

The Land Tax Clauses of the British Budget

THE recent general election in Great Britain was watched very closely by all European peoples and gave rise to a generous share of comment in both the United States and Canada. The manner of campaigning was unusual in England and we enjoy seeing John Bull facing any departure from time-honored methods, still a great deal of our interest was centered on the prime cause of the whole trouble, Mr. Lloyd George's Budget. The rejection of this proposal was, certainly, due to the provisions for taxes on landed property; but the action of the Upper House, unfortunately, withdrew our attention from the tenets of the Budget, fixing our minds on the character and constitution of the House of Lords itself. That was probably intended by the framers of the document and, as usual, the general body preferred to be deceived; but now that the great battle is fought, if not won, we might give less attention to the Lords and survey the tendencies of the Budget itself to see whether we sympathize with the cause of right.

The struggle was one of far greater importance than is generally realized, its consequences may be more far-reaching than many would care to countenance. The Budget, as its framers and supporters admit, was not so much financial as social in its purpose, it was the first British Budget that on a very large scale attempted the solution of the great dispute between Wealth and Poverty. During its term of office the Liberal party has given this question a fair share of attention, has selected some of its advisers from the ranks of the Labor party and has now, evidently, endeavored to embody in its financial scheme considerable of that party's

teaching. The great lament of the British social reformers is, that the land is, in great part, held by a few men who by high rent exclude large numbers from acquiring agricultural holdings. If the landowners could by means of taxation be forced to sell their property the homeless and landless of the large cities might be enabled to settle in the country. A further grievance is that property near large towns has rapidly increased in value, its owners have done little to contribute to such increase, still, on the town's expansion, they reap large profits. To increased value brought about in this way is given the name "unearned increment" and the reform party claim that the State should appropriate, at least a share of these profits which are wholly due to general prosperity, the landowners having done nothing to bring about the increase in value. The doctrine migrated from Glasgow to England within the past few years ; but "it favors most lively" the teaching of the late Mr. Henry George of New York. There is of course this difference ; Mr. George holding private property in land to be unjust advocated the state's taking the whole increase, while the Glasgow reformers suggest beginning with a small tax which is to be increased till the entire increment be appropriated. Baillie John Ferguson of Glasgow suggested beginning with ten per cent and increasing to one hundred, while ex-Baillie John Burt wanted to use the tax "to restore land to the people" by increasing it till it takes every penny of the increment.

The present Budget proposed taxing future unearned increments (some few excepted) at the rate of twenty per cent., as well as levying a tax on undeveloped land and land "ripe for building." The purpose of this latter tax is, to throw on the market city lots and suburban lands that are being held back for higher

price. These two clauses contributed most in influencing the Lords to reject the Budget, and hence are worth examining carefully because likely to lead to consequences which are very undesirable. The Increment Tax in itself is not wholly iniquitous. Our own revenue duties endeavor to take toll of the country's prosperity by increasing heavy imposts on luxuries; every increase of prosperity brings increase of luxury, hence increased revenues. Distributive justice, however, would demand that the tax be imposed on every one whose increment is unearned; but this is not contemplated by British reformers who strike at one class omitting others whose increments are also unearned.

The great arguments in favor of such tax on land are that land is the basis of all food supply, hence necessary to the people; 2nd, land is the only subject of investment that increases in value without any effort on the owner's part. Land, certainly is necessary to the people of a country; labor and capital are alike indispensable. The three together are the agents of production and should all bear their share of the country's burden. But is land the only subject of investment that grows in value while the owner sleeps? Is not the same true of some portion of the stock in manufacturing and financial concerns? Are there not many men who have gained large sums by investment in industries which they have never seen and to whose success they have given nothing beyond the mere price of their stock? The stock of the Bank of Nova Scotia has risen in thirty years from one hundred and twenty to over two hundred and eighty dollars per share. To many of the shareholders that increase is unearned; such men stand on the same level as a landowner whose land increased from one hundred and twenty to two hundred and eighty dollars per acre owing to the

growth of a neighboring town. Last autumn we saw American merchants importing large quantities of French goods on which the duties were to be increased. So great was the importation that the regular customs officials were quite unable to do the work required. These merchants do not intend selling such goods at the former price. They will convert into a profit the duty they have escaped. Such an increment is certainly unearned, and in every branch of trade examples of similar gain can be found. The tax on such increased values should, at least, affect all who reap unearned profits, but we should then hear loud protests against interference with the "peaceful ways of commerce."

If such a proposal were introduced into the Canadian Commons we should encounter strong opposition from the West where a great many have invested in land on which they hope to gain profits in the near future. We think investment in land to be as legitimate as investment in stocks or steamships and that the profits belong to the man who shoulders the risk of loss. If the State demands part of my unearned increment, it should also appropriate a share of my unearned decrement, otherwise the partnership comes too near the motto "Heads I win, tails you lose." The knife should cut both ways, but for this the suggestors of the law make no provision. There are today in England lands that are not worth one half the price paid for them one hundred years ago; they were then cultivated lands near a promising town and now are pastures surrounding a "defunct borough;" nor have we any guarantee that history will not repeat itself in this respect.

There is a general impression that British landowners have been evading their fair share of taxation.

We are left to believe that the only tax paid by them is the four shillings on the pound levied on the annual value of their lands in 1688 to compensate the crown for the cessation of feudal tenures; this tax was imposed not on land alone but on incomes, properties of all kinds, as well as manufactures. Of this general tax the only part remaining affects the landowners. The quota of each parish was in 1798 made perpetual by Pitt who at the same time imposed a new tax which was dropped after a while but revived by Peel in 1842 and is now known as the Income Tax, under which many of the land-holders pay one shilling on the pound on their yearly income. The tax on undeveloped land is also objectionable. Its aim is to prevent land-owners from holding back property for increase of price. Up to the present no country has attempted quasi-compulsory selling. If property is wanted for any public purpose provision is made for just valuation and expropriation; but between private individuals sales are governed by the law of supply and demand. Is this tax then in accordance with ordinary business methods? We hold that a merchant may reserve any part of his stock which seems likely to advance in price; the owner of stocks is not forced to sell when the market is slack; the farmer can keep his produce till prices rise. No law forces a man to sell that his neighbor may get a bargain; such however is the purpose of this clause of the Budget. It is, to say the least, a somewhat revolutionary departure, to subject land to such conditions while leaving every other kind of investment absolute freedom.

So much for the taxes themselves, now for some other aspects of the question. A great deal is made of the fact that about twenty-five hundred men hold one half of the occupied land in England and Wales and

that the members of the House of Lords alone control almost one-fifth of the entire landed property of the country. Are the Lords responsible for this condition? We cannot even refer the whole trouble back to confiscations in the days of persecution. In the latter part of the 17th. century the small holders with their families were one-sixth the population of England. In 1700 the Yeomanry numbered one hundred and eighty thousand who owned their own lands. In addition to them there were a large number of men holding small estates on which they resided. Before the year of 1800 the yeomen had disappeared entirely and in the early years of the 19th. century the small gentry had diminished almost to the vanishing point. When the manufacturing towns had grown prosperous these men sold out moving city-ward. Successful merchants and financiers, to gain admission to the ranks of aristocracy, bought these small holdings and thus became the owners of estates. At the accession of George III. there were only two hundred members in the House of Lords, now there are six hundred and seven.

A great number of the members who entered the Upper House since 1760 were the descendants of successful merchants and manufacturers who purchased landed property to gain social standing. Are the present holders to blame for possessing to-day what their fathers bought on the open market years ago, or are they to be plundered to re-create rural life in England? Would it not be better to enquire into the causes that drove men from their farms in the latter half of the 18th century? May it not be that the British Government then gave too much encouragement to manufactures, was too careful to supply cheaper food to the working class, was helping the city at the expense of the country?

American and Canadian papers have given a good deal of space to the shortcomings of the Lords, but have failed to notice or point out the dangerous tendencies of Mr. Llyod George's Budget. Many of the European journals see in it the introduction of the Socialist wedge, the taxes now advocated are to be increased till land-owning becomes impossible. The leading principle of Socialists is the nationalization of all means of production, the process to begin with land because land is easily seized and necessary to the community. The proposed taxes are being defended on the plea of their tending to re-create rural life by distributing the land into small holdings and we are led to believe that these holdings will be proprietorships. The small proprietor, however, is the last thing desired by Socialists. Mr. Bax says "Peasant proprietor is a potent factor in retarding the process of Socialism." The aim of these reformers is that the State take over all the land thus becoming universal landlord, nor have the liberal leaders disclaimed this aim. On Oct. 3rd, '08, Mr. Asquith said at Earlston: "I will not repeat today the arguments based on experience and common sense, which have led us to believe that both in England and Scotland the most hopeful form of tenure for the small holder is not that of proprietor but that of occupying tenant." On June 12th, '07, Mr. Harcourt claimed that "tenancy under a public authority and acquisition of land under that authority is the most satisfactory solution of the question." As far back as '06 Mr. Llyod George said: "Nationalization of land—that must come, but it must come by easy stages" and many of his utterances last autumn were but explanations of this drastic proposal. Mr. Ure, the Lord Advocate, admitted that the modest-looking land taxes involved principles of far-reaching application: "that the land of the country,

as distinct from improvements on it, belonged to the nation." The leaders of Government should know the drift of their policy; in the present case the recognized heads propose nationalization of all landed property, that the State become landlord for the whole country that the farmers remain as they are now, not the owners of their farms, but tenants at the mercy of the landlord. This new function of the State would demand an army of officials and, unless the British mind differs greatly from that of other nations, would open the way for placemen and "graft."

Years ago we had to settle similar land troubles in this Province. The land was valued by public authority, the Government financed the purchase, and peace and prosperity followed. For the past few years the people of Ireland have been enabled to purchase land in a similar manner and the measure has been followed by success. Could not a similar means be employed in Great Britain?

From our point of view the great difficulty with the nationalization of lands is that the arguments supporting it can be used to defend State appropriation of all industries and public utilities. The large manufactures necessary to the welfare of the country are controlled and managed by a few men who pocket yearly large profits that could either be used to increase the wages of the workmen or else be added to the revenue of the country. The railroads, steamship lines and other utilities essential to full commercial development are owned by a small body of men. Why should not the State own these as well? If once this course is entered upon it shall be carried much further than the leaders ever foresaw or desired.

The proposed land-taxes are not measures that can easily gain support in this country: they bear too close a resemblance to class-legislation, whereas the State

should administer with justice to all the trust it has assumed. The admitted purpose of such taxation is to deprive men of the right to private property in land and, by a very possible extension the same principle may be extended to state ownership of all industries and utilities. Such legislation cannot be favored or admitted by us without sacrificing deep principles, which we as christians and members of society should not forego; our sympathy should go out to those whose opposition checked—and, let us hope, destroyed—the wholesale invasion of individual right.

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