

## LAND & LIBERTY

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### WHO SHOULD PAY?

No one likes paying rates. Every local authority is up against this hard fact, as soon as any proposal for increased expenditure comes up. The result is that estimates are cut down to a bare minimum, and the development of public services constantly lags behind present-day necessities.

#### Value for Money

Yet public services yield a rich harvest out of all proportion to their cost. They give a return of health and happiness, of material and mental well-being. But they yield also another return which is more easily measured in £ s. d. and which is always turned into £ s. d. They make possible the development of communal life on a large scale, and as the aggregation of population proceeds, so does the value of land increase. Public services are not only a necessary investment, but also an investment that pays an enormous dividend—to the landowners without whose permission not a single one of us can enjoy the advantages of those services.

The Mansion House is built on a site which was let to the City Corporation towards the end of the eighteenth century at a ground rent of £10 a year. The site is now valued at £2,000,000, equal to a ground rent of about £100,000. In a little over two centuries it has increased in value ten thousand times.

It is little wonder that Thorold Rogers wrote: "I could show . . . that land for two miles round St. Paul's has increased during the last hundred and fifty years a thousandfold in value." That was written in 1884. The steady increase in value has continued during the succeeding fifty years.

#### Fabulous Land Prices

The value of land in the vicinity of the Bank of England and the Stock Exchange ranges from £50 to £100 per square foot. In the more valuable streets of the City and West End a price of £10 a square foot is almost a commonplace.

In Boroughs such as Battersea or Poplar we are becoming accustomed to a price of £5,000 to £10,000 an acre being asked for land required for housing purposes. The cost of land for a recent L.C.C. scheme in Poplar worked out at £41 10s. per room.

These enormous values are entirely due to public expenditure and to the needs and activities of the people. The owners have done nothing to make these sites valuable, yet they appropriate the values which have to be paid by the labour and industry of the people. It seems elementary justice that land values should be taken to pay the rates.

#### Benefits of Land-Value Rating

One result of doing so would be that tenants of houses would be relieved of the heavy burden imposed on them by the present system of rating. The cost of house-room would be relieved of the tax of 50 per cent or so that it

bears at present. The tenant would no longer have to pay twice for public services—once to the landlord and again to the local authority.

Another advantage would be that land prices would fall. The rapid expansion of London outwards has involved great increases in land values and widespread speculation. The mere decision to extend the Tube to Southgate raised the price of land adjoining the route from £100 to £1,000 an acre. On the Watford by-pass farming land rose to £2,000 an acre. Similar instances could be given all round London. These high prices and the holding of land out of use, for still higher prices, raise the general level of land values throughout the Metropolis—in the centre as well as in the suburbs. The people of Bermondsey or Finsbury, though they do not see it, are paying more rent because of the speculation which rages at Edgware, Morden, and elsewhere.

So long as land is held out of use or used for agricultural purposes, it pays not a penny of rates. It gains in value by public expenditure to which it does not contribute. If the owners were rated on the full site value, they would no longer be either able or willing to hold valuable land out of use. They would become competitors with one another to find users for it. The price of land would fall. The use of land for building and industrial purposes would be stimulated. Opportunities of employment would be opened up for many classes of workers.

#### A Valuation Advantage

Incidentally the owners of land would not be anxious to have their assessments put too high. Neither would they be anxious to have them placed too low, for the valuations made of their lands would be an invaluable check upon the price asked for land required for public purposes.

This whole question of rating urgently demands attention. The justice of taking land value for public revenue is plain. The economic necessity of it is no less obvious. We simply cannot afford to tolerate a system which makes houses dearer, encourages exploitation, and hampers production and trade at every turn. The wisdom of taking land value for public revenue has been recognized by economists from Adam Smith down to Professor Marshall—not to mention Karl Marx and Henry George.

Hundreds of municipalities have petitioned Parliament for power to rate site values. The London County Council in its earlier days was honourably associated with this movement, but its present reactionary majority endeavours to stifle even a discussion of the subject. One of the best things a Labour County Council could do would be to give a new impetus and direction to this demand—which is bound ultimately to succeed, but the delay in giving effect to it is causing untold overcrowding and suffering.

F. C. R. D.

(The above article, specially written in view of the London County Council Election which takes place on 8th March, is reprinted from "The London News," the monthly journal of the London Labour Party.)

At Sheffield recently a property-owner was fined for letting houses on which a clearance order had become operative. No doubt the law must be obeyed, but why were tenants willing to take insanitary houses? The poverty of the tenants and the scarcity and dearth of other and better accommodation forces them back into the slums. Clearance Orders do not alter those conditions. They do not touch the high price of land and the high rates which make houses scarce and dear. Would it not be much better to fine men for keeping valuable building sites empty than for not keeping houses empty?