

An Answer to Mr. Shaw Lefevre.

Mr. Verinder writes us with regard to our comments of yesterday, stating the following points:—

1. Every Progressive member of the London County Council is absolutely pledged to the Taxation of Land Values, as their election addresses, now before me, demonstrate. But I have yet to learn that "the purchase of ground rents" was a plank in the Progressive program. Such purchase does not follow from the arguments used in support of the taxation policy. Land values are created by the presence, the industry, and the municipal expenditure of the community: that the community should take them, in taxation, is reasonable enough: that it should buy back its own does not logically follow from the arguments which every Progressive candidate was obliged to use in favour of taxation.

2. All experience shows that when public money is put into the market for the buying up of landlords' interests, the result is always a hardening of prices in favour of the landlords—a result which is immediately injurious to every citizen who occupies or uses land. The policy of placing nearly a million and a-quarter of the ratepayers' money in the London ground-rent market might be consistently supported by Tories and belated Whigs, who still believe in Ashbourne Acts, or by landlords who have experienced in their own pockets the blessings of land purchase. It is more than probable that any such saving in the cost of public improvements, as you suggested, or any profits on the investment, will be more than neutralised to London as a whole, by general stiffening of prices as soon as it is known that the London County Council, with its deep purse, is a customer in the ground-rent market.

3. The purchase scheme will, therefore, not facilitate, but hinder, the municipalisation of land which is your professed object, for it will make land dearer. On the contrary, the Taxation of Land Values will, by falling upon land now held out of use, "bring down the price of building land, and so diminish the tax in the shape of ground rent, or price paid for land, which is now levied on urban enterprise by the adjacent landlords," as the Housing Commission pointed out nearly thirteen years ago; and by reducing ground rent, it will of course bring down the price of reversions.

4. The contention of the Progressive Party is that London ground landlords are unfairly exempted from local taxation. If and when land values are taxed the net value of land to those who now monopolise it will be—some of us hope largely—reduced. Meanwhile, until land values are taxed, the price of the reversions, which Mr. Shaw Lefevre is anxious to buy, necessarily includes the capitalised value of the landlords' unjust exemption from rates. It is surely inconsistent for Progressive Councillors to advocate the presentation to the landlords out of London's rates of a capital sum which represents the unpaid rates which these same Councillors are pledged to make them pay at the earliest possible opportunity. — *London Daily Chronicle*, 24th March, 1898.

Is it not time that land reformers of every school concentrated their energies on the Taxation of Land Values? In spite of the good work that is being done, we cannot help feeling that Progressives have scarcely taken the proper measure of this question, or realised how public opinion has ripened in the great industrial centres. — *Daily Chronicle*.

From one point of view the analyst of "the good old times" may be able to show that life was shorter, disease more rife, the market for food more unsteady, the conveniences and comforts of life fewer and more precarious than they are now. From another point of view, and that by far the more accurate and exact, the relative position of the workmen was one of far more hope and far more plenty in the days of the Plantagenets than it has been in those of the House of Hanover; that wages were, relative to their purchasing power far higher, and the margin of enjoyable income over necessary expenditure was in consequence far wider. — *Thorold Rogers*.

Speech in the House of Commons on the Taxation of Land Values, by Mr. Alfred Billson.

On Thursday, 22nd April, Sir Michael Hicks-Beach, Chancellor of the Exchequer, introduced the Budget in the House of Commons. He said there was no sign at the present that the apex of our prosperity had been reached; much less was there any sign that we had entered on a downward course.

The total revenue received by the State in the year that had just concluded, including £9,402,000 paid to the local taxation account, amounted to the gigantic sum of £116,016,000. The most remarkable feature of the year was the revenue from the Death Duties. Twelve months ago he put the probable yield of those duties at £9,700,000. They had actually produced £1,400,000 more than his estimate.

Speeches were made by Sir Wm. Harcourt, Mr. Billson, and others.

MR. BILLSON'S SPEECH.**THE INCIDENCE OF TAXATION.**

Mr. Billson said:—I have no particular objection to the reduction of the duty on tobacco which has been dealt with by the two honourable members who have preceded me, and who are so well qualified to discuss it. Certainly I would have preferred a reduction on tea if I had been able to choose. Still this is one little step in what I deem the right direction, the getting rid of indirect taxation as much as possible—(cheers). But I want to say that I have felt all the evening that the Budget, and the whole question of revenue and expenditure, is thought of differently in this House from the way it is regarded outside. Men do feel the burden—(hear, hear). All through the year, then, you may hear animated talk in hundreds of meetings up and down the country about the incidence of taxation, the inequality of the burden placed upon the several classes of society, and the necessity for some readjustment as between direct and indirect taxation. But when April comes we usually hear the same old story in this House. We listen to bland congratulations on the splendid resources of our reservoir of taxable capacity, and our ability to bear still greater burdens than those imposed upon us. And as to the distribution of the burden, the Chancellor of the Exchequer tries to make it appear that all is as it should be, and that all is for the best in the most prosperous of communities—(cheers). One thing appears to be rather overlooked—that equal though the burden may be, and evenly as it may be thought to be distributed, yet that the enormous sum raised, the 116 millions, growing yearly by leaps and bounds, wherever it may come from, is always an actual present burden on the commerce of the country, and that as it grows we are to that extent continually further handicapped as against other countries.

A COMPARISON WITH GERMANY.

I have taken some figures from the Statistical Abstract, which show how this handicap applies in our relation to Germany. I am taking the produce of our trade taxes, the indirect taxation, because the other form of taxation cannot be regarded as in the same way a direct tax upon industry. The total sum raised by our customs and excise is in round numbers £55,000,000. That upon our population gives a burden on each family of five persons of £6 18s. 2d. per year, or 2s. 8d. per week. The customs and excise of Germany yield £30,000,000, and these applied in the same way to a family of five persons give an annual burden of £3 0s. 9d. per family, as against ours of £6 18s. 2d., and 1s. 2d. only per week as against ours of 2s. 8d. I may say that all other income, that is the income from direct taxes, works out at £7 11s. 10d. per family for Great Britain and Ireland, and £3 8s. 3d. for Germany. So that the burden all round upon our people is more than double that which German trade has to bear. Now we hear a good deal about Germany outstripping us owing to the superiority of her technical education, but it is worth while to bear in mind also the constantly increasing burden which is placed upon our commerce owing to the enormous increase of our national expenditure upon which the present Government has launched the country during the last three years—(cheers). And in this connection we are forced to regard with dismay the retrospect

the Chancellor of the Exchequer has given us. Since 1895, he points out, the expenditure has grown from 101 millions to 106 millions. Now 1895 was the last year of Liberal finance. That is we owe the Tory Government an increase of five millions. Spread that over the families of the country, and it shows an increased charge upon every household of £1 17s. 6d. per annum. That is not a result for the Government to be very proud of.

GRINDING THE POOR.

But I want to say something about the source from which the money comes. And I am moved to do this from the experience I have had of two contested elections in the West Riding during the past 18 months, and the deep concern I found there among the well-informed artists who for the most part make up these constituencies. There is a conviction that the heaviest burden of taxation falls upon those people in the country who are least able to bear it (hear, hear). And that in the face of the universally felt ardent wish to do something to better the condition of the very lowest amongst us. The most direct and obvious way to better that condition is first to try to relieve the very poorest from the burden of taxation altogether. The House will probably remember that this proposition as to the unequal incidence of taxation was pressed upon the country some years ago by the present Colonial Secretary, and he showed, I think, beyond doubt that the actual weight of taxation upon the poor was beyond all proportion what it was upon the fairly well-to-do. Taking our local revenue, apart from the Post Office and other receipts which were accounted for, at £85,000,000, it appears that 49 millions come from taxes on commodities—Customs and Excise—and 36 millions from direct taxes: 4-7ths from the former and 3-7ths from the latter. Thus more than half our revenue comes from indirect taxation. Who pays it? It seems to me that you must come to the conclusion that it falls practically on the people numerically—that is, on each class according to the number of that class. Of course, the richer people spend more on expensive wines and other luxuries of that kind. But after all, one man will consume about as much tea, or tobacco, or alcohol generally as another, to whatever class he belongs—for the capacity to consume does not depend upon a man's rank in life, and however rich a man is he cannot eat or drink so very much more, or at any rate not according to his wealth.

SOME STRIKING COMPARISONS.

Well, then, what is the proportionate number of what may be called the well-to-do classes? Suppose you take it at the ability to pay death duties on £100 and over. The experience we have had of the working of the death duties does not entitle us yet to arrive at an absolutely accurate figure, but it is enough to give us a fair conception, by a simple rule of three sum, of the approximate and the statistical abstract number. A table prepared for a monthly magazine, and based upon the Inland Revenue report of 1897, a short time ago set out the figures. This calculation shows that there are in the United Kingdom 3,001,065 living persons who will at some time or other have to pay death duty, that is, over the £100 line, against 36,463,517 persons who have not sufficient property to pay death duties on, though they are made to contribute their equivalent or more by indirect taxation. Now, I am not saying those figures are strictly correct, but they are sufficiently near the mark for our guidance on this subject, and they are borne out, I consider, by other observations. They show that the well-to-do, the people who have some accrued property over £100, are only in the proportion of 1 to 12 of the total population of the country. And I do not believe it is a very great stretch of calculation to conclude that of the 49 millions we raise by indirect taxation, a very vast proportion, if not as much as 11-12ths yet something near it, falls upon the mass of the people whose lives are lives of constant struggle (hear, hear).

THE INCOME TAX.

What comes, then, of the wish we so often express in the House and in the country that our taxes should be placed on the shoulders able to bear them, to the relief of the feeble? In levying income tax you begin by letting off

"Are you in favour of Taxing Land Values?"

all those whose incomes are under £160, and giving an allowance to incomes larger, but still your object is to exempt the actual expense of mere subsistence and not to make a hard life harder by levying a tax upon that. To complete your very praiseworthy effort as a counsel of perfection, a similar abatement should be made in some way upon the absolutely necessary expenditure of the very poor upon commodities. I have some vague recollection that some suggestion of this kind was once made by the right hon member for the Forest of Dean, and I think was acquiesced in by the member for West Birmingham. I do not remember exactly how this was, but I have seen a reference to it somewhere during the last few weeks. Well, of course, there is no machinery by which such an exemption as this could be managed. But what I want to point out is that if you could bring about such an exemption you would probably be letting off 5-6ths of the whole produce of the taxes. And, therefore, I want to urge that if you boldly took away all your duties of this kind, you would only lose about a sixth more than if you introduced some intricate and expensive machinery of exemption (hear, hear).

BREAKFAST TABLE DUTIES.

I need not dwell on the vast impetus to trade that would be given by such a relief. That argument has been pressed upon the House over and over again, and is supported by the experience gained on every removal of taxes on commodities. I ought to say that I have in my mind what are called the breakfast table duties. I don't include taxes on intoxicating liquors. So long as the trade in drink is a monopoly, there are strong arguments in favour of taxing it as much as it will bear. Tobacco, which brings in such a fine return year after year, many people will regard as in the category of a breakfast table duty. No doubt there could not be a more ingenious way of collecting revenue, though it cannot be contested that the duty does fall very heavily upon the consumers, who include, I dare say, a large proportion of the very poorest class in the country, and who will welcome the reduction the Chancellor of the Exchequer has given them to-night (cheers). I see it was stated the other day by a former hon. and learned member of this House, Mr. Fletcher Moulton, that on every two ounces of tobacco the working man bought he had the privilege of paying three farthings towards, as he put it, the relief of the agricultural landlord. It is easy of course to say that in regard to some of these things, people need not be taxed unless they like—for they need not drink tea, or smoke, or drink beer or whisky. Yes, but if they choose to consume these particular articles, this is a free country so far, and you have no right, if you do not prohibit the sale, to say, you may eat and drink if you like, but if you do you must pay for it, and then argue that it is a voluntary tax. If the individual considers this or that a necessity, he has a right to choose; and, unless the tax is imperatively required, it is tyranny to tax and then call it merely a voluntary tax (hear, hear).

"THE BONE AND SINEW OF THE NATION."

I suppose some one will say—"Oh, but if you remove these taxes the masses of the people will pay nothing, and will feel none of the responsibilities of Government and Empire." Is there really anything in this doctrine? After all those people whom it is hoped to relieve are the bone and sinew of the nation. It is on their daily work and stress and toil the life and enterprise and extension of the country depend, and by their daily work they do as much for the nation as perhaps the large payers of taxes—(hear, hear). Besides, if you want to impress responsibility upon them, you don't do it by indirect taxation. No one will shout for war less loudly, if his spirit is aroused, because it may mean another rd. on tea. And if you retain the duty on liquor you always have a ready means for raising taxation, not to speak of an extension, in the event I mean of a national crisis, of house duty to all classes of houses.

A FREE BREAKFAST TABLE.

The Chancellor of the Exchequer will ask how he is to replace the revenue thus lost. Suppose I confine myself as a beginning to the breakfast table duties, including tea—which may almost be said to be as much a necessary of life as bread—coffee, chicory, currants, raisins, dried fruits; these yield together about

£4,000,000. I cannot help thinking that a wise Government would have found two millions of this by refraining from endowing the landlords through the Agricultural Rating Act (hear, hear). However, that sum, I suppose, will be set free when that Act reaches its defined termination in three years time.

TAXATION OF LAND VALUES.

But there are other sources I want to urge upon the Chancellor of the Exchequer's attention. For some time past, and during the last few months especially, there has been a strong movement among local bodies to rate land values for local purposes. It is stated that some 200 Town Councils and other local authorities have passed resolutions in favour of legislation for this purpose (hear, hear). The London School Board the other day passed by a considerable majority a similar resolution. The London County Council have recommended the same thing—and indeed the hard fought contest last month may almost have been said to have been fought upon this issue, for I think every single candidate of the Progressive Party adopted this view. And three weeks ago the annual meeting of the Association of Municipal Corporations, comprising representatives from all parts of the country, consisting of aldermen, councillors, and Town Clerks, passed a similar resolution by a very large majority. I mention these facts to show that it is a movement that is rapidly growing. Now, I contend that it is urgent that the Chancellor of the Exchequer should direct his attention to the same subject in respect of Imperial taxation. If land ought to contribute to rates, though unoccupied, according to its selling value, it is equally desirable and just that it should contribute to Income Tax and House Duty (cheers). I do not say it should be done precisely in the form or letter of those taxes, for I think the time has come when you may boldly impose a land tax—a tax on ground values (hear, hear).

WHAT IS DUE TO THE COMMUNITY.

Look at the enormous values of the unoccupied land in our towns. It is stated that in Stockton there are 700 acres of such land. And you may see in all our large towns desolate and ungainly plots, surrounded by shops or warehouses, or dwelling houses. If you ask why that land remains unbuilt on, you will probably be told it belongs to Mr. So-and-so, and he is waiting for his price. - And all the time he is waiting for his price, his land pays no rates or taxes; and the occupied buildings around have to pay more for the lighting, paving, sewerage of the streets, for all the very improvements which alone are giving a new value every year to the idle land. It is true the owner is putting nothing into his pocket, and our present law unwisely holds that a man is to be taxed, not according to the value of his property, but according to the actual revenue he receives from it year by year. So that if instead of receiving it he allows it to accumulate, he escapes the tax, and receives the reward of his waiting, free from all taxation, when he thinks the price has become high enough, and he puts his land into the market. It is proposed that for rating purposes he ought to be assessed at four per cent. on the capital value. But if for rating purposes, why not also for Imperial taxation, in the shape of house duty and income on their ground value? (hear, hear.) All the increasing value of these lands comes from the industry and energy and enterprise of the community. It is nothing the owner does that gives it the new value, and surely the community which thus confers the value has some right to a share of it in the shape of taxation (cheers).

A GLARING INEQUALITY.

In London, from the last valuation, it appears that what has been called the unearned increment of the property already built, that is, apart from expenditure on new buildings, shows an average increase of £300,000 a year—that is our annual addition to the capital value of the owners' property, at fifteen years' purchase of four-and-a-half millions. This growth represents a rise in rent due to increasing demand for existing buildings owing to increasing population, the advance of London as an industrial centre, and also unfortunately the helpless condition of the London poor. What is wanted is some form of taxation which will intercept a portion of this unearned increment. The case of London

indeed is especially glaring by reason of the present state of the income tax arrangements for the assessment of reversions. Everyone knows that reversions of immense value are falling in year by year to the great London ground landlords. It was stated before the Town Holdings Commission that Lord Portman had reversions falling in, in a very short time, worth upwards of one and a quarter millions. Now, perhaps it has escaped the observation of many, that on the value of this reversion the lucky landlord actually pays no income tax. Look what they are. A ground landlord lets his land for a perhaps moderate rent, on the condition that at the end of the lease the land, with all the buildings on it, reverts to him. What is this value which he gets but an added rent—a further income from his property. One can imagine a great estate when the leases are so arranged that they fall in year by year, and the sums paid yearly for renewals are as much income as the original rent. Yet no income tax, so far as one can see, is paid upon them. It is true that by the original Act it was contemplated that they might be chargeable, but there is this curious provision—that if the owner can satisfy the Commissioners that the prices for renewal are re-invested in productive property, they are not to be charged.

LANDLORDS PROFITING AT THE EXPENSE OF INDUSTRY.

I wish the Chancellor of the Exchequer would give the information to the House of the proportion that is charged and the proportion that escapes (hear, hear). It is a curious thing that very few cases seem to have been contested in the courts, from which one gathers that questions are not raised upon the point. But see how differently other kinds of annual profits are treated. A coalowner who out of his profits sinks new pits to maintain his output, the manufacturer who extends his machinery, are declared to have merely invested fresh capital, and are allowed no deduction of income tax on their profits. It is only the landowner, always jealously protected by the legislature, who is allowed to deduct from his profits that part of it which he invests in new undertakings. It is a striking illustration of the way in which our laws, made by Parliaments of landlords, have been in the habit of legislating in the interests of landlords, and have disregarded the equal claims of industry. It is almost superfluous to urge what has now been so often pressed, that any form of taxation which leads to bringing more land into the market will tend in the direction of great social benefits.

WHAT DEAR LAND MEANS.

Dear land means overcrowding, overcrowding means sickness, sickness brings loss of wages and pauperism (cheers). It was happily stated the other day by my friend, the hon. baronet the member for Northwick, that nowadays rich men as a rule live on cheap land, poor men on dear land. When land in towns gets too dear for rich men to live there, they move into the suburbs where land is cheap, but the poor have to remain in the towns to be near their work. Whatever tends to bring land more readily into the market helps to get rid of this unsatisfactory state of things (cheers). And there is this further advantage in Taxation upon Land Values that, unlike taxation on industry, it does not affect the value of what is taxed. You tax industry and you tend to extinguish it; tax savings, and you tend to decrease savings; but however much you tax land it is still there—you cannot tax it out of existence. You only make it necessary to the owner to employ it in a more profitable manner, and such employment results in benefit to the whole community (hear, hear). I cannot believe that it is beyond the power of the Chancellor of the Exchequer and his advisers to devise some mode by which such a source of revenue could be made available, to the extent of enabling him to relieve the industry of the country from some of the charges now laid upon it, especially upon the necessaries of life. If he could do this he would secure a triple advantage. He would relieve the very poorest amongst us from a burden which presses terribly upon them; he would do much towards settling the serious social problem connected with the housing of the poor and the pressure of population in our large towns, and he would place the finances of the country upon a more secure and satisfactory basis (cheers).

SERVE THE CAUSE BY HANDING THE PAPER TO A FRIEND.