

It is evident that no advantage will accrue to the non-agricultural population. They will have to find the increased prices and subsidies that will go to agriculture. It is sheer nonsense to suggest that increased demand by agriculturalists for non-agricultural products can compensate the rest of the community.

Nor is there any reason to believe that agricultural producers will obtain any permanent benefit. A large part of the advantage will go to non-producers, the agricultural landlords, in the shape of increased rents or by preventing a fall of rents which otherwise would occur. The Minister described his policy as one of

"price assurance." It is indeed a policy of price assurance for the agricultural landlords. The farmers hope that increased prices and increased profits from the sale of their products will remain in their pockets. The lessons of history and of universal experience are forgotten. If their profits increase, there will be more competition for land and the rent and price of land will rise. For the urban producer there is in this policy immediate and permanent loss and detriment, for the farm labourer there is no advantage, for the farmer at most a transient benefit, for the agricultural landowner the permanent advantage.

ARCHITECTS AND COST OF LAND

MR PHILIP H. MASSEY, B.Sc. (ECON.), F.R.ECON.S., gave the book *Why Rents and Rates are High* (Madsen, 1s.) an extensive review in the *Architects' Journal*, 27th April, and quoted liberally from its pages. What Mr Massey himself had to say upon the matter under discussion is important. There cannot be many in the building profession who will not endorse his opinion, if they are genuine builders rather than mere land speculators :

"Architects and planners have the problem of land costs brought before them in every aspect of their work. All too often the location and layout of a housing estate, a bridge, a town hall, a whole community, is determined not by the physical characteristics of alternative sites and the needs of the community, but by the relative costs of possible sites. Not infrequently, schemes have to be abandoned owing to the impossibility of obtaining any suitable site at a price which the promoters (whether a company, a local authority, or a private individual) are prepared to pay.

"The natural tendency of the technician who is frustrated in his desire to assist in any scheme for the building of houses or other works, by the difficulty or cost of obtaining the necessary land, is to condemn the landowner whose demands stand in his way. In Mr Madsen's view, the rating laws, not the landowners who take advantage of them, should be condemned. . . .

"It will be well to summarize very briefly some essential points in the existing rating system, and some of its effects.

"Local rates are based upon the rateable values of real property, and are levied upon the occupier (except in certain cases which need not concern us here). *It follows that if there is no occupier then no rates are payable.* [Legal possession does not of itself constitute an occupation. The owner of a vacant house is in possession, and may maintain trespass against anyone who invades it, but so long as he leaves it vacant he is not rateable for it as an occupier.' (R. v. St. Pancras, 1877.)]

"Net annual value is defined as :

"The rent at which the hereditament might reasonably be expected to let from year to year if the tenant undertook to pay all usual tenant's rates and taxes and tithe rent-charge, if any, and to bear the cost of the repairs and insurance and the other expenses, if any, necessary to maintain the hereditament in a state to command that rent.

"*It follows that an occupier who improves the buildings on his site has his rates increased, and an occupier who lets his buildings fall into bad repair has his rates reduced, while, as already noted, a landowner who makes no use at all of his site pays no rates for it.*

"*Agricultural land and agricultural buildings are entirely exempt from rates.*

"*In the case of 'industrial and freight transport hereditaments,' the rateable value is one-quarter of the net annual value. (For shops and offices, as well as houses, the rateable value is the whole net annual value.)*

"The case against the present rating system, and in favour of the taxation and rating of land values, is based upon the view of land value as a community value. . . .

"Special attention is paid to three of the outstanding effects of the present rating system :

"1. That vacant land being held for a rise in capital value is exempt from local taxation, although it may later be sold for thousands of pounds per acre ;

"2. That when land is bought by a public authority for development such as housing or bridges, the value of neighbouring land is immediately increased, so that when a further piece of land is required a still higher price has to be paid ;

"3. That there is often a very wide difference between the capitalized rateable value of a piece of land and the price for which it is sold. (Note : This arises partly from the total derating of agricultural land and buildings and the exemption of vacant properties, and partly from the fact that the sale of land is often the preliminary to its being put to a new use.)"

Concluding his review, in which he quoted a number of examples from the book, Mr Massey said :

"This, then, is Mr Madsen's solution. Taxation on production and exchange should be repealed, houses and other buildings and improvements should be relieved from local rates, and public revenue should be derived from taxation on the value of land.

"In support of this thesis he gives us :

- (1) The examples from which a selection has been taken above ;
- (2) An extremely interesting account of land value taxation in practice in other countries ;
- (3) A list of 222 Local Authorities which since 1919 have passed resolutions calling for the Rating of Land Values.

"A final section gives "Both Sides of the Argument," with comments by the author. Here the economic case is argued.

"The appearance of this book is very welcome, particularly in view of the efforts of the London County Council to obtain powers for the rating of site values in London. It is worthy of close study by all those who are concerned with land costs. Directly or indirectly, that means every one of us. Whether we are converted to Mr Madsen's beliefs or not, the evidence which he presents is of the greatest value, for the questions of land costs and of taxation lie at the roots of all projects of social improvement."

"Why Rents and Rates Are High"

By A. W. Madsen, B.Sc.

Paper Covers, 1s.

Cloth Bound, 2s.