

the resignation of the Chancellor, Prince von Buelow. Eight months ago the Imperial Ministry introduced a fiscal reform measure, one provision of which proposed an inheritance tax upon direct heirs, including widows and children. As previously reported this proposal was defeated on the 24th of June by 194 to 136. Because of that defeat, and of the new grouping of parties which it disclosed, Prince von Buelow resigned as Chancellor, and the fiscal legislation was thereafter conducted by the Vice-Chancellor, Dr. von Bethmann-Hollweg.

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Financial necessities prophetic of an enormous deficit, forced an adjustment of some kind; and on the 10th the original measure, greatly modified, was adopted by the Reichstag. As adopted it greatly increases the burdens of indirect taxation: higher taxes on beer, tobacco and brandy; higher duties on coffee, effervescent wines, cordials and teas—the tea tax being quadrupled; stamp taxes on checks, dividend coupons, stocks, bonds, etc. These are samples of Conservative tax reform in Germany. There is also a tax on real estate transfers. The National Liberals, the Radicals and the Socialists voted against the amended measure.

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In connection with the tax on real estate transfers, a resolution is adopted by the Reichstag which requires that a bill be introduced by April 1, 1911, formulating a method for the taxation of the unearned increment of land values. A ministerial memorandum on this subject had been submitted to the Reichstag on the 15th of June as embodying the views of the treasury department. This memorandum declared that a measure for the taxation of increased land values for purposes of Imperial finance would not be feasible at present, because it would interfere with municipal taxation. In summing up the results of the investigation of the treasury department, however, the memorandum declared that the taxation of unearned increment is justifiable, and is very suitable for local purposes, but cannot be considered for the purposes of the present Imperial finance reform, as it is still too obscure both in theory and practice to enable the scheme to be worked out within the time at the Government's disposal. It is apparently in deference to the final suggestion that the Reichstag has now directed the Government to bring in two years hence, a measure for unearned increment taxation.

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#### The British Suffragette Movement.

New tactics for securing a hearing were adopted by the London suffragettes (p. 663) on the 7th. The Pankhurst faction, led by Mrs. Pankhurst, approached the King, but were ejected from the palace grounds. Some suggestion was, however,

secured from the King, and as a result the Home Secretary gave the deputation a hearing on the 8th. After reading the petition and listening to arguments he promised to forward the petition to the King. Meanwhile the Despard faction obtained access to the Prime Minister at the front door of his residence as he was entering, on the 9th, and he accepted their petition. The police court on the 9th decided against the suffragettes arrested on the 30th (p. 663) and sentenced Miss Pankhurst to a fine of \$25 or imprisonment for a month. The same sentence was imposed on Mrs. Haverfield, daughter of Lord Abinger. Notice of appeal was given. On the 12th fifteen suffragettes who in the course of a raid on the House of Commons June 29 broke windows with stones hidden in brown paper parcels went to prison for a month rather than pay fines. The suffragettes who presented the petition to Mr. Asquith were arrested and charged with disorderly conduct. They refused on the 12th to pay fines, and were sentenced each to three weeks' imprisonment. They are refusing to eat, and are resisting the efforts to force them to change their street clothing for the prison garb, and are ignoring the prison rules of silence. The right of petition is involved in these cases.

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#### British Land Values Taxation.

The weekly cable letter of T. P. O'Connor, M. P., as it appears in the Chicago Tribune of the 11th, describes the contest in the House of Commons over the financial bill (p. 635), as having brought on a collision between the Liberal party and the Labor party on one side, and the Irish party on the other,—a collision which at one point reduced the Ministerial majority to a dangerous minimum. As Mr. O'Connor explains, however, Lloyd-George is anxious not to antagonize the Irish party, and the Irish party is "anxious to support his land taxes so long as they do not hurt Ireland." In further explanation of the land values taxation issue, Mr. O'Connor says in this letter of the 10th:

The hope of the tariff reformers [protectionists] was that they could prove that taxation could not be further increased without a tax on imports, which they describe as a tax on the foreigner. The other economic reason which works against the land tax is the enormous number of persons who are interested in house and in building property near towns. Added to all this element there is that mighty landed interest which, ever since William the Norman created the feudal land system ten centuries ago, has been the chief and most powerful factor in the government of England. That class gathers around it not merely all the men and women of ancient birth, but also vast numbers of the nouveaux riches. The big capitalists of London are as fierce against the land taxes as the nobleman of the most ancient and purest descent; Lord Rothschild walks arm in arm with Lord Derby; the one only removed by two

generations from the Jewry in Frankfort, the other descendant of men who belong to the twilight of English history and who appear again and again writ in large letters on the pages of Shakespeare.

The wild enthusiasm which on the other side has been created by the budget, marks a spirit of violent reaction from the gloom and even despair which had settled down on the Liberal ranks up to the introduction of this terrible engine of war which Lloyd-George has forged. Bill after bill had been rejected by the House of Lords, and the Liberal party felt itself enraged, defied, but helpless, and the Liberal ministers either passed academic, innocuous and impotent resolutions or sat twiddling their thumbs. The whole world of reaction laughed at all these performances. They were like the grimaces which, in the old Chinese books of war, Chinese soldiers were instructed to employ to frighten an enemy approaching with Maxim guns and explosive shells. And upon this impotent rage and hope deferred there suddenly descends this huge Dreadnought of Lloyd-George. It is welcomed, therefore, not merely as a great instrument of finance, but as a vindication of free trade taxation; as an attempt to equalize the burdens of rich and poor—though all these things have done much to create its extraordinary popularity. It is welcomed even more as a declaration of war against the House of Lords and as the most formidable and provocative weapon in such a fight that has ever yet been devised.

And a fight with the House of Lords on some issue that would appeal to the English people is what the English Liberals have been asking for during the last three years. They have been so anxious to find such an issue as to be like the legendary Irishman who trailed his coat to provoke somebody to tread upon its tail. And at last it looks as if the Lords were going to accept the challenge, or perhaps one should say fall into the trap. The proposal is that the House of Lords should accept all parts of the budget except those which refer to the land taxes, and that they should, by dividing the budget into two parts, accept one-half and reject the other. All kinds of arguments are being used to prove that this would not be a violation of the privileges of the House of Commons. The Spectator, the ablest and sanest of the Tory organs, argues, for instance, that while it is not in the power of the House of Lords to levy a tax on the nation, it has the power to relieve the nation of a tax, and that therefore if the House of Lords only excises the land taxes it will be acting within its rights, for it will be relieving, not burdening, the people. The Liberal journals hail these challenges with ferocious delight. And I think they are right. It cannot be possible that Englishmen will be reactionary enough to allow the right of the people to tax themselves through their elected representatives to be flinched by such an unrepresentative assembly as the House of Lords.

But before it comes to that point a good many things will have to happen. The Liberals will not allow the House of Lords to force them into a general election without a desperate struggle. They are entitled to declare that this would mean that the House of Lords could always paralyze any Liberal majority, however great, in the House of Com-

mons, by sending it back whenever it liked to the constituencies again. It would be nothing short of a declaration of surrender to the House of Lords. What the Liberal ministry will do, then, is to send back the budget bill unchanged in a single line or word or comma to the House of Lords, and perhaps they will send it back again and again. In the meantime there will be something like financial chaos. Already some millions of new taxes have been collected; already they have been spent; they can't be got back again, and one can easily imagine the condition into which England will be thrown if such a state of financial anarchy were to be set up.

In this imbroglio the King will have a difficult as well as a momentous part to play. The Liberals will appeal to him as the last resort to make the same threat as his ancestor, William IV., did in 1832—that is to say, to tell the House of Lords that if they do not accept the budget bill he will use his undoubted power as Sovereign to create as many new peers as will swamp their majority and create another. This, of course, if carried out, would be a revolution, but by the time this struggle has reached that point the temper in England will be revolutionary.

In the meantime one hears the clash of arms for the fight everywhere. This big agitation in the country, of which Winston Churchill has been made the commander-in-chief, will be formidable. It is proposed to hold meetings in every constituency; to send speakers to them; in other words, to do everything to lash the masses into a cyclone of passion on behalf of the budget and against the House of Lords.

A special dispatch of the 10th from London to the Chicago Record-Herald describes the House of Commons as devoting three days a week to the financial bill, and as sitting until 3 and 4 o'clock in the morning. The "plutocratic landed interests and the liquor element" are named as growing daily more stubborn in their opposition. They are striving, says this dispatch, "to break the physical strength of the Chancellor of the Exchequer, upon whose shoulders falls the whole brunt of the defense." The dispatch adds: "If he were to be put out of the running through illness or overstrain, his opponents know that no one else in the government can carry this highly complex measure through. But Lloyd-George so far has proved himself more than a match for his opponents. His urbanity, good humor, confident courage and readiness in reply are irresistible."

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The Liberal campaign before the people, in behalf of the budget, was officially opened in the Empire Music Hall, at Southport, on the 2d, by the Prime Minister and leader of the Liberal party, Mr. Asquith. He spoke to an audience of 3,000 people. The speech was comprehensive in its discussion of Imperial affairs; but, like the interest of the audience, it centered upon the issue of land values taxation. On this issue he said, as reported by the Liverpool Post and Mercury of the 3d:

I admit, and I not only admit but I claim, it

strikes new fiscal ground. . . . These taxes, though popularly and conveniently described as taxes upon land, are not in the strict sense of the term taxes upon land at all (hear, hear). What are they? A very distinguished economist, a professor of political economy at Cambridge, writing in the "Times" today, says that the proper description for them would be taxes upon windfalls (laughter). And that, ladies and gentlemen, is really what they are (cheers). That is to say, what the state is doing is not putting a tax upon land as such. Nothing of the kind. What it is doing is this: it is saying to the landowners—the owners of certain classes of land—I will come to that in a moment—the owners of certain classes or categories of land—that when your land acquires through causes for which you are not responsible, and to which you have not contributed, but which result from the growth of the community and action of the community—when your land under these conditions, and these conditions only, acquires an increment of value, either actually realized or conveniently realisable, the state will step in and exact a toll (applause). . . . When this increment duty was first proposed our opponents, who have not now got a complete, but then had only partial possession of the real facts, declared that it was a novelty and a socialistic invention. It was pointed out that it had been in operation for a good many years in a very conservative community in the town of Frankfort, in the German Empire. Then they said: "But it is not safe for us to legislate on the isolated experience of a single or, perhaps one or two German towns." It was then pointed out that it was in operation or intended operation in something like 200 German municipalities, and in two of our own colonies, and the Conservative party in the Reichstag were putting it forward for Imperial taxation against Prince Von Buelow's policy. That was rather awkward (laughter). They retorted that taxes of this kind might be good enough for a benighted continental race, but that it was not good enough to thrust down the throats of a freeborn Englishman or Scotsman. That was a condition of argumentative bankruptcy to which the opponents of the increment tax had now been reduced.

Let me pass now in a few words to the other tax, the tax on undeveloped land. There is much misapprehension on this subject. . . . What is the scope of the tax and its general effect? Let me point out to you that like the increment duty with which I have already dealt, it is in its intention, and it will be in its effect, primarily a fiscal instrument, namely, a means of raising revenue for the Exchequer. It merely says—and here again, I think, we come down to an almost elementary principle of social justice—it merely says those classes of land shall be taxed. On the basis of real as distinguished from perfectly fictitious value such land is under rented. That is to say, for a number of reasons, reasons which are satisfactory to the owner, it is bringing in a lower yield than it would if put into the market, bring in, and ought to bring in. Take the case of land which can be sold for immediate development, but which is being held up, and legitimately held up, in the hope of getting a higher price in the future. Such land can command a definite economic rent, and is capable of producing an income. That land

ought to form part of the taxable income of the country. The landowner does not take that rent, but chooses to forego it, and the source of revenue is reduced pro tanto, and the national income reduced so much. He does this for his own purpose, and in the hope of future profit, and it is clearly only fair and just that the state should apply to him rather than to other taxpayers to make up the deficiency (cheers). Now, ladies and gentlemen, it is said one of the effects of this undeveloped land duty will be to put pressure on landowners to sell their land. Perhaps it will (hear, hear). Is that a calamity to the community (laughter)? Is that a contingency which we ought to regard with horror and aversion, and against which we ought to take all possible precautions and safeguards? Remember this, we hear a great deal about the withdrawal of capital from this country. It is quite true that capital can be withdrawn from one area to another, and sometimes that transference is beneficial to the other area (laughter); but land cannot be removed (cheers). It cannot be removed, I say, and even if this terrible calamity should happen and there should be a transference of ownership, the land is still there, and the community will continue to enjoy it. The truth is . . . it only taxes part of the windfall as and when it falls. . . . It only taxes a man on an income which he might enjoy, but chooses for the time being for purposes of his own to forego (hear, hear). I maintain that taxation which seeks these ends by these means is taxation which is not only sound in economic principle but which conforms to the eternal and immutable principles of social justice (cheers).

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Some idea of the tremendous agitation over fundamentals which the discussion of this British budget has produced in England may be had from the following description by A. J. Moxham, who writes from London under date of the 30th that—the Government is aggressively fighting through the new budget, embodying quite a touch of single tax ideas. The speeches in Parliament pro and con, and the editorials in all the leading papers are full of the land question. I feel that it confirms the belief, which I have held for a long while, that the sooner the single tax line of thought can be got into actual politics the better. Not only is the discussion in evidence upon every side, but all the speeches are listened to by large audiences, and all the articles that the papers are full of are absorbed by an immense number of readers. The condition of affairs over here would have done Henry George's heart good if he were living to be a witness of it; and no matter what may be the fate of the present budget, the net result is going to be a big step forward. The United Committees for the Taxation of Land Values, which have been at the helm for some time, have pushed forward so far that for the first time in their history they are to-day in command of sufficient subscriptions to keep the work going comfortably.

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The oldest discoverable forms of property in land were forms of collective property.—Sir Henry Sumner Maine,