The distinction sought to be drawn here between beneficial and social services owes its origin to the distinction attempted to be made between beneficial and onerous services by the Royal Commission on Local Taxation in 1901. No hard and fast line can be drawn, but in so far as the services provided by the local authority go to enhance the value of property, it is the value of land which is enhanced and not the value of the buildings. Thus, if this distinction means anything, the conclusion to be drawn is that the rates for maintaining the beneficial services should be met out of a rate on site values. But it is the whole complex of services provided which, together with natural advantages, determines the value of land at any point. There is thus a sound case for rating site values for all municipal purposes, and that indeed is what is done in the many places in which this plan is in operation.

The Association, in its report, does indicate some of the main arguments upon which the case for rating site values is based:—That site and buildings differ in character; that the value of sites arises without effort on the part of the owner, while buildings must be erected and maintained; that to shift the burden to site value would encourage the erection of buildings; and that unused and vacant land would be rated, thus tending to the best development of land.

No attempt is made to counter these sound arguments. Nor is any attention paid to the great body of practical experience which attests the value of rating site values. Neither does this Association, nor the Institute of Municipal Treasurers, note that the rating of site values would be the means of granting a true and beneficial derating of the work of men's hands which we would wish to encourage while not exempting (and thereby allowing to flow into private pockets) the value of land which the community creates.

INCREASED GOVERNMENT CONTROL OF INVESTMENTS

THE INVESTMENT (Control and Guarantees) Bill, to which a second reading was given on the motion of the Chancellor of the Exchequer (Mr. Hugh Dalton) on February 5, proposes to do two things. Clause 1 enables the Treasury to prohibit or control the borrowing of money or the raising of money by the issue of shares, debentures or other securities. Clause 2 enables the Treasury to guarantee the borrowing of money by individuals up to a limit of £50,000,000 in any financial year. The extent of the control to be imposed over borrowing is to be settled by Order in Council. The Government has published a draft of the first order proposed to be made indicating that the control will not extend to transactions below £50,000. Such an order could at any time be revoked and a more extensive one put in its place, subject to the power of the House of Commons to annul it by resolution within a limited time.

The Bill was introduced by the Chancellor of the Exchequer as part of the machinery for economic planning. It was criticised by some Labour and Liberal members as not going far enough. It was opposed by the Conservatives as a restriction upon freedom and individual enterprise and initiative, although some admitted that a temporary measure of control while there was acute shortage of capital might be justified. Some opposition approval was also expressed of the part dealing with guarantees—a principle which was established to a limited extent by the Trade Facilities Acts, 1921 and 1926, and the Development (Loans, Guarantees and Grants) Act, 1929.

The Chancellor of the Exchequer stated that the object of the Bill was "the determination of priorities according to the national interest. . . . We must make our plans, aiming at full employment, a fair distribution of wealth among the different sections of the community, and the best use in the national interest of all our resources, whether physical or financial." The power of guarantee was "intended as an anti-slump weapon" and to assist "industries which are in a bad way and are greatly in need of modernisation and new plant."

Broadly speaking, we would say that the Bill gives to the Government powers to divert the investment of money from those channels which the investors consider most profitable to others which they consider less profitable. In the one case this result is achieved by the Treasury refusing to permit the investment. In the other case, it is achieved by the Treasury guaranteeing the repayment of money lent and thereby giving the lender the assurance that the taxpayers will refund his money if the enterprise in which it is invested is a failure.

It is hardly conceivable that these measures can increase the amount of capital invested above what it would otherwise have been. They would simply seem to have the effect of diverting investment from some purposes to others. If this view is correct, the ultimate justification of the Bill is that the Government knows what the people want better than they know themselves, or else that they want the wrong things and that the Government ought to prevent them from getting what they want. The issue should not be obscured by talk of various abuses which have been associated with some financial transactions. It is the duty of the State to protect people against fraud, but that is not the real purpose of this Bill, and is a subject for another Bill which is said to be under consideration.

The suggestion that the Bill is an anti-slump measure appears to rest upon the assumption that the power of guarantee under Clause 2 can be used in a time of depression so as to increase the total volume of production and not merely to divert it from one channel to another. This in turn appears to rest upon the idea that during a depression there is money lying idle which can be put into circulation by such means. If that were true, the real avenue of inquiry should be to examine why money was hoarded and to eliminate the causes. However, this is a speculative discussion, for we did not notice that any speaker attempted to give an economic explanation of how or why this Bill could be an anti-slump measure.

The one effect which it is clearly likely to have is to strengthen the power of the great monopolies and combinations who will be able to exercise the utmost pressure upon the Treasury when they want permission to borrow money or issue shares and will be able to persuade the Treasury to guarantee loans which they will then be able to raise at low rates of interest. Thus the public credit will be used to advantage the shareholders in these giant undertakings, while the manufacturer or trader in a small way of business will find it more difficult than ever to raise the capital which he wants. This seems to be a curious outcome of Socialist policy, but practical experience of such measures in the past has shown that it is the inevitable and logical outcome.

WELL SAID. The effect of taxation on the housing problem was criticised by Mr. Justice Macnaghten in the Revenue Court to-day (London *Star*, March 12): "All the dilapidated buildings you see are really due to the system of taxation," said the judge. "It is the same with cottages. You have a dilapidated cottage and make it good and habitable, but immediately you have done that you have to pay much more in income tax upon it. People are clamouring for good houses, but the real cause of the disgraceful housing conditions is taxation."

The same applies with greater force to local taxation.