue to be derived from these taxes was not the chief consideration is clear from the fact that, as originally proposed, they were estimated to yield less than two millions, more than one-half of which was to come from motor cars. Mr. McKenna's concessions have already reduced this estimate. The other alleged reasons cannot be held sufficient to justify a sudden and revolutionary resort to Protection. The American loan shows that other ways are known, and are being taken, to improve foreign exchanges. If people who want motor-cars want them so badly that they will still buy "Fords" even at an increase of 33½ per cent., or that they will buy English cars, even at the increased prices ruling under the tariff, the effort to check luxurious expenditure will have failed. Even if the new tax were certain to succeed in this economic object,

it is not the only means by which the result could be attained. The Protective tax will create new vested interests which will fight for its continuance. (This is probably one of the facts that Tariff "Reformers" of the baser sort have in mind when they hail these Budget proposals as the thin end of the wedge of Tariff Reform.) Sir Frederick Banbury and his like indeed pleaded for a still further "broadening" of the basis of taxation, *i.e.*, for the "protection" of many more articles of manufacture; and, seeking to add insult to injury, suggested that the Land Valuation staff should be set to collect the new Tariff! But Mr. Bonar Law asserts that the new duties have nothing to do with the old fiscal controversy: they are just temporary, sumptuary taxes.

Very well, then: a very stiff license duty on the use of motor-cars could have been made to do all that Mr. McKenna's protective duty sets out to do, and to do it, not only in respect of American, but also of home-built cars; and no one concerned with motor-cars—manufacturer, dealer, or user—would have had any vested interest except in its abolition at the earliest possible date. Cars used for the purposes of business—valuable time and labour saving appliances just now—could have been exempted.

As devices for raising revenue towards the appalling cost of the war, the other new duties are quite negligible, and might well have followed the shop-window tax and the "head-gear" tax into oblivion.

The fact remains that a Liberal and "Free Trade" Chancellor has deliberately chosen to violate Liberal and "Free Trade" principles in order to raise some money and to achieve certain desired economic results, and has definitely neglected or refused to carry out definite Liberal pledges as to the Taxation of Land Values, by means of which he could have raised the money and much more, and have achieved economic results of far greater temporary and permanent importance.

For, widely as Mr. McKenna has cast his net, there is one class that has been allowed to escape. The increase of Income Tax under Schedule A. takes a larger slice out of the rent of the landlord who is allowing his land to be used; and the still greater increase under Schedule B. hard hits the farmer who is using land and paying rent for it. But what of the landlord who has land which he is neither using nor allowing anyone else to use? He pays no rates or taxes now. He will pay none under the new Budget. Yet he is not merely vetoing all the production that would be possible if labour had access to "his" land on fair terms, but, by helping to maintain a purely artificial scarcity of land, he is increasing the price of it, and so worsening the conditions upon which labour and capital may obtain access to any of it. We might at least do equal justice to all landlords, instead of favouring the worst members of the tribe. I do not love the land-withholder. Yet I do not ask that he be sent to gaol for the criminal he undoubtedly is. I shall be quite satisfied if he, and all other landholders, are alike taxed and rated on the true full value of the land they hold, instead of on the income (if any) they happen at the moment to be making out of it.

This is something quite different from what Mr. McKenna had in his mind when he said that "land taxes, though magnificent in principle, had unfortunately not been very remunerative (Unionist cheers), and he did not see how they could be made to produce more."\*

The historical justification for a tax upon land values for war purposes lies open to any student of English history. The commonsense of it will be plainly visible to anyone who reflects on the present condition of Belgium. What is the value at this moment, to its Belgian "owner," of land in Belgium? I know that Belgian houses, too, have been destroyed, and so have become valueless to their owners.

\* November 6th, 1912.

\* House of Commons, October 19th, 1915 (TIMES report).

When the Germans have been driven out at a cost of a millions of pounds, who should be the first to be called upon to pay the cost of expelling them? The man who finds his land still there, or the man who will have no house until he builds a new one?

When the Belgian Army, with the aid of its Allies, brings back the remnant of the Belgian population, they will be beginning the process which will restore the value of land in Belgium. Who, on any theory of taxation, is the fitter subject of taxation: the man who pockets that land value, or that other who must pay him the value before he can get permission to live by his labour on the land and from it?

There are some poor consolations to be got out of a consideration of the first Coalition Budget.

The whole Coalition has now confessed that economic ends may be achieved by means of taxation. We shall not allow them to forget that. Sir Joseph Lyons and Messrs. Salmon and Gluckstein are busy teaching people, what they apparently had not learnt from us, for all our efforts, what indirect taxation on tea and tobacco really mean to the consumer. The munition worker, daily told that he is doing just as much to win the war as the man in the trenches, may presently be inclined to compare the price of his own shag with the price of the duty-free tobacco supplied to his comrades in Flanders. The English piano-makers\* are busy proving that the "foreigner" does not "pay the tax," but that the English consumer does, even in respect of goods upon which it has not been levied, and was not intended to be levied. The watch and clock trade is also enforcing the same lesson. Some of the methods of taxation against which we have so long protested are going to be badly discredited by this Budget. But we were already so well provided with arguments that it hardly seems worth Mr. McKenna's while to violate his own professed principles and to inflict widespread privation in order to provide us with more.

And, when all is said and done, we are faced, after all this new taxation, with a deficit far exceeding £1,000,000,000. The Service of the Debt alone, apart from any further cost of the war, will lay an enormous new burden (estimated by the Chancellor as at March 31st next at 78½ millions for the new debt alone) on the taxpayer; and the war is not yet over. This means more War Budgets, and further increases of taxation.

## II.—SOCIAL CONDITIONS AFTER THE WAR

I am not a prophet, or the son of a prophet, and cannot tell you what is going to happen after the war. That depends upon many considerations that cannot be foreseen with certainty; among them the duration of the remaining stages of the war itself; the extent of its further demands upon our resources in men and money, and the economic effects of the financial and other legislation that will be passed before the "end" is reached, and an attempt at a new beginning has to be made. So, in what I now proceed to say, you will please regard me as "thinking aloud" about a problem which we shall all have to face some day—trying after conclusions rather than attempting to formulate them.

Some people are inclined to expect, after the war, a great trade boom, such as followed the Franco-German War of 1870. But the circumstances appear to me quite different. The war of 1870 was just—the Franco-German War. In the present conflict, all the countries of Europe, except a few small ones on the fringe, are already engaged. We ourselves are in it "up to the neck." All Europe will come out of it crippled and exhausted. Neutral countries have suffered and are suffering badly through

it. It is more than doubtful whether a period of feverish commercial prosperity (such as made the year 1873 so useful to the late Joseph Chamberlain for his Tariff arguments) is to be expected within any short period. But, if the boom should come, it will inevitably register itself in a great increase of land values, and the demands of the landlords may be relied upon to bring it to an end within a few years. As has happened often enough before, high rents will strangle enterprise and development, and land us in a period of trade depression; unless, indeed, we are wise enough in the meantime to circumvent the land monopolist by taxing land values.

There are some few things which we can foresee with a greater measure of certainty.

(1) The return to civil life of the enlisted men. We need not take too literally the promises on the recruiting posters of "discharge the moment the war is over." The effect of that upon a completely disorganised labour market would be simply catastrophic. Probably attempts will be made towards a permanent enlargement of our standing Army, which will keep a larger number of men with the colours, thus affording some relief to the competition in the labour market at the cost of a perpetually increased burden upon industry. But, sooner or later, an enormous number of men, now fighting in the wide-flung battle-lines, will be looking for jobs. Many of them will find that their old employers have gone under during the war. Many others will find their old places taken by women, or by older men who, before the war, were "too old at forty." A neighbour of mine, an old secondary teacher, who, five years ago, vigorous in body and mind, was bitterly protesting against the County Council rule that compelled him to retire at 65, now tells me that his only difficulty is to choose between the employments that are offered him. Women in large numbers have found employment in hitherto undreamt-of fields, as railway servants, as tram conductors, as hotel porters, as munition workers, as teachers in boys' schools, and so on.

Almost all the old labour landmarks have been removed; the poor safeguards built up by generations of trade union effort have been broken down, with the consent of the unions, "for the period of the war."

Apart from the awful problem of the soldier broken in the wars, which has never yet been satisfactorily dealt with in this country, there will be the problem, on a scale never before known, of the enlisted men returning in full health and vigour, seeking for work, at a time when the labour market is also being flooded by the discharge of a large number of munition workers; and at a time, too, when every form of industrial enterprise is crippled by unprecedented burdens of taxation. At the best, the discharged soldier can only hope that the older man or the woman who took his place "for the period of the war" will be asked to step down and out to make room for him. The unemployed trouble, both for men and women, in a painfully acute form, will almost certainly be upon us as one of the *sequelæ* of the conclusion of peace. It will bring with it the inevitable lowering of wages, and, almost as inevitably, will be accompanied by a recrudescence of the "woman question."

As I am not trying to paint the blackest possible picture, I hasten to add that there will be some pitiful counter-tendencies, which may postpone for a little the full realisation of the worst fears. The ghastly casualty lists daily remind us that a very large number of those who followed the drum at the call of duty are already laid to rest in unknown graves on the battlefields of three continents. If the war is to be a very long one, this will, *pro tanto*, have an effect upon the future supply of labour similar to that of the Black Death in the Middle Ages. The need of replenishing our national stock of munitions will prob-

\* See Mr. Yeo's speech in House of Commons.



ably continue to provide a large amount of socially-unproductive employment in our arsenals, for some time after the war. The Colonial emigration agents will be very busy, and their appeal will be made to men who have been living for months or years in the open air, and have become disinclined for a life on an office-stool or at the bench. But, as I have said, all this is very poor consolation; for it means a serious reduction in the future production of wealth in this country, due partly to the actual and final loss of labour, and partly to its diversion to the manufacture of implements of destruction.

(2) Upon the lower wages thus obtaining in a labour market flooded with unemployed, there will be the burden of increased house-rents, due to shortage of housing accommodation. The Government, as a measure of war-economy, has appealed for a cessation of building during the war, although it has itself been compelled to build houses or wooden huts for many of its workpeople at Woolwich and in other munition areas. (In spite of this, many munition workers still have to make long journeys to and from their work, and, during the recent Tramway Strike, the London County Council were hard put to it to ensure their conveyance to and fro.) Municipal Councils have suspended their Housing Schemes. The private builder is hampered by the great increase in the price of building materials, and by the increased interest on loans. The building industry has sent its thousands into the ranks, and is, it appears, to be specially depleted by the new recruiting campaign.

Some of the effects of all this are already becoming visible. Not only in munition areas, but in many other working-class quarters—in Glasgow and Tooting, Northampton and Bermondsey, Birmingham and East Ham, and many other places, as the Press daily witnesses—the raising of rents has given rise to such an acute Labour unrest that more than one member of the Government has had to threaten Government interference, and even Mr. Edwin Evans—a bitter opponent of ours for years—has felt moved to issue, on behalf of the Property Owners' Protection Association, an appeal to house-owners not to make any attempt "during this great national struggle to throw their new burdens on their tenants."\*

(3) The aftermath of the war, and especially the continuance of war-taxation, will add a still further burden to the domestic budget of the badly-paid, highly-rented worker, even if his wages continue to escape income-tax while under 50s. a week. All experience shows that it is much more difficult to reduce taxation and rents and prices than to increase them. Many thousands of our casual labourers and field-workers have found out in the Army, for the first time in their lives, what it means to have square meals regularly served every day. Many thousands of married women find themselves much better off, now that their husbands are in the Army, than when they were doing useful productive work in times of peace. A conscriptionist member of the House of Lords, "horrified at the waste and cost of the war," complained bitterly of this to Mr. A. G. Gardiner,† "There are families," he said, "who are getting 25s. a week who have never had 14s. before, and the case is even worse in Ireland." It would be a pity to spoil the force of this by any comment.

We have taken these men from their work, and have sedulously trained them—millions of them—to seek public ends by means of organised violence. Our political and military leaders have again and again complimented them on the thoroughness with which they have learned the lesson. What will be the attitude of these men and their wives towards the old bad conditions of low wages, high rents and dear food, when they return to them, and find

them all greatly aggravated by the war in which they have so bravely borne their part? Will they be content with the lentils and margarine and nut-suet out of which well-to-do ladies and Mr. Arthur Henderson's official cook-book tell them that cheap and nourishing dishes may be concocted? I trow not.

### III.—"NO MONEY FOR SOCIAL REFORM"

Whatever else comes out of the war, there will inevitably be a period of acute labour unrest and a clamant demand for Social Reform. We shall be faced with all the old Social Questions in an aggravated form: Unemployment, Low Wages, Housing, and all the rest of them. But, alas, the DAILY NEWS told us some weeks ago, there will be "no money for Social Reform."

I frankly confess that I read that statement with an interest that might have gratified the writer, and a thankfulness that would certainly have astonished him. *Laus Deo!* I said: here at last is one good thing that is to come out of the war.

The delusion that Social Reform depends mainly upon the spending of public money (chiefly in the direction of State meddling and muddling, and in paying blackmail to land and other monopolists) has so completely obsessed the good folk who call themselves Social Reformers that it has been one of the chief obstacles in the way of doing anything really useful. How many times in these last years have we felt inclined to say to these Simons "who bewitched the people" with their talk of the magic of State action, "Thy money perish with thee, because thou hast thought that the gift of God may be purchased with money." It is hardly too much to say that, in the economic as in the spiritual life, Salvation is "without money and without price." For the unpurchasable Gift of God is *Justice*.

We all know the old methods which, despite our continued protests, have been tried, and have failed. An Act of Parliament is passed; State money is voted; Councils are told to get to work and to spend the rates; Statutory Committees are appointed; land is bought, if the landlord will sell; if not, compulsory powers are asked for; and, in the end, after costly "proceedings" (which never proceed very far) little or nothing has been done. Government Inspectors inquire and report. Commissioners are appointed to "ginger up" the Councils. Then comes the demand for a new Government Department, with a new Minister at its head, to pay the Commissioners, who worry the Councils, who appoint the Committees, who employ the inspectors, who harry the poor, who live in the house that Jerry built. Incidentally, the poor are taxed and rated to pay for these proceedings, most of them futile, and many of them positively annoying. The one solid result is that a large addition is made to a bureaucracy already dangerously large and costly, and that a number of Fabians, ex-Labour Leaders, and their like, who have convinced the governing classes that the safest way to keep the poor quiet is to undermine their liberties under pretence of relieving their distresses, are enabled to serve their country, as the Tite Barnacles did, "with their drawn salaries in their hands."

We have seen most of these processes applied to Housing, to Small Holdings, to Unemployment. As regards the last-named, it is interesting to recall that Mr. Balfour had already declared that we suffered under too many local authorities, and had shown his faith by his works in abolishing all the English School Boards, when, confronted by an unemployed agitation, he decided that the question of unemployment could only be dealt with by a new set of local authorities—the Distress Committees—and a new national one—the Central Unemployed Body. "Labour Bureaux" were a later, and Liberal invention. We shall hear a great deal about them after the war, so it may be well to tell, in a sentence, the plain truth about them. They

\* Since this Paper was read, the Land Union, through Lord Desborough, has issued a similar appeal.

DAILY NEWS AND LEADER, August 21st, 1915.



solve the question of unemployment for a considerable number of persons of the class from which officials are drawn. So far, so good. They then set out to find jobs for the workers. If there are 100 men looking for work, and only 95 jobs are open, the Bureau may possibly make it a little easier for 95 of the men to get the 95 jobs. The other five necessarily remain out of work (imperilling the jobs and tending to keep down the wages of the 95), for the simple reason that there are no jobs for them. But, as these five men are the "Unemployed Problem," nothing has been done to solve the problem which we call "unemployment." That can only be done by making more jobs, or by killing off the five men; and, as we have had more than enough of killing lately, we need only consider the former alternative.

I am sure that I shall have you all with me if I consider useful productive work as the only desirable form of job. Now, as every productive job is either some form of extractive labour upon land, or some form of transporting or working-up of the raw materials thus drawn from land, it is plain that the so-called unemployed question is only one phase of the problem of access to land. But so, obviously, is what we call the Small Holdings Question. So also is what we call the Housing Problem—access to land for the raw materials of the builder, access to land for the site of the house. By whatever names we disguise their real nature, all social questions come down, in the last analysis, to this question of access for labour to land. That is the great question we shall have to face after the war.

As we have "no money for Social Reform," any suggestion of solving the Land Question by heroic schemes of purchase, either national or municipal, is out of court. The great Land Scheme (largely bureaucratic) of Mr. Lloyd George was never much alive, and is now quite dead. We need something far more fundamental than the pathetic futilities talked by the young ladies of the National Political League to a crowd of other ladies in Lady Cowdray's Gold Room, or than the spectacular milking of cows on Carlton House Terrace. The latest proposal of the Workers' National War Emergency Committee that "Fair Rent Courts" should be set up to deal with the Housing Question in towns is equally futile. There is no criterion of a "fair" rent under conditions which make both sites and buildings a monopoly, and no hope of making rents "fair" except by the abolition of the monopoly. The slow, cumbrous, and costly methods of the existing Small Holdings Acts will never overtake the demands for land of those who, having had a prolonged taste of open-air life, digging trenches in Flanders, will want to dig a little of their own native soil as a means of peaceful livelihood. Men who have, at the risk of their lives, answered the call to defend "their" country, may well ask, as a right, for access to a small piece of it. But how is it to be done?

There is only one way left: the method of taxation. We can solve the after-the-war Land Question by Taxing Land Values, thus opening up land to labour, multiplying offers of employment, increasing the production of wealth, and lessening the burden of other forms of taxation upon production. A Finance Minister of my youth, familiarly known as Bobby Lowe, regarded it as the chief function of his office to distribute, with as little inequality as possible, a huge load of misery. He is chiefly remembered for his unsuccessful attempt to get the match girls of East London to shoulder a share of the load. Some day we shall have a Chancellor of the Exchequer who regards himself as a Minister of Economic Equity, whose chief function is to use the potent engine of taxation as a means of doing equal justice to all the citizens. When that happy day comes, the chief weapon in the Chancellor's armoury will be the two-edged sword of Taxation of Land Values and Untaxing of Industry.

#### IV.—THE LABOUR PARTY AND LAND VALUES

I am tempted to add a postscript to this Paper, which is itself a postscript to what I wrote a year ago.\* It will readily be understood that, in what I now say, I am speaking for myself alone, and am merely throwing out a suggestion which I think may be worth consideration.

We cannot discuss the position of Labour after the war without taking into account the attitude of the Labour Party. Now it is quite certain that a war which has produced the Coalition Cabinet will not leave political parties as it found them; and the Labour Party, which has contributed its Mr. Arthur Henderson to the Coalition, will be changed with the rest. Matters are evidently re-arranging themselves in the Labour world. While the Engineers have withdrawn, first from the Trade Union Congress, and now from the General Federation of Trade Unions, three great unions—the Miners, the Transport Workers, and the Railway men—have concluded an alliance, powerful enough, if and when it likes, to paralyze British industry. The miners are complaining that, while the trade union section of the Labour Party contributes 98 per cent. of the membership, it has only 68 per cent. of representation on the Executive; and they are asking why two Socialist bodies, with only 28,000 registered members, have three representatives, while the Miners' Federation, with over 600,000 members, has only one.† There are, in fact, rumours of a movement to expel the Fabian Society and the I.L.P. from the Party, and to make it a purely trade union body. The I.L.P., whose members used to use Sir Leo Money's arguments and figures against our speakers are now perhaps not quite so sure of the infallibility of the man who called for the suppression of their LABOUR LEADER, and they may even remember with gratitude that it was the Single-Tax Member for Hanley who raised a protest. The successful defiance of the Munitions Act by the South Wales Miners, and the uprising of organised labour against the threat of conscription, show that the war has not killed the spirit of Liberty among the workers.

What will be the attitude of those who slaved in the munition works under conditions against which they had fought for two generations, and of those newly returned from the wars, towards all the schemes of registration and compulsion from which we suffered before the war, and still more during the war; towards the increased Tariff for Revenue and the new Tariff for Protection; towards the increased cost of living on lower wages in dearer houses? Their faith in officialdom must be very robust indeed if it survives the discovery that our own Press Bureau has as utterly failed to know the psychology of our own people as the German Bureau has failed in respect of other nations.

It is quite clear that no more schemes of the Old Age Pension and ninepence-for-fourpence type can be looked for, for a long time to come. It will be impossible, as the DAILY NEWS sees, to find the money. The Labour Party, like the rest, will have to rely mainly on taxation as its engine of Social Reform. Most of its members are with us in wishing land values to be taxed; even if they do not agree with us that such a tax is the best tax, and should ultimately be the only tax, they at least agree that it is a good tax. They are wholly with us in our desire to abolish taxation on the people's food, and mostly also in our fight against "Protective" taxation.

They differ from us, not in their desire to do full justice to labour, but in their view as to the best method of doing

\* "German Efficiency v. British Liberty" (English League for the Taxation of Land Values, 376 and 377, Strand, London, W.C.). 1d.

† Report in THE TIMES, October 9th, 1915.

it. I think most of them would regard Capital as more important than Land, and the Capitalist as a greater oppressor than the Landlord. So, while *we* lay stress upon land value taxation, *they* put their chief trust in the Income Tax, as to which Mr. Philip Snowden said\* that "if he had his way he would abolish almost every other form of taxation," although he also suggested a "graded" tax on capital, with a £1,000 exemption. Their argument (and Sir Chiozza Money's) that land values would be insufficient to bear the whole weight of national and local taxation never had much relevance to the practical politics of our own generation, even in peace-time. It is not worth anyone's while to discuss it now, in the face of the war taxation that confronts us. We shall certainly need, for a long time to come, both a land value tax and an income-tax. Is there any good reason why all Progressives should not unite, after the war is over, in an effort to get rid, as soon as possible, of all taxes except these two?

I suggest that the first steps might well be the abolition of Mr. McKenna's "temporary" Protective Tariff and of the increased taxation on food imposed during the war. This would help the workers by removing or diminishing some of the taxes which act in restraint of trade and increase the cost of living. If a tax on land values were levied to make up for the revenue thus sacrificed, and the Inhabited House Duty (or, still better, Income Tax Sched. A.) were converted into a Land Value Tax yielding an equivalent amount (thus transferring part of the taxation on inhabited houses on to vacant land), a beginning would have been made with a national Land Value Tax. Of course, our old demand for putting the rates on a land value basis would hold good.

The next step might be a demand for the total repeal of the Breakfast Table Duties; a long promised and much overdue reform; with a compensating increase of land value taxation. This would benefit all classes more or less; the benefit being roughly in direct ratio to their poverty. The industrious middle-classes could make out a strong claim for relief from the many little but irritating charges upon business transactions, and for the raising of the limit of exemption from Income Tax to a point that more nearly represents a decent standard of living, say £300 a year.

Changes of this sort would bring us towards the point where the main dependence of Chancellors of the Exchequer would be upon a Land Value Tax and an Income Tax, very steeply graduated against large and "unearned" incomes, and would open up the possibility of a great economic experiment.

We have long contended that excessively large and "unearned" incomes are always the result of some sort of monopoly; that land monopoly is the most dangerous, because it is the most fundamental of all monopolies; and that it is the mother or grandmother of all the others. The "pull" which the owners of "public utilities" (such as water supply, gas, electricity, railways, trams), have over the public is not due to the capital which they provide or own, but to some form of land monopoly conferred upon them by statute. The unholy profits made in "protected" industries are due to the fact that we tax goods produced by labour instead of taxing the value of land. The power of the capitalist to exploit the workers, and to amass riches out of unpaid wages, is due, not to any inherent power of capital, but to conditions brought about by land monopoly. For in proportion as land is withheld from use, or made difficult of access, the production of capital by labour from land is limited, and so the ownership of capital tends in the direction of monopoly; and, at the same time, the worker, deprived of the alternative employment which access to land would have given him, becomes the helpless victim of the capitalist to whom he has to look for "work."

Now if all this is true—and our Socialist friends might have learnt its truth long ago from Karl Marx—the taxation of land values would soon begin to diminish the volume of unearned income derived not only from land, but from "capital." Some of the monopoly value of land would be directly taken for public purposes, and would benefit the workers by relieving them of other taxation; some of the monopoly profit of "capital" would be added to wages, as a result of the growing independence of labour in consequence of the new avenues of employment opened up by taxing land into use. A further increase of taxation on land values would be necessary to make up for the diminished yield of the income tax, as the sources of great unearned incomes began to dry up. And so on, and so on, to the obvious and logical conclusion.

On the other hand, if we are mistaken in our expectations, as our Socialist friends think, the worst that could happen would be a continuance of the Income Tax side by side with the tax on land values, and the chief task of the Chancellor would be to graduate the former as fairly as he could. It would even so be an enormous improvement on our present system of multiple taxation, and we could all rejoice in that!

But I do not think any of us would fear the result of such an experiment if it could be made. It is at least permitted us to hope that on some such programme the Radicals, the Free Traders, the Labour Men, and ourselves might be able to unite after the war.

FREDK. VERINDER.

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\* Debate on Finance Bill, October 13th, 1915.