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## LAND VALUES AND LOCAL TAXATION

NINETEEN RESOLUTIONS on local taxation were on the agenda of the Annual Conference of the Labour Party at Bournemouth, June 10 to 14. These represented various views and put forward various proposals, the general trend being that there should be a thorough inquiry into the system and the incidence of local taxation. Some wanted an increase in Government subventions or their better distribution. Some demanded the repeal of the Derating Act. Some pleaded in favour of the existing system being replaced by a local income tax. Some urged a drastic revision of the system without offering any specific proposals. The Rating of Land Values was advocated by the divisional Labour parties of Rutland and Stamford, Rugby, and Fulham East.

The resolution accepted by the Executive, all others being set aside in its favour, was that from Bristol West, which declared that "This Conference considers the present rating system inequitable and instructs the National Executive Committee to examine the whole position and submit a full report at an early date." The agreed resolution had been amended by omitting after the word "position" the words "with a view to completely reorganising the system of levying rates."

In addressing the Conference, Mr. Dalton, the Chancellor of the Exchequer, referred to the subject as follows:

"Ministers may move quicker than the National Executive because by the time that the National Executive has completed its inquiry Aneurin Bevan and I may have settled it. He, as Minister of Health, has to consider the finances of the local authorities, and he and I have been working together on this.

"Local authorities are getting a good deal more out of this Government than they got out of the last. They are getting higher housing subsidies. In addition to this, Aneurin Bevan has arranged for special grants, as a first step towards the rehabilitation of blitzed areas, to those areas.

"Under the National Health Bill, the hospitals are going to be nationalised. . . . That means a very large transfer of expenditure from the rates to the taxes. . . . Part at least of that I propose to recover for the National Exchequer by re-arrangement of the block grant on which Aneurin Bevan and I are now working, he and I regarding the block grant of the future as being primarily a rate equaliser. We propose to have a new formula for its distribution, under which the poorest authorities should get more, the richer should get less, and the richest of all should get none at all.

"One more word on local finance. There are some people who think that the local authorities should have the right, if they wish, to raise part of their local revenue by a local tax on site values as distinct from the values of buildings and of improvements whether residential or industrial. I have under-

taken to give careful consideration, together with Mr. Bevan and my other colleagues, to this possibility in connection with the general revision of national and local finance."

This statement is largely a repetition of what Mr. Dalton said in the House of Commons on May 16, as reported in our last issue. Both there and at the Conference he laid the greater stress on Government subventions as a means of mitigating the burdens now borne in the shape of rates, the underlying idea being that the taxpayer ought to come to the aid of the ratepayer. But any investigation made into that aspect of the subject must result in the conclusion that relief of rates so achieved will benefit most the larger ratepayers, and ultimately find expression in higher rents. For is not that the whole case against the Derating Act, and has not the subject been sufficiently explored by Royal Commissions and Select Committees to prove that the necessary accompaniment of the Treasury subventions is either a national tax on land values or the rating of land values over the whole field?

The confronting of "rich districts" with "poor districts" meets none of the arguments against the inequity of the tax system. In the "rich" districts—of which apparently the high rateable value per head and the low poundage of the rates are the criterion—there are plenty of poor people who are rack-rented and find the burden of the rates as grievous as anywhere else. And in the "poor" districts with their low rateable values per head and high rates in the pound, there are well-to-do people who are by no means entitled to the dole which this increased distribution of taxpayers' money in their districts would give them.

The relief that should be given everywhere is relief from taxation on buildings and improvements, and the source which should make up that relief is the value of the land, whether it is collected by means of local rating or a national tax. But that is essential, as well as for its economic effect in encouraging the best use of land, if the continuing subventions from the Treasury to the local authorities on its doorsteps, are not to be landlord subsidies pure and simple. And short of that, if the revenue required to "keep down the rates" is to come by way of the present methods of taxation, which mostly penalise industry, hamper trade and add to prices, it is idle to talk of reform in any sense or of relief to anyone.

The Chancellor of the Exchequer has opened another door to the ventilation of the subject. He is considering legislation to give power to local authorities to rate land values "if they desire it." Therefore, it is for the local authorities to press upon the Government the urgency of the reform, and in their representations their demand should be for a real option (if optional legislation has to be). That is

to say, it is not sufficient that they should be able to raise "part of their revenue" by land value rating, for that makes it compulsory on them to obtain the rest of their rate-revenue by the old and the condemned method, which they may wish to refuse doing. Nor should there be any suggestion that the rating of land values shall wait upon or be necessarily connected with the revision of the block grants. It is true that all Government subventions, if they must be spread around, necessitate the taxation or rating of land values if they are not to go in the wrong direction. But the reverse is not true. Land value rating and taxation stands on its own footing as a self-contained, independent, urgent and just reform. Accordingly we ought to know that, with the other legislation which the Chancellor and Mr. Bevan are

working upon, the Land Value Rating Bill is also in an advanced state of preparation.

During the years between the wars no fewer than 240 local authorities have demanded such a Bill and its early passage. They include the London County Council, 13 Metropolitan Boroughs, and many large Boroughs such as Accrington, Bolton, Cardiff, Crewe, Darlington, Gateshead, Hull, Leeds, Manchester, Middlesbrough, Sheffield, Swansea, etc. etc. They are among "some who think" that site values should be rated as distinct from the values of buildings and improvements. Their expression of opinion points to the widespread popular demand for Parliamentary action, but it needs re-expression now so that the Government is assured in proceeding with the least possible delay. A. W. M.

## IN THE NAME OF PLANNED ECONOMY

(Article in the Danish commercial journal *DANSK GROSSIST-TIDENDE* reprinted in *VEJEN FREM*, April 13)

A FEW years ago, a group of Danish Press men were quizzing good-naturedly a Free Trader in their company who was inclined to be optimistic about the possibility of freer commerce after the war. "Yes, but," said one of them, "why are you so sure of that?" "Because otherwise millions of people will die of hunger," was the reply. The remark was no doubt treated as a reckless exaggeration, but to-day there are many who will admit that the reply was not so absurd.

Much has certainly been done for famine-stricken countries through UNRRA, and many private agencies have helped. But it is becoming more and more evident that there is a limit to what can be achieved on those lines. What we have not addressed ourselves to is the most important thing of all, the vital necessity of restoring production athwart all exchange controls and allowing free passage for raw materials and finished products across the frontiers. If we do not establish that good order in our affairs, there are years of distress in front of us, ending as anyone can foresee in desperation and new wars.

Those countries which were most ravaged by the war will naturally require some time to recover, and this is true particularly of Germany. Even under conditions of complete commercial freedom, Germany cannot at present procure very much in the way of imports since, at the moment, it is not in the position to provide the goods to pay for them. In this case measures of relief are in place and the same applies to several of the countries formerly under German occupation.

On the other hand it must be realised that such countries will have little chance of rescuing themselves if the world around denies them the right of obtaining, by their export trade, the imports that they need. If a country, which as a whole has suffered much by the war, offers us in Denmark certain goods, and if our own authorities, as has happened, cut down a necessary import, then we should be quite clear in our minds that we are at the same time debarred from helping some other country, say Holland, in its need. If such practices are allowed to obtain here at home and, unhappily, also in other countries, which by the way keep on pouring out money to help UNRRA, how can we hope to get further? After all, we are all members of a great world community and each suffers by the distress of the other.

All of the people of England, for whom we have the highest regard and admiration, are severely rationed for foodstuffs. What is the reason? Is it because, upon the whole, there is no more food in the world? Not at all. We in Denmark within but 24 hours' voyage could send them much more food if only the world was not ruled by economic planning politicians and officials putting up their barriers both there and here.

Here at home we cannot get our production of bacon and butter under way because we lack the dollars to buy feeding

cake. After long and tedious negotiations within government departments permission is at last given to apply part of a sterling balance to purchase from a dollar country. Then the transaction is suspended by the English side putting forward all sorts of hypotheses as to the prices to be paid for Danish goods, and by the exacting consideration that has to be given to the question of subsidies and other matters that have nothing to do with a free commerce. Ultimately, when negotiations under these difficult conditions have been concluded, the business is placed in charge of a Minister who by training is a jurist and politician but who has never produced nor sold as much as a single pound of pork.

If the world had not been ridden with all this planned economy, these restrictions and the host of meddlers, Denmark could by this time have rendered very different help against hunger in devastated Europe. It would not have taken very long to build up our livestock so that butter, bacon, eggs and cheese could have streamed from this country. But precisely the opposite road has been followed. At a moment when millions are faced by starvation, our livestock is reduced and diminished. Since November the number of pigs alone has fallen by 134,000.

Regarding all this and seeking to forget all the pseudo-scientific economic planning theories which now govern the world and its politicians, one is easily driven to wish that—instead of conducting these futile conferences between the governments of the various countries, through committees of the trade and foreign and agricultural ministries, and many others who in fact have no commercial competence—we could do just as we did in the old days: simply allow Mr. Hansen in Denmark, with his intimate knowledge of his own trade in his limited field of operations, to sell to his good business friend Mr. Smith in England what he requires, the latter in return sending us what we can use. But such a thought is all too simple and straightforward to gain the ear of this world's "scientifically" trained economic planners. If we followed these primitive and absolutely infallible business methods, Europe would at the same time get out of its distress many years sooner than is now likely to happen.

The hope of freer commercial conditions is not so pronounced as it was immediately after the war. There is no particular sign that the prospect of a new war, despite the atom bomb, is halting the political developments. Similarly, there is failure to stop and think of the possibility that in matters economic and related to our food supplies the economic planners may bring a whole world to wreck and ruin.

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