

Parliament and the Land Tax

AFTER THE LIBERAL PARTY VICTORY IN 1906, SINGLE TAXERS and land reformers expected success for a land-tax bill. Liberal leaders were pledged to bring in a taxation-of-land-values bill, and party members were prepared to support it. "The only proposal that has any popular following [in 1906] is a demand for the special taxation of land values," admitted Harold Cox, a Liberal opponent of the land tax.¹

Yet the taxation-of-land-values bill was to wait for another four years. A Budget rejection by the House of Lords, two general elections, and a threat to pack the Lords with Liberal Peers were to precede the legislation.

Attempts to enact George's land theories into British law had two phases: first, attempts to pass separate land-tax bills; and second, the use of the Budget to secure this legislation.

Shortly after the Liberals took office, Asquith, as Chancellor of the Exchequer, was handed a petition, signed by more than three hundred local councils, demanding that the Government introduce a taxation-of-land-values bill. He assured the deputation that the Liberal Party accepted the land-tax principle as well as that of land valuation, but pointed out that they needed time to draft a land-tax program.²

Liberals first tried piecemeal land reform: They drew up a land-tax bill for Scotland on the theory that, if it was passed, they would follow with a measure for Great Britain.

A Taxation of Land Values (Scotland) Bill, introduced in 1906, provided for a land valuation in Scotland, a rate not to exceed two shillings in the pound on site values, and the taxation of unde-

veloped as well as developed land.³ The bill, denounced by Cox as "based on delusive arguments put forward by Mr. Henry George,"⁴ passed its second reading in the House in March by a margin of 258 votes, and in April was referred to a Select Committee.

Meanwhile, single taxers began to plan a more comprehensive land-tax program. A committee of land taxers in the House of Commons appointed a subcommittee to prepare legislation for taxing land values. Early in April a bill to require land valuation in England and Scotland was drafted, and the land taxers voted to submit it to the Prime Minister. The committee also urged the preparation, in the Local Government Board of London, of legislation to make the valuation of land, apart from buildings and improvements, a part of local assessments. This was followed by still another bill transferring a large part of the present rates on buildings and improvements to land.⁵ This almost pure Georgian proposal was sidetracked by other developments.⁶

In December, 1906, the Select Committee's report on the Taxation of Land Values (Scotland) Bill recommended that it be dropped for a more radical proposal, and that a measure be introduced providing for a valuation of land in Scotland, apart from buildings.⁷ *Land Values* reported that Conservative members of the Select Committee had failed to discredit taxation of land values: "Time has only justified Henry George . . . the followers of Henry George in Great Britain can congratulate themselves. They have broken through the ranks of politicians organized to promote other measures in mitigation of social evils, and have carried their master's gospel to the fore-front of British politics."⁸

Opposition to the land tax was weak and disorganized. Cox, in his revised edition of *Land Nationalization*, charged that most Liberals supported the land tax because "they see in the taxation of land values a convenient device for lowering local rates."⁹ Keir Hardie, speaking for Socialists, recommended support of the land tax merely because it was a step toward land nationalization on socialistic terms, but dismissed the single-tax movement as "one of the most reactionary forces in the politics of our time."¹⁰

A subtle compromise to the land tax was proposed in the "Tax and Buy Bill," promoted in 1906 by the National Housing Reform Association. This proposed that communities or the State purchase at reasonable prices all land needed for public purposes, by levying a tax on land values, which was to be assessed by the landowner. Too low a valuation was to be checked by a provision that land required for public purposes would be purchased by the community

or State at the owner's tax valuation.¹¹ With a Liberal majority in the Commons and a popular mandate for the land tax, the single taxers rejected the compromise.

But, after a year of Liberal power, the land tax was still just an issue. A second Taxation of Land Values (Scotland) Bill appeared in the House in 1907. In April two hundred and eighty land taxers in Parliament summoned Liberals to mass demonstrations in London as proof of party solidarity.¹² The Prime Minister, Campbell-Bannerman, at the Holborn Restaurant meeting, and Churchill, at the Drury Lane Theatre, delivered the principal addresses.

Campbell-Bannerman promised that bills to obtain land valuation in Scotland and in England would be introduced during the current session; he hoped that they would become law, for they were "urgently needed." Even Georgites were satisfied with his endorsement of the taxation of land values: "It is undesirable and unjust that there should be a diversion from public to private hands of a large part of the improvements made by the community, and . . . of the wealth which is accumulated by the fact of the collection of so many human beings within a given space. The more the burden of rating can be transferred from private industry and improvements to this publicly created wealth, the better."

Churchill asserted to representatives from every county of England and Wales and from a sprinkling of Scottish counties that "never have the prospects of land reform looked more bright and rosy than today," and that land reform was a "piece with a long, long run ahead of it." Land taxes, he reminded, were opposed chiefly by "the political machinery of class and privilege, represented by the Second Chamber in the State."

The demonstrations ended with the unanimous passage of a resolution, moved by C. P. Trevelyan, a member of the English League for the Taxation of Land Values, urging the Government to write a land-tax bill providing: (1) for the separate valuation and rating of land values; (2) for the compulsory purchase of land by public authorities, for any public purpose, at a price based on this valuation; (3) for the regulation and planning of urban areas; and (4) for increased powers to a central authority to promote Housing and Small Holdings. At this time, English and Scottish Leagues for the Taxation of Land Values united and renamed their organization the United Committee for the Taxation of Land Values, thereby consolidating their political position.

But the opposition was consolidating its resistance. A taunt by

Churchill roused the Conservatives. "The House of Lords," he declared in Edinburgh in May, 1907, "had by its veto in the past been able to arrest or delay many valuable reforms, but the reform of the land laws of this country, wisely, bravely, determinedly guided, would forever destroy the veto of the House of Lords." Faced with this challenge, the Peers made it clear that Liberals would need an overwhelming majority to make the "Glasgow Bill" into law. In August the Bill passed its third reading in the House; later in the month it was rejected by the Lords.

After the veto of the "Glasgow Bill" the Conservatives launched a strong attack on the taxation of land values. In a series of articles in the *St. James Gazette*,¹³ G. E. Rainie paraded the charges that had been leveled at George in the 1880's. Taxation of land values was "Socialism by installment . . . the first scene of the first act of a clever plot" which "would strengthen the hands of those who have deeper and larger looting designs"; it was a "clever, crafty and insidious" means of seizing power; "an appeal, frank and unashamed, to the cupidity of the ignorant, the work-shy, and the worthless." According to the *Quarterly Review*, Liberals were out-Georging George: "If Mr. George in spirit has cognizance of the plan of his disciples, he must be abundantly satisfied with it; for even he, when living, would have regarded the sudden placing of all taxation upon the land as quite impractical, and the charging of all rates upon it at one fell swoop as beyond the scope of his most sanguine hopes."¹⁴

A more significant sign of Conservative resistance was the *Conservative Campaign Guide* for 1907, which contained a section entitled "The Taxation of Ground Values." The Conservatives repeated charges of confiscation and plunder; and, although admitting the need for a reform in local taxation, they maintained that no reform was satisfactory which "does not bring under contribution those forms of property which now escape all local burdens."¹⁵

In discrediting taxation of land values, the *Campaign Guide* quoted Cox's book and the Report of the Royal Commission in 1901, and attacked the "wealth of terminological inexactitudes" trotted out by the "tub-thumping demagogues" who supported the land tax.¹⁶ The testimony of Scottish Georgites before the Royal Commission on Local Taxation in 1898 was evidence that the goal of the land tax was a levy of twenty shillings in the pound,¹⁷ an obvious appeal "to those predatory instincts which perhaps exist in all of us."¹⁸ The nation's economic stability would be endangered:

The tax would fall on small landowners and on the insurance companies which served the poor, not on the rich; it would drive British capital abroad. The Liberal land tax was "not a moderate and equitable reform, but nationalization of the land and undiluted Socialism. Across all their proposals should rightly be written the name of Henry George."¹⁹

The Liberals could not be dissuaded by rebukes and threats. The Land Values (Scotland) Bill was reintroduced early in 1908, Cox motioned to reject it on second reading, members listened to the same violent charges against the land tax and George, and the Bill passed with the same overwhelming vote. On this occasion the Liberals were impatient, and debate on the measure was curtailed by a guillotine resolution. Short as the debate was on second reading, the *Times* commented cynically that it "let in an unwelcome amount of daylight upon the crude and not too ingenuous proposals of the Government."²⁰

To the Lords, the bill was a "battering ram" to prepare the way for further legislation "which aimed at the complete confiscation of the land values of this country, and at taxing all land values out of existence."²¹ The Liberals had become graduates "in the school of pocket-picking." Lord Wemyss, an ancient foe of George's and an organizer of the Liberty and Property Defense League, urged his fellow Peers to reject the bill as a "simple appeal to the predatory instincts of primitive man."²² But the Lords had tried the veto; now they tried amendment. They emasculated the bill by changing the definition of valuation, and sent it back to the Commons in July.

This maneuver deceived no one. As one political commentator said: "It is not expected that when the Land Values (Scotland) Bill goes back to the House of Commons the Government will accept the amendments which have already been made to it in the House of Lords. But the opposition is equally determined not to give way on the important points, so that the fate of the Bill is not uncertain. As was said yesterday in the lobby by a Unionist Peer, 'The Lords will not swallow Mr. Henry George's doctrines, either in bulk or in tabloids.'"²³

By 1908 it must have occurred to Lloyd George that a land-tax and a land-valuation clause could legitimately be included in a Budget, which by tradition was exempt from a veto by the Lords. If it had not occurred, it was not long before the land taxers in

Parliament suggested it to him. In December a petition signed by two hundred and forty-six House members was presented to the Prime Minister by J. C. Wedgwood. It consisted of one sentence, "That the undersigned Members of Parliament respectfully urge upon the Government the desirability of including a Tax on Land Values in next year's Budget."²⁴

By January, 1909, it was no secret that the Liberals would use the Budget to carry the taxation of land values through the House of Lords. Late in 1908 Asquith had intimated that the "centre of the Government's work is to be looked for in the next year's Budget," and Lloyd George, in Liverpool, had referred to "the thaw in the coming spring which will release the land" and had "pledged himself to make the taxation of land values a leading feature" of his 1909 Budget.²⁵

Philip Snowden, who was later to use the Budget for the same purpose, told a local Labour Party meeting at Blackburne, "They heard rumors that at last there was to be long overdue reform, the taxation of land values."²⁶ Another Labour M. P., T. F. Richards, warned: "The Lords would have a bitter pill to swallow on Budget night. The Labour Party had ceased to advocate the buying out of landlords. They were going to make them tax themselves out."²⁷

The Liberal decision about the Budget was inspired by a desire to secure passage of the legislation and a determination to force a showdown with the House of Lords. If the Lords could be induced to reject a money bill, the Liberals could then stress the need for reform in the House of Lords. The conflict between a Liberal and reforming House of Commons and a Tory House of Lords dated back to the 1880's.

In the extension of the franchise and in the rabble-rousing campaigns of Henry George and Joseph Chamberlain, the Peers had detected threats to their powers and privileges. Chamberlain's defection from Liberalism and the Unionist²⁸ tenure of power delayed a crisis in the conflict for twenty years. With the return of the Liberals to power in 1906, Balfour and Lansdowne, the Unionist leaders in the two Houses, followed a policy of deliberate bill-wrecking, "to exploit the Constitution with no scruples regarding fair play."²⁹

The results were evident by the end of 1906. Of the three principal Liberal measures of the session—the Education Bill, the Plural Voting Bill, and the Trades Disputes Bill—the Lords rejected the first two and spared the third only because they did not wish to challenge labor openly. To Asquith, the situation was

“plainly intolerable,” and the party leaders determined to remedy it. Some favored dissolution and an appeal to the country, but Liberals adopted the policy of “filling up the cup.”³⁰ This meant offering the Lords the choice of passing bills repugnant to them or of rejecting the bills and thus becoming more unpopular with the electorate.

For two more years the Lords obstructed the Liberals. By December, 1908, Asquith believed that the Liberal Party must find some way of dealing with the legislative stalemate. Everything that could be done with the consent of the Peers had been accomplished. The chief measures of Liberal policy—education, temperance, land reform, Welsh Disestablishment, and Irish Home Rule—were blocked by the Lords. Liberals suffered in the constituencies because they had not fought back.³¹ It was at this juncture that the land tax was used to rescue the Liberal reform program.

There were obvious reasons for choosing the land tax and land valuation to chastise the Lords and break the veto. The Government needed money for its Old Age Pension Plan and for an increase in naval expenditures necessitated by the German challenge to British supremacy on the sea. The land tax would permit Liberals to take some of the needed money from those most able to pay, the landlords. It was, moreover, the most popular Liberal issue in the struggle against the Peers. Finally, it was the sole item in the Liberal program that could justifiably be included in a money bill. Lloyd George realized that, once the land clauses were in the Budget, he had the Lords at a disadvantage. Acceptance of the Budget would be a major victory for the Liberal Party. Rejection would be construed as so serious a constitutional breach that Liberals could obtain popular support for reform of the Lords.

On the eve of the Budget announcement, the land-tax principle enjoyed almost unanimous approval in Liberal, Labour, and Socialist ranks. Only a few Labourites and Socialists reminded the people that land nationalization and not the single tax should be the goal.³² The Georgite magazine, *Land Values*, in its January, 1909, issue, defied the Lords to mutilate or kill the forthcoming Budget, for such an action would bring onto the stage “this great issue between democracy and economic justice on the one hand, and privilege and monopoly on the other.” In the following month the same publication quoted Churchill’s claim that Henry George, Richard Cobden, and the Liberal policy formed a keystone in the party arch, and commented: “Taken together with Mr. Lloyd George’s reasoned statement at the Queen’s Hall on December 31st,

its significance can hardly be over-estimated. This public recognition of Land Reform as the first part of Liberal policy, and of Henry George as its leading exponent marks the opening of a new era in the history of our country."

With the news that the land tax was to be included in the Budget Georgites and land reformers urged the Government to accept their ideas of a proper land tax.³³ The London *Daily News* praised the merits of the taxation of land values. (The paper, purchased in 1900 by an antiwar syndicate at the instigation of Lloyd George, was thereafter an enthusiastic supporter of his views.)

Opinions aired in the *Daily News* while the Budget was in preparation showed that Conservatives were correct in charging that the Liberal land-tax policy was substantially the same as George's. References to the single-tax organization, the United Committee for the Taxation of Land Values, were consistently favorable, such as its editorial approval of the manifesto as a document which "focuses perhaps the most important of immediate social demands."³⁴ Further, it printed articles by J. Dundas White and R. L. Outhwaite, confirmed Georgites.

Beginning in January, 1909, the *News* published a series of six articles by White, who explained in clear, simple language the basic principles of the taxation of land values. He defined such terms as "unearned increment" and "capital land value," demonstrated statistically the difference between the present valuation of property and what local authorities had to pay for it when it was needed for some public purpose, and presented the social advantages which would result from local and imperial taxation of land values.³⁵

White sought to counteract Conservative views by assuming an air of reasonableness. He asserted that, far from being an innovation, the taxation of land values "has been urged for a hundred years by many of the foremost philosophers and economists, and . . . has achieved remarkable results in our Australian colonies."

The Outhwaite series attacked the aristocracy and appealed to the class struggle. The first five articles contrasted the poverty of workers with the unearned increment on which landlords battered. The last article claimed that the taxation of land values would abolish poverty.³⁶ These attacks on aristocratic privilege might have been written by George or Chamberlain: "Say the people are herded in slums because they are drunken," wrote Outhwaite, "and politicians will lend a willing ear and prepare to legislate. Say the cause is their not being educated this way or that, and again a sympathetic hearing will be accorded. But say that the people are

crowded into slums and that men are unemployed because the state allows it to be profitable to hold land out of use, and the 'practical' politician will regard the suggestion as coming from a crank. But that is the lesson that Hatfield conveys." (Hatfield was a community suffering from wretched housing.)

Conservatives were incredulous when they heard the rumor that land valuation and land taxes would be included in the Budget. The *Outlook* believed that responsible Liberal leaders would never commit the folly of attempting to legislate a Georgian Utopia into existence through a money bill.³⁷ As the date for the Budget announcement neared, Conservative optimism gave way to fear. The elevation of Ure, a member of the United Committee for the Taxation of Land Values, to Lord Advocate was an alarming portent. In March and April, when Ure campaigned for the land tax, the *Outlook* used his speeches to attack George and his followers. Georgites, it argued, were not to be trusted, for they had abandoned all the moral and ethical rules by which society was regulated; Ure was a Georgite; therefore Ure was not to be trusted. The public should not be misled by the small tax on land which would be proposed. If it did not "remove our social ills but is discovered to aggravate them rather, it will be asserted that traditional stages are notoriously disappointing, and that perfect health is unattainable until the full dose of twenty shillings in the pound is administered."³⁸

As soon as Lloyd George introduced his Budget in April, 1909, political animosities exploded in and out of Parliament. As the Prime Minister admitted, "It was the land taxes, and perhaps still more the proposed valuation of land, which 'set the heather on fire.'"³⁹

One would have thought that confiscation and plunder had become a reality. To the contrary, the new duties were mild. Lloyd George proposed a tax of twenty percent on unearned increment derived from the sale of land, this unearned increment to be roughly the difference between the established valuation in 1909 and the price for which the land was sold. There was another levy of one halfpenny in the pound on the capital value of undeveloped land and minerals, with agricultural land exempted.⁴⁰ A national valuation of land was to be undertaken immediately.

As the writer of "Political Notes" in the *Times* pointed out on the day after the Budget announcement, the new taxes fell far short of the expectations of single taxers, who thought the halfpenny tax

on land value inadequate and considered the exemption of agricultural land an outrage. Under the circumstances, the Lords might have been wise to forget their resentment and withhold their veto.

NOTES TO CHAPTER 10

1. Harold Cox, *Land Nationalization and Land Taxation*. London: Methuen and Company, 1906, p. 95.
2. "Taxation of Land Values," *London Times*, February 27, 1906.
3. *Land Values*, April, 1906.
4. "The House of Commons and the Taxation of Land Values," *Land Values*, April, 1906.
5. *Land Values*, May, 1906.
6. Josiah Wedgwood, *Land Values: Why and How They Should Be Taxed*. Latchworth, Herts: Garden Press, 1906. This pamphlet outlines single-tax legislative proposals.
7. "Special Report from the Select Committee," *Land Values*, January, 1907.
8. *Land Values*, January, 1907.
9. Cox, *op. cit.*, p. 95.
10. "The Labour Party and the Taxation of Land Values," *Land Values*, February, 1906.
11. *The Land Hunger*. London: T. Fisher Unwin, 1913, p. 171.
12. *National Demonstration in Favor of Land and Housing Reform*, Liberal Publication Department, 1907, is a verbatim account of the meeting.
13. "The L. C. C. Burden," *St. James Gazette*, February 1, 5, and 7, 1907.
14. "Land Policy of the Government," *Quarterly Review*, July, 1907.
15. National Union of Conservative and Constitutional Associations, *The Taxation of Ground Values*, Notes for Speakers, No. 16, London, 1907, p. 2.
16. *Ibid.*, pp. 18-19.
17. *Ibid.*, p. 22.
18. *Ibid.*, p. 38.
19. *Ibid.*, p. 21.
20. *London Times*, February 2, 1908.
21. *London Times*, March 26, 1908.
22. *Ibid.*, March 27, 1908.
23. "Political Notes," *London Times*, June 15, 1908.
24. "Petition to the Prime Minister," *Land Values*, December, 1908.
25. "Land Values and the Budget," *Land Values*, January, 1909.
26. "Mr. Snowden and Land Taxation," *London Times*, January 16, 1909.
27. *Land Values*, February, 1909.
28. After Chamberlain's break with Gladstone in 1886, the term "Unionist" was frequently used to designate the combination of Chamberlain men and old-line Conservatives.
29. R. C. K. Ensor, *England: 1870-1914*. Oxford: Clarendon Press, 1936, p. 387.
30. J. A. Spender and Cyril Asquith, *Life of Herbert Henry Asquith*, London: Hutchinson and Company, 1932, I, pp. 185-86.
31. *Ibid.*, pp. 239-40.

32. See two letters by L. G. Chiozza Money, *London Daily News*, February 10, 1909.
33. See, for instance, C. H. Chomley and R. L. Outhwaite, *The Essential Reform: Land Values Taxation in Theory and Practice*. London: Sidgwick and Jackson, 1909.
34. "Prosperity by Budget," *London Daily News*, January 29, 1909.
35. *London Daily News*: "First Principles," January 11; "Valuations and Capital Value," January 15; "Valuations and Prices," January 19; "Reform of Rating," January 27; "Parliamentary Taxes on Land," February 3; "Some Final Words and Answers to Objections," February 10.
36. *London Daily News*: "The Hatfield Hovels," January 5; "Wiltshire Solitudes," January 25; "The Land of the Pheasant," February 1; "The Land of the Fox," February 15; "Through the Dukeries," March 1; "Peer or Peasant," March 22.
37. "Land Values and Land Fallacies," *Outlook*, February 6, 1909.
38. "An Irresponsible Agitation," *Outlook*, April 10, 1909.
39. Spender and Asquith, *op. cit.*, I, p. 255.
40. Ensor, *op. cit.*, pp. 414-15.