

OPPONENTS OF DERATING

At Question Time on December 13, Mr. Duncan Sandys, the Minister of Housing and Local Government, said that he had received numerous representations for and against the abolition of industrial derating. They had come from Members of Parliament, from local authorities, from organisations representing industry and commerce, from trades unions, ratepayers' associations and a large number of individuals.

This reply, given to two Conservatives and one Labour Member, prompted supplementary questions from both sides of the House. Mr. A. W. J. Lewis (Lab., West Ham N.) asked if the Minister would publish a summarised list classifying the number of representations received, and Mr. K. Thompson (Cons., Walton) asked him to consider issuing a White Paper.

In further reply, Mr. Sandys referred again to the review of local government finance now being undertaken. The system of rating industry would, of course, be included as part of that review. He hoped to be able to make a statement after the Christmas recess about local government organisation, with which the review was "not unconnected." He did not think that he would act on Mr. Lewis's suggestion.

FARMERS VERSUS MANUFACTURERS IN SCOTLAND

In the Glasgow Labour journal *Forward*, Dr. Welsh had an article declaring that industrial derating should be abolished. Making answer in the issue of December 16, Mr. W. Weir Gilmour asked, "Should the farmers be derated?" He wrote:—

"Every rural burgh in Scotland is financially sweated by a county council requisition—the contribution which a burgh has to make to a county council—and these requisitions are high, because of agricultural derating in the counties.

"Quite recently Peebleshire County Council passed a resolution—it was circularised to all county councils—in favour of abolishing industrial derating, but not agricultural derating. Quite a nice (selfish) resolution for a bunch of (derated) landlords and farmers to pass! If derating of industry were abolished, Peebles Town Council would draw more rates from the local mills. But our valuation would go up, and so too would our contribution to the county council. A wonderful idea, for the county.

"It is important to remember that the Tories calculate that they can get round the agricultural derating business, by taking agricultural land off the valuation rolls!" (As has been done in England and Wales and is now to be done for Scotland in the new Rating and Valuation Bill that is before the House. Ed., L. & L.)

"Who are these 'farmers' anyway? The biggest of them are hobby-farmers, what they call 'dude' farmers in U.S.A.—stock-brokers, mill-owners, chain store proprietors, wholesale publicans, shipbuilders, etc., in the farming business for pleasure ('it's a change'), and because they can't lose money there, thanks to the tax-payers . . .

"This is certain: there will be one mighty protest from the burghs, and from the ratepayers in them, and maybe from the organised industrial workers too, if agriculture is not dealt with the same way as industry. Labour should think of that."

DERATE BUILDINGS—RATE LAND VALUES

"Derating really confers a privilege on certain forms of industry to the disadvantage of others. Such discrimination is neither just nor expedient, and, in effect, the rated producer is called upon to pay the rates of those who are derated." So wrote "Ratepayer" (whose identity is not known to us)

in the *Colne Times*, December 16. His letter provides a logical and satisfactory conclusion to the contentions of Mr. Weir Gilmour, and continued:—

"But while the repealing of the Act would bring about an equalisation of the burden, a burden it would remain. Under the present system of rating industry, trade and occupation are all penalised and restrained by local levies. Improvement of sites invites increased imposition and is consequently discouraged. Everywhere the onus of the system thwarts initiative and checks development. What is required is rather a radical alteration in the method of raising local funds than a mere reversion to the *status quo*.

"That such a change is necessary is witnessed by the large number of local authorities (including the London County Council) who have sought permission to levy rates on site-values. Parliament has resisted this measure of autonomy until now, and the non-producer still escapes the contribution he should make to the local exchequer.

"The rating of site values in Denmark, New Zealand, Australia, parts of the U.S.A., and elsewhere shows the impetus that can be given to production and municipal development when unused, or inadequately used, valuable land is rated, and when improvements and industry are set free of the disheartening penalty which now accompanies all forms of productive effort."

A NOVEL ARGUMENT SCOTCHED

Can inflation be restrained by granting sectional privilege? Recently a correspondent suggested in the *Sussex Daily News* that if the substantial subsidy which industrial concerns receive from other ratepayers by way of three-quarter rate relief were abolished, the present inflationary tendency would be aggravated.

An effective reply, published December 5 under the caption "Derating is a Subsidy," came from Mr. D. M. Cuthbertson, of Brighton. In part he wrote:

"My contention is that all subsidies, unless granted for humanitarian, or other good grounds, are wrong in principle, and unjust in practice. Is it right that an influential section of the community should escape paying its full share of the rates, while those who are compelled to pay them should make up the deficiency? In my opinion it is wrong, and I fail to see how anything which is wrong can be justified.

"But what connection has this with inflation? As far as can be seen, no connection. If your correspondent is right in saying that to call upon all industrial concerns to pay their full share of the rates would have an inflationary effect, then surely, by the same process of reasoning, the consequent reduction of the rate burden on others would have an exactly contrary effect. If, as he claims, the manufacturers would raise their prices, then why should not all the retailers and wholesalers—the big stores and the shop round the corner—be forced, through competition to reduce theirs?

"No, the long overdue abolition of de-rating would have little effect upon inflation either way, but it would certainly help to reduce the burden upon the countless thousands who, through inflation, find it a very heavy one indeed. But that is not the only reform in our rating system which is urgently needed . . ."

Mr. Cuthbertson concluded by briefly outlining some of the advantages of land-value rating, citing overseas experience to show that the policy was not "an impracticable utopian dream." In subsequent letters he dealt more fully with that policy, receiving support from Messrs. J. A. Marshall, of Saltdean, and Mr. P. R. Stubbings. As we go to press a letter from an opponent promises to keep the correspondence alive.