

PARLIAMENTARY DEBATES

A SEPARATE BILL FOR LAND VALUATION

Mr Snowden's Statement

The CHANCELLOR OF THE EXCHEQUER (Mr Philip Snowden), towards the conclusion of his Budget speech, said: I should disappoint not only Members on this side of the House, but also many Members of the Liberal Party, and an increasing number of individuals and local bodies throughout the country, if I were to say nothing on the subject of land valuation and land taxation. In my Budget statement of 1924, I indicated that this was a matter with which I intended to deal. Had the Labour Party remained in office in the following year proposals relating to the subject of land values would have been introduced. Since then the right of the community to some portion of the enhanced value of land which is created by the community itself has been increasingly recognized, and the moment has arrived when definite action must be taken. I have been much impressed by the demands which have come to me from innumerable local bodies, including many that are overwhelmingly Tory in their constitution, for power to rate site values. As hon. Members will appreciate the first and essential step to the levying of a contribution on land values is the preparation of and completion of a valuation of all sites in the country. In whatever form a contribution may be levied, this is an indispensable preliminary. It is in itself a task that must necessarily take some time, and it is imperative that a beginning should be made at the earliest possible moment. I have given long and anxious consideration, with the invaluable help of my hon. Friend the Financial Secretary and my right hon. Friend the President of the Board of Education assisted by an official Committee, to every aspect of this question, and especially as to the best method by which our plans could be put before Parliament. I had at one time hoped to put my proposals into the Finance Bill of the year, but many considerations which I need not detail now have brought me to the conclusion that the most expeditious and effective way of achieving our aim will be to provide for the valuation in a separate Bill.

The Government accordingly propose to introduce forthwith such a separate Bill. We shall thus obtain a basis on which an impost will later be levied. I do not wish at the present time to prejudge the precise form which that impost should take—whether it should be an annual tax for the benefit of the State, or an annual rate for the benefit of the local authorities, or both; but the Valuation Bill we shall introduce will provide the basis for both the taxation and rating of land values. I have tried to make it quite plain and beyond dispute that it is the Government's intention to use the valuation, for which provision will be made in the Bill, as a means of securing to the community a share in the constantly growing value of the land. This is a Measure equitable in itself, insistently demanded and long overdue. I have never regarded the taxation or rating of land values only as a fiscal instrument. It will be, to use a phrase of Mr Asquith's, a potent instrument of social reform. This proposal is probably the only one of which the right hon. Gentleman the Member for Epping (Mr Churchill) will be enthusiastic in his support. Throughout his long and variegated political career he has remained a faithful, eloquent and powerful advocate of this reform, and I look forward with confidence to his invaluable help in carrying this reform to a successful conclusion.

The Debate

(15th April)

Rt. Hon. JOSIAH C. WEDGWOOD (Labour): We have had promises galore for the last five years. We have been told that a tax on land values would be in the next Budget. We have now the Budget, and it is not there. The taxation of land values, to which we looked to benefit trade, to cheapen land, and to enable people to get work, has been postponed.

There is to be a Valuation Bill. I think that the right hon. Gentleman, the Member for Carnarvon Boroughs (Mr Lloyd George), must know what will be the fate of any Bill to value the land in this country. When he introduced his rather ill-advised Land Value Duties in 1909, he did not have a separate Valuation Bill. He put the valuation Clauses into the Finance Act, because he knew perfectly well that the Finance Bill had to pass the House of Commons and could not be amended in the House of Lords, whereas if he had put them into a Valuation Bill it would have taken him months and months to get such a Bill through the House of Commons, and it would have never had a chance of getting through the House of Lords. This new policy which is followed to-day seems to be fatal to any chance of getting a Valuation Bill through. The time of this House is limited, and the time of the other House, unfortunately, is unlimited.

I want to make it clear that we are very grateful to the Chancellor of the Exchequer for his promises.

Here is the first opportunity for the Chancellor of the Exchequer really to do something for the unemployed in this country, to give them a chance of getting to work in their own country. Until we can make it both expensive and uncomfortable to own land and not to use it, we shall be doing nothing to put an end to the present state of unemployment from which we suffer.

The Chancellor of the Exchequer has been seeking taxes which would not burden industry and strangle the revival of trade. I would beg of the right hon. Gentleman, the President of the Board of Trade, in the absence of the Chancellor of the Exchequer, to express to him the bitter disappointment of the overwhelming majority of the Labour Party in this House, of the Liberal Party in this House, and of our joint Parties in the country, at the absence from his Budget of the promised taxation of land values and the substitution of a Valuation Bill which will hardly get through this House and which must inevitably, unconnected as it is with the Finance Bill, be thrown out by the House of Lords, and make it impossible for us to get any step forward in the direction of dealing with land monopoly in this Parliament.

(16th April)

Rt. Hon. D. LLOYD GEORGE (Liberal): I regret very much that the Valuation Bill is not in the Budget. There are a great many perils which beset its path which might have been averted. I am speaking here from some sort of bitter experience of an attempt at establishing a valuation. If it had not been that that valuation was in the Budget it would never have gone through at all. In addition to that, at that time, owing to pressure in the House of Commons, a great many reservations, modifications and exceptions were made which very largely rendered even that valuation futile for taxing purposes. We have learnt by experience that the only way to make a valuation of that kind effective for taxing purposes is to make it as simple and direct as possible. I hope that the Chancellor of the Exchequer will bear that in mind in drafting the Bill, and that he will read the Budget of 1909-10 in order to know what to avoid.

But he has this advantage over me to-day, that that Budget did establish a complete valuation of the whole of the land of this country. I think that it was brought more or less up to date in 1923, subject to some very shattering decisions of the Courts which we could not rectify because of the War, and which suspended the operation of the readjustment that was necessary in order to make an accurate valuation. But the value of the site itself is established—the gross value and the value after deducting the value of the buildings—so that all that the right hon. Gentleman has to do is to bring it more or less up to date. I have no doubt at all that he must make certain improvements which experience will have taught him, the Treasury, and the Valuation Department how to effect. At any rate, I very much regret that it has not been included in the

Budget. Then there would have been a guarantee that it would have gone through. I quite understand that he could not have done so without imposing at least some kind of nominal duty or tax. That could at least have been done, and then valuation would have been established, and you could have decided next year whether you are going to leave taxation to the localities or to the national Exchequer, or to a combination of both.

Mr ANDREW MACLAREN (Labour): If it be true that all forms of taxation levied on the value of human products are finally paid by the producers of wealth, namely, the workers, it is incumbent on the Committee to try and find out if there be some form of taxation which can be taken by the State without impinging upon the wages of the working classes. No one was more disappointed than I was to hear that passage in the Budget speech in which it was said the valuation was to be made the subject of a separate Bill. The House of Lords will be lacking in tactics if they do not oppose the Valuation Bill with all the venom with which they opposed the 1909 Budget. It would have been a good thing if the Chancellor of the Exchequer could have found some excuse to incorporate the valuation in his Finance Bill, so that we could have more speedily arrived at the valuation. However, I am not altogether disappointed, because, from experience of the operation and administration of the taxation of ground values, I would rather have a perfect valuation and no tax than a tax with a faulty valuation.

There seems to be some comforting philosophy in the Conservative ranks that the valuation will be opposed in the House of Lords, that it may be held up for two years, and that it will take so long to complete that this Party may be out of power before an attempt is seriously made to impose taxes upon that valuation. I want to tell those enthusiasts for the destruction of the scheme which I am after that the valuation of 1909-10 is still in Somerset House. That valuation has from time to time been renewed and probate duty has given the valuers in that Department a pretty fair idea of how values are rising and falling in various parts of the country; and I have no hesitation in saying that, if the Chancellor of the Exchequer is empowered to give instructions to the Department, the valuation could be brought up to date and made complete and ready for the Budget next year. When this suggestion of a valuation has to be taken seriously the speculation in land round London and all the big cities in the country will stop. Even the suggestion of the tax will stop speculation, so we can picture what will happen when the tax comes on top of the suggestion.

I know I am speaking the mind of almost every Member on this side and on the Liberal benches when I say that if the Chancellor comes to this House with a Valuation Bill we will give him every assistance. We will drive it through the House of Commons. And when it goes to the other place, if they attempt to do what they did in 1910, no one will welcome that more than I shall, because it was that fight which removed their power of control over taxation in this country.

If the land of England were free, and England were not in the hands of monopolists, if the people were cultivating our own land instead of going to Canada and other countries, if, indeed, the finest agricultural land in the world was, to use the words of the late Sir Henry Campbell Bannerman, "more the treasure-house of the people, and less the pleasure ground of the rich," unemployment would not be overburdening us to-day.

The Chancellor replies

Mr PHILLIP SNOWDEN (Chancellor of the Exchequer), at the conclusion of his speech on the general debate on the Budget statement, said: There is only one other matter to which I must make some reference, and that is the taxation of land values. Some of my friends have expressed regret that it has not been possible to introduce this proposal into the Budget. I should have liked to have done it. The right hon. Gentleman, the Member for Carnarvon (Mr Lloyd George), raised the same question quite mildly. But he does not understand the difference between to-day and 1909. The right hon. Gentleman appears to have forgotten that the Budget in

which he brought forward those proposals took 189 days in Committee in this House, that it took 12 months to a day to get the Finance Bill through, and then only after a General Election. Something has happened since then. Only the older Members of the House will remember Tommy Bowles, who got passed through this House the Collection of Taxes Act. Under that Act there is a timetable for the stages of the Finance Bill, and if we do not get the Bill by a certain date the Resolutions lapse and the financial system of the country is thrown into chaos. The Finance Bill must become law by 4th August. If it does not, we cannot collect taxes, and everyone who has paid taxes under the Finance Bill can claim to have them repaid.

I am as anxious as most land-taxers that this question should be dealt with as expeditiously as possible. Some of my land-tax friends are very difficult people to please. They are like all people with one idea; they think there is nothing else in the world that is of the least importance. But there are other questions. We have a terribly overcrowded Parliamentary programme, and it is very largely due to the very worthy desire of our friends to see everything done in the present Session of Parliament—as though we were going soon to be out of office. We have slum clearance, the raising of the school age, and one or two other matters, and the programme is terribly crowded. I have thought weeks and months about this, but I realized that it could not be done with any possibility that we could get our proposals carried into law this year. The right hon. Member for Carnarvon Boroughs said that land valuation had already been done, but the valuation that he made is really of no use at all. His proposals were something quite different from what I should have made, and they are practically of no use in this case.

Therefore, a new valuation will be needed, but I will say this: That if there are difficulties in the way, if there is hostility in the way, to prevent us getting the Valuation Bill through this Session, then I shall make every possible effort, even if it means in the next Budget the sacrifice of all those matters of detail and administration and the like which form so large a part in every Finance Bill, to carry this valuation by the insertion of an impost upon land values in the next Budget. But I hope that will not be necessary. We shall introduce the Valuation Bill forthwith and we shall make every effort to have it passed into law this Session.

THE SAFEGUARDING AND McKENNA DUTIES

The Chancellor of the Exchequer, in the course of his Budget Speech in the House of Commons on 14th April: "These duties are not primarily revenue duties. Under the Acts imposing these duties four of them are due to expire this year, namely, the duty on lace on 30th June, the duties on cutlery, gloves and gas mantles on 21st December. As we have already announced, we propose to honour the intention of the late Prime Minister and allow the duties to continue until these respective dates, but not to renew them. The consequential loss of revenue will be £521,000 this year, and £823,000 in a full year. As these duties are due to expire under the existing law passed by the late Government, the loss of revenue has already been allowed for in computing the estimates of Customs and Excise revenue for the current year.

"I may be expected to say something about the McKenna Duties and the Silk Duties. These were imposed by my predecessor as revenue duties, and they bring in a revenue of nearly £10,000,000 a year. I regret that the financial position I have inherited"—(interruption)—"there is time for me to alter my mind yet—will not permit me to repeal these duties in the present Budget, but the pledges of the Government given last year still stand. Likewise, the financial position will not permit me to carry out this year our pledge to remove all the existing food duties," but I reaffirm the statement that I made on behalf of the Government eight months ago, that it is our intention to do so before this Parliament ends—four years hence."