

LONDON COUNTY COUNCIL

Debate on Land Value Rating

The General Election of members of the London County Council was held on 4th March and resulted in the return of 75 Labour representatives and 49 Municipal Reform (Conservative) members. Of the aldermanic seats 12 are held by the Labour Party and 8 by the Opposition, the final strength of the parties thus being 87 and 57 respectively.

In view of the reference to the rating of land values contained in the Labour Party's election manifesto and of the resolution (reported in our last issue) carried by the Council on 9th February, regretting the decision of the Government not to introduce legislation to empower local authorities to rate land values, it may be expected that the new Council will make further efforts to secure a measure for the rating of land values.

In this connection it may be of interest to give some report of the debate in the Council on 9th February to which we made reference last month.

Mr C. LATHAM (South Hackney—Labour, Chairman of Finance Committee): The Council will remember that on 14th July, last year, it considered a full report on the question of the rating of site values. That Report was submitted with fairness and impartiality after consideration of the expressions of opinion which had been given by the Royal Commission and Select Committees which had from time to time considered this matter. It pointed out, as is the case, that the present rating system emerged from, and was intended to meet, conditions which have entirely changed; that the results of the rating system were inequitable and threw an unfair burden upon the active and working elements of society. It pointed out that site values arose from no action or inaction on the part of those who possess them, but that it arose directly from the community effort. Appended to the Report were particulars which showed that in many, many cases—certainly far too many for social well-being—this Council had, when needing land for the discharge of its duties and the development and expansion of its services, been held up to ransom in the price it had to pay for the land which was necessary, and that the owner had escaped under the present system any fair and equitable contribution towards social expenses; also, as a result of the continued process of exemptions, whole or partial, that an increasing proportion of the burden of rate-borne expenditure is being thrown upon the small householder, the small shop-keeper and the small business man. The effect of derating in connection with railways and in other ways has shifted out of all sense of justice the proportion of rates which has to be paid by the small wage-earner and the small business man and the small shop-keeper.

For those reasons we submitted, and the Council approved, that the rating system should be recast, so that it would include at all events provision for recovering for the public some portion, at least, of the value which the community creates in site values. This valuable Report was adopted by the Council, asking H.M. Government to consider the introduction of legislation which would empower local authorities to levy a rate upon site values.

This important Report and its Recommendation have met with no more than a simple acknowledgment from the Minister of Health. Further, in answer to a question in the House of Commons, he stated that he did not contemplate the introduction of legislation for this purpose.

I feel, therefore, that every member of the Council will desire to support the Recommendation which appears on the Paper, expressing this Council's regret that H.M. Government has not seen its way to introduce legislation to empower local authorities to levy a rate on site values.

Sir SAMUEL GLUCKSTEIN (Abbey—Mun. Ref.) said it would have been competent for the Council to invite a direct statement, instead of resorting to mere question and answer in another place. Mr Latham's adoption of that procedure was merely because he thought some electoral advantage would be gained by offering a word of censure to the Minister.

Mr F. C. R. DOUGLAS (North Battersea—Labour) said Sir Samuel Gluckstein knew as well as any other member of the Council that it was the commonest thing in the world for Committees of the Council to have reported to them the answers given to questions in Parliament, and to act upon the basis of those answers as a statement of the attitude of the Government to questions touched upon. It was very convenient for the Opposition to escape a discussion on the merits of the question by raising a side issue, and that perhaps explained their hesitancy to touch nowadays upon the whole question of rating. The Leader of the Opposition had apparently committed himself to a statement that it did not matter a great deal whether the rates were higher or lower, and this new attitude to the question of rating was probably because the Labour Party had taken the step of challenging the justice of the whole system. Why should the occupiers of property in London, and particularly the occupiers of small houses and small shop-keepers, be compelled to pay the whole of the rates of the city, while those who benefited to an enormous extent out of public expenditure were allowed to escape scot-free? The rating system was entirely antiquated, obsolete and inefficient. The Manifesto of the Municipal Reform Party pledged them to various schemes of public improvement, if they were returned to power. The result of those public improvements would be to increase still further the land values of London, and to add still more to the incomes which were entirely unearned and undeserved, and had to be paid for by the labour and toil of the people of London. Therefore, he and his friends had no hesitation in once more re-affirming the justice and practicability and expediency of the principle embodied in the Report on the Paper.

Mr R. C. D. JENKINS (South Kensington—Mun. Ref.) repeated Sir Samuel Gluckstein's complaint that on the occasion of the last debate there was no reply from the other side. In the earlier Report presented to the Council on this subject, there was not one indication of the financial effect of the scheme on London, nor was there any estimate of the cost of valuation. There was no report from the Comptroller of the Council, either to the Finance Committee or the Council. The Council itself had no report from the Valuer. Further, no inquiry was undertaken as to the views of the rating authorities in London, who might have been able to help, as in the case of rating of empty properties. No reason was given why capital invested in land should be rated while other forms of capital were exempted.

Mr LATHAM (Chairman of Finance Committee) said his reply on the last occasion, which he now repeated, was that the debate had consisted mostly of sustained irrelevance, to which there was no need to reply. Matters of local taxation were not within the province of the Comptroller, but were dealt with by the Valuer. The Valuer's report was before the Finance Committee, but no objection was taken to it by Mr Jenkins or his friends. They simply "reserved" themselves. The same thing happened at last week's meeting of the Finance Committee.

"We have followed the usual practice," continued Mr Latham, "of reporting the reply of the Minister in relation to a resolution of this Council. As soon as the question was put and the answer given, and the intention was made clear, we decided to bring the matter before the Council, and I invite the Council to reaffirm its decision in July and express regret that the Minister contemplates doing nothing."

Mr H. R. SELLEY, M.P. (South Battersea—Mun. Ref.) reminded the Council that rating of site values had been attempted in legislation on two occasions. In 1909, when land was to be captured for taxation in relief of rates, it cost the country a million pounds to make a survey. On the last occasion, when Mr Philip Snowden attempted to rate site values, the attempt was particularly unfortunate because it exempted the small occupying holder, and that was a direct bribe to the electorate. The rating of site values was a very old shibboleth and it was absurd.

Mr R. H. POTT (East Woolwich—Lab.) said it had been proved there was no difficulty about the matter in other

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countries, and there should be no difficulty here, national or local.

Mr B. MARSDEN-SMEDLEY (Chelsea—Mun. Ref.) referred to the list of sites contained in the schedule to the earlier Report of the Finance Committee on the subject, in respect of which the Council had been held up to ransom. He mentioned particularly one where the Council had to pay 190 years' purchase price, and added, "I agree that it is a ransom." He mentioned also other sites, and said they were all open spaces which the people of London were using. The effect of the suggested mechanical assessment, he said, would be to put up local taxation on all these amenities used by the people of London.

Mr C. W. GIBSON (Kennington—Lab.) said all the evidence went to prove that a really serious attempt by the Government to apply the principle of the taxation of land values in this country would work, and it would more equitably spread the burden of the cost of running local services. In London it would benefit particularly the small landowners and the small ratepayers. They were the people the Labour Party was concerned about, but members opposite were more concerned about protecting the interests of the big landowners.

After quoting instances of the price paid by the Council for land from the schedule to the earlier Report, Mr Gibson claimed that, on those figures, it was indisputable that landlords in London had held the Council up to ransom when it needed land for public purposes.

Mr F. W. DEAN (St. Marylebone—Mun. Ref.) said one of his party's main objections to the scheme was that it would affect London particularly when the rest of the country would be exempt. To say that it was a success in Australia was only stating a half truth. In some parts of Australia, particularly in Melbourne, it had been a complete failure, and municipalities had been landed with freeholds they would be thankful to dispose of.

Mr E. W. H. WOOD (St. George's—Mun. Ref.) said that in 1901 the Royal Commission on Local Taxation had demolished the case for rating of site values by saying that such a proposal did not appear to be justified on any of the grounds hitherto advanced.

Mr LATHAM (replying on the debate), remarked on Mr Dean's suggestion that the original proposals were intended to apply only to London. The recommendation, said Mr Latham, was for general legislation, not limited to London. As to Mr Dean's picture of failure in Melbourne, there had never been rating of site values in Melbourne. The party opposite pretended to be solicitous of the interests of the ratepayers. In the past they had served one particular kind of ratepayer, and whenever the Labour Party submitted proposals designed and intended to relieve the burden of the rates or ease the burden of rates upon the bulk of the ratepayers, members opposite were in opposition. They did not want to modify, improve or amend the present rating system in order that the incidence of the burden might be spread over the ratepayers as a general body. The debate had served one useful purpose, because Mr Marsden-Smedley agreed that where the Council had to pay 190 years' purchase, that was holding the Council up to ransom. On the subject of ransom, Mr Marsden-Smedley and he marched together.

The submission of the Labour Party was that property which benefited from every improvement in the general communal standard, from every effort of those who were acting in society, whether for private industry or social welfare, had showered upon it benefits for which no just and fair contribution was paid. The proposal of the Finance Committee was designed to secure, not that such properties should be penalized or treated unfairly, but that they should be required, in the interests of equity and justice, to make a fair, honourable and decent contribution to the cost of local government.

The Council divided and the Recommendation of the Committee was carried by 70 votes to 41.

Election of Mr F. C. R. Douglas

Mr Douglas, who has been a member of the Council since 1934, was returned for his division of North Battersea, his associate candidate being Mr Ewart G. Culpin, F.R.I.B.A., Vice-Chairman of the Council 1934-7. The election figures were: Culpin (Lab.) 9922, Douglas (Lab.) 9847, elected; Clarke (M.R.) 4766, Sainsbury (M.R.) 4645, not elected. This success is the more marked as the majority for the victors was increased by 1,400 votes.

Mr Douglas is also to be congratulated on the fact that he has been appointed Vice-Chairman of the Finance Committee of the Council, his "chief," the Chairman, being Mr Charles Latham, who was responsible for the Report of the Finance Committee on the Rating of Site Values, and who it will be remembered presided at the session of the International Conference in September last, when the land value rating policy was considered.

"GOING OFF GOLD"

How Johannesburg Land Values Have Increased

That municipal valuation cannot keep pace with the rapid increase of property values in Johannesburg is illustrated by the sales at Messrs Arthur Meikle & Co., Ltd., reports a recent issue of the *Johannesburg Star*. In every instance the prices attained were considerably higher than the municipal valuation which takes place every three years.

Lots 67 and 8a, at the corner of Commissioner and Beck Streets, Ferreira, fetched £9,500 as compared with a municipal valuation of £1,100 for the ground and £250 for the building. These lots were part of the estate of the late Mr D. L. Berman, and to-day bring in £216 per annum.

Lot 402, Saxonwold, a vacant piece of ground, fetched £990 compared with the municipal valuation of £500, while another vacant lot in Selby (200a) on which the municipal valuation was £2,000, was sold for £5,500.

Ground with no buildings in Industria showed increased values as compared with the prices for which they had been sold previously. Two and a half acres of ground which fetched £1,250 six months ago, went for £2,300 this morning, while five acres of a piece which had sold originally at £300, fetched £6,500—an increase of £1,000 per acre.

Lot 4,999 Ameshof Street, Braamfontein, on which cottages are situated, fetched £1,400 as compared with a municipal valuation of £925, while a residence at 93, Frances Street, Observatory, fetched £2,300, as compared with a municipal valuation of £1,770.

Mr Arthur Meikle states that in some localities property values show considerable increases even in a week.

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