

NEWS AND COMMENT



SVR: MORE SHALLOW THINKING

SEARCHING for new sources of local government revenue has been a pre-occupation of students, commentators, councillors and pressure groups for as long as most people can remember. The latest writer on the subject, Ian Oddy, writing in *Crossbow*, has produced little original thought in a field in which there is already a surfeit of unattractive palliatives.

Assuming that the Royal Commission on Local Government will advocate the reorganisation of boundaries, Mr. Oddy argues that the new regional and local bodies should have their own independent tax sources to replace the present system of precepts. He advocates the abolition of specific and general government grants to both types of new local government unit, and considers that the cost of education should be transferred to the exchequer, that the second tier authorities should retain the present rating system, and that the regions should be financed by a maximum 12½ per cent. sales and service tax falling on commodities, gambling and mail order businesses.

After admitting that a sales tax would be regressive, Mr. Oddy argues that the effects would be offset to some extent by the abolition of purchase tax, recognising however, that there would be a danger if differential sales-tax rates arose between regions. In choosing a sales tax as his main new base for regional financing, Mr. Oddy wishes to spread the tax load over as many people as possible, ignoring the fact that a sales tax hits hardest those with the greatest need.

In a very superficial examination of site-value rating as a possible alternative to the present rating system, Mr. Oddy expresses the view that current valuation practice precludes a change, since the lands tribunal does not favour residual site valuation. In the face of many years successful experience of site valuation in the U.S.A., Australia, New Zealand and Denmark, this objection cannot be held to be valid quite apart from the fact that the residual method is not the only method of arriving at the valuation of sites. Emphasising that planning decisions can have considerable influence on land values Mr. Oddy implies that taxation on the basis of public land-use decisions cannot be justified, and that in any event the disadvantages of site-value rating seem to outweigh the advantages, which he meticulously fails to cite.

Like many people, Mr. Oddy comes to grief on his economic analysis, since he contends that a land tax system is unlikely to be any less regressive than the present annual value system, ignoring the fact that a site-value tax cannot be shifted forward on to the consumers of

goods or on to the occupiers of buildings.

An annual tax on assessed ground rental values can fall only on the recipients of land rent.

A NEW ONE ON US!

The Liberal Party are still campaigning for a rate based on site values. The claims which have been made for a tax of this type are incredible; they include the abolition of the House of Lords and the disestablishment of the Church of England.

IAN ODDY in his article.

As a member of two professional bodies specially concerned with land economics, Mr. Oddy cannot be excused. As a Conservative who is helping to formulate future policy he needs to do more homework.

WHERE ALL REAL REFORM BEGINS

THE LAND REFORM PROGRAMME in Chile proceeds on a slow but steady course, says a report in *The Christian Science Monitor*, but it is under considerable criticism. Land owners complain that the programme, which involves compulsory purchase of large estates and redistribution of the land is too rapid. Communists and others complain that it is far too slow.

One difficulty being encountered by the Government is that many of the peasants, little better than serfs, lack education and live in primitive conditions. The Government hesitates to give them land immediately, so peasant co-operatives, under the control of the Agrarian Reform Corporation, have been set up as interim measures. This has resulted in much higher standards of farming. The peasants are now working for themselves instead of for an absentee land owner.

A WHIFF OF DEFEATISM

THERE is more than a whiff of defeatism in the announcement that the Southern Gas Board is halting the sale of gas fires until the spring of 1967. This decision affects an area from Buckinghamshire to the Dorset-Devon borders and will thus send a shiver through countless homes.

Prudence may be a commendable quality, but it comes closer to panic, surely, when a great national service anticipates failure even before winter sets in.

The Board fears that if it sells too many fires to customers those customers are likely to be very cross should there be no gas on which to run them. It is scrapping its High Speed Gas campaign for fires, but will boldly continue to sell cookers and other appliances. The Government is likewise said to be considering a wholesale ban on fuel