

Land Taxation in Great Britain

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mately 23,750,000 bolivars (less than \$5,000,000), had been paid during the year 1930. Venezuela's only national indebtedness now is an internal debt of about 26,500,000 bolivars. The National Treasury, he said, on April 14, 1931, had a balance in its favor of nearly 45,000,000 bolivars. He also pointed out that Venezuela had maintained her position as the second oil-producing country of the world during 1930, when production amounted to 141,000,000 barrels, an increase of 2,000,000 over 1929. The limitation of production by American companies operating in the Maracaibo basin, to which reference was made here last month, will undoubtedly affect Venezuelan oil production for 1931.

Most of the other countries less fortunate have tried to meet their problems in various ways. All are seeking methods of meeting their financial commitments and of improving the economic condition of their citizens. The unemployment problem has been particularly pressing, and the respective governments are exhaust-

ing every possible means to relieve this situation.

Measures taken in Brazil for the relief of unemployment include, in addition to the embargo on immigration throughout the year 1931, a provision that at least two-thirds of the employes of all individuals, firms or companies engaging in business in Brazil shall be Brazilians by birth. Other steps are a decree compelling registration of all unemployed at offices of the Department of Labor, Industry and Commerce under penalty of arrest as vagrants; and the establishment of agricultural colonies for the unemployed, with free transportation for colonists, maintenance for a brief period, employment on public works for half of each month for all members of the colonists' families, free seeds and farm implements, and free medical attention. The expense of this program will be met in part by an income tax on the salaries of all government employes, ranging from $\frac{1}{2}$ per cent on the smaller salaries to 2 per cent on the larger ones.

Land Taxation in Great Britain

MR. SNOWDEN'S budget transcended all else in importance in British political life,

and it was notable not only for remarkable skill in its more ordinary fiscal aspects but for the proposal which accompanied it, that a tax of two-fifths of 1 per cent be levied on the value of land with the exception of that used for agricultural purposes.

In the course of an interesting forecast for 1931-32 Mr. Snowden estimated that under present taxation expenditures would be \$4,016,000,000 and receipts \$3,830,000,000. Admitting that he was offering a make-shift for what he regarded as an extraordinary and temporary situation, and reminding Parliament that only

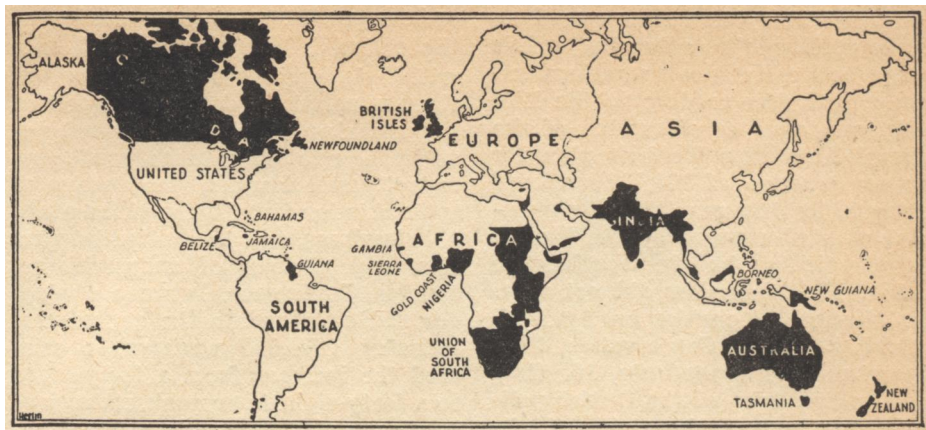
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large debt redemption had prevented the past year from showing a substantial surplus,

Mr. Snowden avoided

an increase in direct taxation by three ingenious expedients. He proposed an increase in the tax per imperial gallon of gasoline from 8 to 12 cents. He asked that three-quarters of the income tax payment be made in January instead of the usual half. He announced that thanks to the redivision of reparation receipts decided upon at The Hague and to the existence of the Bank of International Settlements, he felt justified in reducing the debt operations credit maintained in New York from \$165,000,000 to \$65,000,000. These operations would give him an estimated \$670,000 credit margin



THE BRITISH EMPIRE

for the year. He added that he hoped in 1932 to take advantage of the low money rates to reduce the debt and interest payments by further loan conversion operations. The securities market responded with broad advances and only the merchants lamented that the January income tax payments would hit the Christmas trade.

The response to the proposed tax on land values was more mixed, but the tax was as ingenious and revolutionary a proposal as the United Kingdom had seen since 1909 or 1911. In the first place it was good socialism, for in Great Britain, unlike the United States, land has in general escaped taxation. In the second place, it was good Liberalism, in fact rather better in its simplicity than Lloyd George's triple act which was in force from 1909 to 1920. That act yielded \$9,000,000 a year, but it was so complex that even incomplete assessment had cost \$25,000,000 by 1920. Mr. Snowden's scheme will need two years to secure the assessments, but he hopes that it will yield \$250,000,000 a year and force speculators in real estate to share with the socialized State their socially-created profits. Finally, the scheme robs the Conservative landlords of most of their counter-arguments by excepting land used for agriculture. Even so, the House of Lords is expected bitterly to resist.

The response of the government has been to make the land-tax part of the finance bill and the House of Lords is constitutionally unable to prevent the passage of money bills. In addition, Mr. MacDonald has made it clear that he would welcome a fight with the Lords.

The government resolution giving effect to the proposal was approved by the House of Commons on May 6 by 289 to 230 votes. In supporting the resolution Lloyd George declared that "the case for the taxation of land values is overwhelming."

The general domestic political situation showed little change, although the Conservatives won Ashton-under-Lyme from Labor and more than halved Labor's majority at East Woolwich. Political prophets agreed that an immediate general election would result in a Conservative victory. Liberal support preserved the government, which is really a Labor-Liberal coalition. This was made clear on the occasion of Mr. Baldwin's vote of censure of April 16 on unemployment policy. Mr. Lloyd George went through the manoeuvre of freeing his followers to act as they pleased. Naturally, except for Sir John Simon and nine followers, they pleased to keep Parliament alive and their political existence with it. Moreover, in his defense of the government, Thomas Johnston, the

new Lord Privy Seal, announced as future policy the extensive public works and assistance to rationalization of industry so dear to the Liberals, and close consideration of the Liberal Sir Tudor Walter's plan for the construction of 200,000 workers' cottages. In the result the government averted censure by the largest majority it has had in months, 305 to 251. The Mosleyites did not vote. The strength of parties on April 15 was: Labor, 274; Conservative, 259; Liberals, 58; Independents, 16. (For further discussion of the British political situation see the article "Britain's Two Years of Labor Government," by H. Wilson Harris, on pages 374-378 of this magazine.)

UNEMPLOYMENT AND TRADE CONDITIONS

There is good reason for believing that what the General Council of the Trades Union Congress thinks today the Labor Party will at least have to consider tomorrow. Considerable interest, therefore, attached to the announcement by the council of the proposals it would make at its hearing before the Royal Commission on Unemployment. It came out flatly against any contributory or insurance scheme of relief, arguing that neither worker nor employer nor the treasury should carry the burden. The task was the nation's and the way to carry it was by a levy on all incomes, beginning with 1 per cent on those below \$1,250 and rising, with a surtax on unearned income. The amount paid was to be rebated in income tax assessment.

Trade showed signs of revival and unemployment decreased, but the trade returns for the first quarter were melancholy reading. Imports declined 25.9 per cent, exports 37 per cent and re-exports 29 per cent, making a visible adverse balance of \$445,675,000 as compared with \$474,450,000 in 1930. The decline of commodity prices seemed to be checked and this added point to various attempts to regulate industry, hours

and wages. A special committee of the cotton industry on April 9 submitted to operators and operatives three resolutions designed to effect the securing of accurate knowledge as to the relation between productive capacity and demand, the erection of apparatus for distribution of the available business, and the better integration and pooling of industrial resources. Conferences between employers and employed in the engineering industry (600,000 workers) considered the increase from a forty-seven to a forty-eight-hour week, reductions in piece rates, and certain other adjustments. A similar conference in the ship-building industry (200,000 workers) was faced by 52.6 per cent unemployment and little promise of improvement except a growing Russian demand for ships to be built on long credits. The Miners' Federation, with its forty members of Parliament, could deal in effect directly with the government. It has finally refused to accept the present compromise "spread-over" of working hours in the week, and has thereby exposed the illegality of working more than seven and one-half hours a day in a five-day week. The government must act, because the seven-hour day becomes the legal maximum again in July. The Federation has secured the promise of a minimum wage act before then to protect them when hours are cut. A special committee has been investigating the electrification of the British railways and the government is seriously considering its proposals for the electrification of 51,000 miles at a cost of \$2,000,000,000. The committee promised therefrom an annual saving of \$62,500,000 and the additional employment of 60,000 men for twenty years.

The government has been sounding out the chief European governments as to their consenting to a 25 per cent cut in tariffs, but has had not a single favorable reply. The whole situation is, of course, complicated by the proposed Austro-German customs union

and by M. Briand's earlier proposals for economic federation. On April 19 it was announced that a French commercial mission would visit England for conversations about modernizing the commercial treaty of 1882, but wider considerations were expressly excluded. Great Britain is France's best customer, but French sales have been declining steadily since 1928.

IRISH FREE STATE'S DEMAND FOR EQUAL STATUS

The government of the Irish Free State continued its efforts in London to secure complete abolition of the right of appeal to the Judicial Committee of the Privy Council. Its retention is an integral part of the Anglo-Irish treaty which preceded the creation of the Irish Free State, and one alteration in that treaty would be a precedent to the Republicans for another. The British Government was reported to be considering the request and the Irish Government was pressing for an early answer.

President Cosgrave, speaking on May 5 before the Free State Government Convention, stressed the point that this was still the main outstanding question between Ireland and Great Britain. Appeals to the Privy Council from the Supreme Court of the Free State, he said, "are an anomaly and an anachronism. Their continuance is incompatible with the Free State's status and an insult to our dignity and sense of fair play. In the interests of both countries and their better friendship this appeal must disappear and soon."

Finance Minister Blythe's ninth budget, presented in the Dail on May 6, held fewer surprises than had been expected and balanced easily. Mr. Blythe's speech opened with the announcement that, despite the world depression, the taxation yield was considerably in excess of the estimate and that there was a small surplus. The income tax produced \$250,000 more than in the previous year, exceeding

the estimate by more than \$1,250,000, but the liquor tax was disappointing. The net revenue for the coming year was estimated at \$123,305,000 and expenditures at \$131,821,250. The public debt stood at \$146,905,000 at the close of the financial year. The net national debt of \$576,370,000 represented an increase of \$2,000,000 above last year's account because of abnormal charges, but from the standpoint of ordinary exchequer transactions the debt fell by \$1,330,000. To aid agriculture, the Dail was asked to allocate an additional \$3,750,000 toward the relief of taxes for a few years. An additional tax of 8 cents a gallon was placed on gasoline. The customs duty on sugar was raised 2 cents a pound and a tax of 2 cents a pound was placed on home-manufactured sugar. The entertainment tax on talking films was increased from 2 cents to 6 cents a foot. A popular feature was the abolition of the tax on race-course betting. Mr. Blythe predicted a more difficult budget next year and urged drastic economies in government expenditure, but said there were no signs of a catastrophic fall in any direction.

The last of the land acts came into operation on May 1 and presumably won for Mr. Cosgrave the votes of a majority of the 70,000 tenant farmers who shook off the landlords and the 80,000 who will complete the process in November.

CANADIAN AFFAIRS

Nothing occurred during the month which could be said to indicate any conspicuous emergence from the lassitude and waiting which in Canada attend the current depression. It is true that Winnipeg's July prices passed unpegged Chicago's by a fraction of a cent, but the quotations remained near 60 cents a bushel. Parliament celebrated the times by over a hundred speeches on the Address from the Throne. No strong contours emerged from this flood of oratory except reiterated expression of the

depression of the wheat-growing West, and, fortunately, Canada shows signs of having passed the stage, in Parliament at least, of making party capital out of world conditions. Unemployment caused a good deal of concern, and the Prime Minister announced that he favored the creation of a scheme for unemployment insurance. The unemployment fund of \$20,000,000 created during the emergency session of last Autumn provided 4,857,217 days' work for 248,274 persons, as well as some direct relief—a distinctly creditable achievement by any relative standards. An attempt was made to create Opposition capital out of the dismissal on retiring allowance of some civil servants in the Department of the Interior, but as it was consequent on the transfer to the Provinces of control of their natural resources, this necessity was foreseen months ago. The usual seasonal improvement in employment was well under way.

Questions as to immigration have continued to be prominent. On April 10 British Columbia asked Federal assistance in restricting Oriental immigration, and pointed out that in the Province there were 28,000 Japanese and 26,000 Chinese. The latter are declining in number, but in the last five years the former have gained 6,000 by natural increase and 2,270 by immigration. Another significant action during 1930 was the deportation of 4,205 immigrants, 2,864 of them to the British Isles. A good deal of excitement and exaggerated apprehension accompanied reports from the United States immigration headquarters at Manchester, N. H., that a drive was about to begin against aliens in New England. There are said to be about a million French-Canadian immigrants and their descendants there, and, including as they do migratory marine, forest, and farm laborers, it is inevitable that the position of many of them is irregular. Last year about 4,000 returned to Quebec alone and an unspecified number to the Maritime

Provinces, so that a still larger returning movement is expected this year. The number mentioned was 30,000, but officials denied this emphatically. Canada has shared with other countries the consequences of modern international confusion over citizenship following marriage, and the present parliament is asked to provide a common sense substitute for the denationalization of British and Canadian women who have married foreign citizens in Canada. They are to retain their original nationality unless under the laws of their husbands' countries their nationality has been changed.

The long-anticipated crisis in the wood products industry came to a head during April with a cut in the price of newsprint per ton of \$3 retroactively from Jan. 1 to April 1, and of \$5 after May 1. As Prime Minister Taschereau of Quebec pointed out, the current depression has operated to reveal that the expansion and recapitalization which accompanied Canada's rise to leadership in this branch of production were out of line with anything but an expanding market. The Newsprint Institute was set up as a selling organization, but failed to hold all the Canadian companies, and in addition there were powerful competitors in the United States. The industry has recently risen to first place in Canada in gross and net value of products, so that national and provincial anxiety and cooperation have attended efforts to work out a pooling agreement with allotment of percentages of production to all the Canadian plants. A great many difficulties stood in the way of this achievement, and the situation was grave, although a rise in exports in March reduced the first quarter's decline to 17 per cent in newsprint and 33 per cent in pulp.

The final figures for the fiscal year of the Dominion ended March 31, 1931, showed declines of 27 per cent in imports and 28 per cent in exports, which brought about a decline of

\$670,000,000 in foreign trade. These declines were monetary to a considerable degree, as is revealed by the fact that Canada exported 40,000,000 bushels more wheat than in 1929-30, but received \$38,000,000 less for it. The new tariffs in both countries have almost extinguished the trade between Canada and New Zealand. It is impossible as yet to get any clear picture of the fundamental consequences of the tariff war between Canada and the United States.

An event of distinct constitutional importance took place in the Federal-Provincial conference at Ottawa on April 7 and 8. The statement of the Prime Minister concerning its findings was a commentary on the treaty character of Canadian federalism. The new British statute of Westminster, which is to embrace the recommendations of the Imperial Conferences of 1926 and 1929 as to the equal status of the United Kingdom and the dominions, is to be qualified by making it necessary, in order to amend the Canadian Constitution, for a practically unanimous request to go from Canada to the British Parliament. It is feared that, if Canada could amend her own Constitution, a party triumph in Parliament might result in legislation offensive to the French Canadian and Roman Catholic minorities. To them the British North America act is a charter of special liberties. The statement follows:

The interprovincial conference, which was convened yesterday to consider the terms of the proposed Statute of Westminster, adjourned today. It was agreed by the conference:

1. That the status quo should be maintained in so far as the question of repealing, altering or amending the British North America act was concerned, and that definite safeguards should be inserted in the proposed Canadian section of the Statute of Westminster to ensure that no powers would be conferred on that statute in this respect.

2. That provision should be made that, except as to the provisions of the British North America acts, the colonial laws validity act should no longer apply to acts of the Parliament of Canada,

nor to acts of the Legislatures of the Provinces.

The Prime Minister stated that at some future date a constitutional conference would be convened at which representatives of the Dominion and of the Provinces might consider the conditions upon which the provisions of the British North America acts may hereafter be amended or modified.

The final drafting of a new section to be inserted in the proposed Statute of Westminster was submitted at this morning's session, and its purport was generally approved, but its final acceptance was deferred for two weeks in order that representatives of provincial governments might have an opportunity to consult their colleagues with respect thereto.

The Prime Minister has announced his tentative plan for taking advantage of the present low money rates for a very large conversion operation. Some \$1,083,000,000 in loans maturing in 1931-1934 are to be offered in long-term conversion.

AUSTRALIAN ECONOMIC CRISIS

The progress of the several critical situations in Australia has made possible some generalizations, but it should not be forgotten that at bottom Australia is in the throes of a very grave general crisis and no clear way out of her financial difficulties has yet been indicated. Actually the excitement over debt repudiations by New South Wales has tended to obscure the fact that no one knows how to get the Federal Government and Australia generally out of the present morass of difficulties.

At the end of March the Labor party (which was in power) had summoned up courage to repudiate the repudiating Premier Lang of New South Wales and his followers. That left the party badly divided but, as Mr. Lang disclaimed Federal ambitions, Mr. Scullin, the Federal Prime Minister behind whom Mr. Theodore, the treasurer, was working, could be sure of a majority in the House of Representatives. The Opposition was also divided into two self-conscious parties, the Nationalists and the

Country party. There were marked evidences of separatism in the States and secession movements appeared in Western Australia, Queensland, and in two different districts of New South Wales. The Senate had an Opposition majority and Mr. Theodore's policy was to invite a disagreement, so that if the government could manage to get along until July there could be a double dissolution with its chances for Labor in both houses.

It was into this situation that on March 27 Mr. Lyons, the former Acting Federal Treasurer, precipitated himself. While Mr. Scullin was at the Imperial Conference Mr. Lyons earned a substantial reputation by his defense of his leader and his refusal to countenance repudiation or inflation. In a speech in Melbourne on March 27 he made an eloquent appeal for non-party government and outlined a program of retrenchment and reform. This secured informal endorsement from both Opposition parties, and he followed it up with a speaking tour. In a speech on April 13 he appealed to Australia and Great Britain to make "honest government" possible by lowering the interest rate on the debt. This plan was fortunate in securing the attention of J. H. Thomas, the British Secretary of State for the Dominions, who announced on April 15 that for three years Great Britain would cut the rate to that paid by her to the United States, thus effecting a saving to Australia of \$8,000,000 a year. Thereupon the movement behind Mr. Lyons became most impressive, and on April 17 the Nationalists, accepted his leadership, Mr. Latham agreeing to make way for him.

The course of other events fitted into the pattern. On April 17 the Senate rejected Mr. Theodore's compromise inflation project, the fiduciary notes bill. The same day the Commonwealth Bank announced that it could honor no more government overdrafts. On April 21, in spite of a vigorous advertising campaign, the New

South Wales Savings Bank closed its doors, following the run which was caused by alarm at Premier Lang's radical policies and by the fact that loans of \$150,000,000 to New South Wales stood against its \$350,000,000 of deposits. On April 28 a law was passed by which it was taken over by the Commonwealth Savings Bank. On the same day Mr. Lang repudiated, this time in New York as well as London, a second payment of interest on his State's indebtedness. Once more the Commonwealth government assumed the responsibility.

A general election cannot be forced on Mr. Scullin by the Senate before July 1, but in view of the distress among the farmers and the weakened financial situation of the government, it was doubtful whether the government could last until then. The Federal Loan Council, at its meeting on April 25, did not go beyond the aim of balancing the budget by July 30, 1934, although it initiated measures to lower interest rates and to float a \$60,000,000 internal loan.

New South Wales gave up its extremist "three-year plan" on April 6. On March 30 the full Commonwealth Arbitration Court established a 10 per cent wage cut for over forty trade unions, began the consideration of others, and refused several requests for increases from previous cuts.

HINDU-MOSLEM CONTROVERSY IN INDIA

As the hot season approached, optimism as to Indian affairs evaporated considerably. The root of the trouble was the everlasting communal problem. Gandhi's committee reported that the Cawnpore casualties amounted to 500 deaths and, in his nervous reaction after Karachi, Gandhi was not only depressed but impolitic. It was tragic enough for him to have to say on April 11, "I have tried my utmost for permanent peace but I find nature against me," and to announce later that he would put aside all thought of the Round Table

Conference while he prayed for Hindu-Moslem peace. Yet his remark that civil war was preferable to the humiliation of having the British keep the peace, "even if one community disappears," was the kind of tired comment which the Moslems coupled with his curtness to Moslems at Karachi, and led them to fear dictatorship—that home rule would mean Gandhi rule. At any rate, the secretary of the All-India Moslem League issued a statement in reply to Gandhi's which said that it "in some respects does not differ from the outbursts of a third-rate, sun-dried bureaucrat, while in other respects it reaches the high-water mark of sheer humbug." The League is a far more representative body than the Nationalist Moslem group and its members seemed as hopeless as Gandhi, at the same time as they feared the consequences of his resignation to inevitable trouble. Lord Irwin's parting advice to India was that the Hindus ought to err, if anything, in generosity to the minorities, for otherwise domestic peace was impossible. The sole cause for comfort was that Gandhi's triumph at Karachi meant that the Congress, which two months before resolutely boycotted negotiations in London, had committed itself to the new conference and its members were actually studying the Lon-

don proposals. This was to the credit of both Indian and British statesmanship. Gandhi, who was to have headed a delegation of twelve, now proposed to go as sole Congress delegate, with six or eight "advisers," while the Congress working committee remained to supervise India.

The Earl of Willington, the new Viceroy, arrived on April 17, and Lord Irwin departed on April 19, just as the difficulties of keeping the New Delhi truce were becoming apparent. Gandhi used the occasion of saying good-bye to Lord Irwin to present a long list of failures on the part of the government to live up to its agreement. Inasmuch as a British magistrate was shot and killed in Calcutta on April 8 and "violent" attacks were being made on toddy merchants, with the cutting down of toddy-palms and the burning of booths, all the failures were not on one side. Moreover, Patel was making inflammatory speeches to the effect that the truce must be a preparation for war, and the Red Shirts were misbehaving themselves. Affairs were very tense and they were not relieved by the volley of abuse from the Congress press at the departing Viceroy. Another cause for depression was the decline in 1930 of 25 per cent in the volume of Indian trade, carrying it down almost to the 1913 level.

The French Presidential Election

PAUL DOUMER, President of the Senate, was elected President of the French Republic on May 13 on the second ballot, by 504 votes to 334 cast for Senator Marraud. Foreign Minister Briand withdrew from the contest after the first ballot, in which he received only 401 votes to M. Doumer's 442.

Gaston Doumergue, who was elected to the Presidency on June 13, 1924, began winding up his term of office

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by making during the Parliamentary recess the last of his official journeys. During the first two weeks of

April he went to Tunis to return the call made to him last July by the Bey Ahmed Pasha and to celebrate the fiftieth anniversary of the establishment of the French protectorate. Landing at Bizerte, the naval base, he was received with great pomp at Tunis, the capital, by the Bey, who expressed the gratitude