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Editorial Offices:

94 PETTY FRANCE, LONDON, S.W.1.

All communications to be addressed to the Editor.

Telegrams: "Eulav, Sewest, London." Telephone: Victoria 4308-9.

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MR SNOWDEN'S BUDGET

When the Prime Minister opened his General Election campaign in the Albert Hall, London, on the 27th April, 1929, he said: "A Chancellor of the Exchequer who taxes land values will deserve the gratitude of the country; a Labour Chancellor will do this." And it has come to pass. The new Government took office within a few weeks of the 1929 Budget. Land Value legislation at that moment was too much to hope for, since there had been no time for preparation. The second Budget, in 1930, offered the opportunity, but for reasons Mr Snowden has given he could not grasp it. Instead, he promised a Land Valuation Bill, which was afterwards presented although never debated in the House of Commons.

The Land Valuation Bill remained in cold storage, ready to be taken out and made effective, in the only possible way, by linking it with a tax on land values. It was apparent that a Measure for valuation alone could not overcome the obstruction of the House of Lords except by enforcement of the Parliament Act, and two years would be wasted in that struggle. The right way is to put the Taxation of Land Values in the Budget and have the Finance Bill certified as a Money Bill which the House of Lords cannot touch. But there remained the difficulty that a tax on land values could not be included in the Finance Bill unless the revenue from that source could be collected within the financial year. The difficulty has been overcome.

There was an unusual preliminary to the introduction of the Finance Bill. Mr Snowden had to take that very amenable and amendable thing, the British Constitution, in hand and adapt it to the circumstances of the moment, proving its superiority over those written constitutions of other countries that cannot make way for progress without an immensity of trouble. On the 28th April the simple Resolution was adopted that, notwithstanding any-

thing in the practice of the House of Commons, provision may be made for imposing a tax on land values although the tax is not to come into operation until a subsequent financial year. To the general surprise, the Resolution was carried without a division, leaving it to be presumed that the Conservatives saw in this breach of the existing constitutional practice something that on occasion would suit their own ends for enacting a general tariff, also by anticipation. That is as it may be.

The Budget Resolutions have been passed. The Finance Bill was read a second time on 19th May. The controversy began in moderate tempo. It looked as if the Conservatives wished to see this land values topic removed from the arena, which in their imagination was ready for the grand staging of Protectionist tariffs. In any event, the land value tax could not take effect for two years or more, and if the Government did not last so long or were defeated at the next General Election, the tax could easily be repealed. It would be a mistake, therefore, in their opinion, to estrange popular good-will for the coming show by trying to hiss off the stage the policy of land value taxation which has (they have to admit) an enormous popular sentiment behind it. But that mood lasted for only a day or two. The landed interests have reminded the Conservatives that their chief function is not to promote protection: it is to defend privilege.

The interests are now fully aroused to the meaning and implication of this radical Measure and the Conservative party in Parliament has been compelled by its masters to answer the challenge. A far-reaching principle is in debate, no longer as an abstract theory of propagandists, but as an immediate practical reality. It is announced for ultimate fulfilment in the stirring words of the British Chancellor of the Exchequer that the land was given by the Creator for the equal use of all His people. It is not a mere question of imposing a land value tax of a penny in the pound. It is the new vista that opens up. To vary the metaphor, points are being laid on the rails and a lever provided that will switch the great engine of taxation along an entirely different route. It has taken long to arrive at that junction. Hundreds of British municipalities have striven these many years to arrive at it. They have called and called again for the laying of the road that will take them away from the inequitable rating system under which land speculation flourishes and industry is heavily penalized. The municipal movement for the rating of land values enters a new phase. The valuation is in sight that will form the basis for the transfer of local taxation from buildings and improvements to land values, and it was significant that Mr Snowden in his speech emphasized that future development of his proposals.

In the sphere of national politics and international relations as well, the Taxation of Land Values comes to sound the death-knell of Protectionist aims and ambitions. Already in the debates in the House of Commons the undercurrent of thought is seen. Mr Snowden preceded his announcement of the land value tax with a condemnation of tariff barriers and indirect taxation that places him foremost among the statesmen of the world. He is the Free

Trade Chancellor who has indicated to his country and to all mankind the line public policy must take if Free Trade is to be maintained and extended. He evidently sees that the existence of tariffs and the danger of more tariffs may never be fought off until Governments are persuaded that in the value of land lies the just and plentiful source of public revenue, derivable not to the hurt but to the benefit of all industry. This is the alternative to the robbery of the consumer, the interference with production and the endowment of monopoly, which is the real purpose of Customs houses wherever erected.

The earliest financial year for which the land value tax will be charged is 1933-34. The earliest date on which the tax will be payable is the 1st July 1934. It is a long time to wait for the tax to operate, but the delay would seem to be unavoidable. The land value must first be ascertained, and valuation is a work the magnitude of which may not be under-estimated. The interval between the date when the Act passes and the 1st January 1934, when the assessed values will be entered on the register, will be well employed if the valuation is well and truly made. With all respect to the case frequently put for compelling owners to estimate the values themselves, there is no drastic or spectacular short cut to the end in view, which is to determine the value of each piece of land apart from improvements. The way to expedite the work, with the assistance of owners and persons interested in land, is to publish the valuation register before objections or appeals are heard, and to allow the important aid of easy and open comparison to play its part. This manner of proceeding is provided in the Bill for the second and succeeding valuations, but unfortunately not for the first. It is a point of importance that ought to have consideration in the Committee stage of the Bill.

There is room for criticism on the exemptions. As to the land which in the opinion of the Commissioners has a purely agricultural value, it will not only be exempt from tax but also from valuation. But all agricultural land which has a value higher than that for purely agricultural purposes will be included to the extent that its "land value" exceeds its "cultivation value." It is necessary to study the Bill very closely to understand the distinction between the two values as defined, which result in this: that the agricultural land which has what is generally called a building value—the land that is held for speculation in and around every city, town and village—will come under contribution to the tax along with every piece of land, whether used or not, except that which is excluded as already explained. It will be observed in passing that "cultivation value" is itself of an extremely hypothetical character. We fear it will be a source of much tribulation to the valuers, not to speak of disputes arising on objection and appeal. The fact that it has to be ascertained will complicate and prolong the task of valuation.

The true line, of course, is to make no distinction between agricultural and other land, to have no such duplicate valuation, and to make the tax all-comprehensive.

What has been submitted is a scheme admittedly restricted in its scope; and as the Bill has been framed it would not be possible to make the tax apply to purely agricultural land since the definition of land value so far as agricultural land is concerned is incomplete; it includes improvements by which it is unsuited as a basis for land value taxation. The extension of the principle to all agricultural land will require another definition of land value, and if that cannot be done in the present Bill, thought can be concentrated on the necessary amending legislation later on.

The other exemptions are minerals, sporting rights and land belonging to railways and kindred public undertakings. Greatly to be deplored for its breach of the principle and for its invidious character is the relief to be given in cases where the amount of the tax chargeable does not exceed 10s. in any year. But with these defections, that in no way prevent or prejudice the subsequent application of the full principle, the Finance Bill is to be hailed as a straight and certain step in the right direction.

What counts more than the nature of the proposal is the agitation it evokes; and the agitation to-day enjoys the great advantage that the proposal itself is sound and beneficent. The principle of a flat tax on the value of land, whether used or not, is now recognized. The financial, social and economic effects of the tax, its justification as a proper source of revenue, the claim that land value is for public use and not for private appropriation, the proof in the making that here is to be found the solution of the unemployment problem—these are the questions that the Budget of 1931 raises for settlement.

One other objection calls for comment. It has been said that the new land value tax is not taking the place of any taxes on trade or industry, which is to say in effect that Mr Snowden, in providing for a land value tax that begins to be charged two years hence, has not also budgeted for the removal of fiscal burdens two years hence. It will be time enough to see what can be done in remitting bad taxation when the revenue from the land value tax is forthcoming. The great object is being attained of instituting the new system. But by anticipation is there not a substitution and on a grand scale? Revenue from Customs duties has been prevented. It will come instead from land value taxation. There will be no dive into the morass of Protection, and the inviting road upwards to economic emancipation lies before us. Manifestly if the present Government had not been in power at this moment, if the Conservatives had taken office, we should have been faced with the general tariff, for which such an intense campaign has been conducted. But it is now recognized that the ground is slipping from under the feet of the tariff reformers: recent by-elections prove that there is no swing over in their favour.

The Budget of 1931 marks a new epoch in British politics. The land question in all its relations is fundamental. The die is cast for the salvation of the people and their industry from the stranglehold of land monopoly and for the extension of free trade to the freedom of production.

A. W. M.