

WHY TAX HOUSES?

The Report of the Departmental Committee on the High Cost of Building Working Class Dwellings (Cmd. 1447) has been issued. One paragraph states: "We are of opinion that effective steps have been taken to secure land for housing schemes upon reasonable terms and no general alteration of the system in operation seems necessary. We do not think that any further economy in the provision of workmen's dwellings can be looked for from this source."

Some examples of the way in which the "system in operation" works as an impediment to housing may be given by way of comment on this white-washing of schemes to buy land with public money. We quote the following cases recently reported in our columns illustrating anomalies with which members of every local rating authority in the country are familiar.

In Norwich, 147 acres purchased at 113 times the previous annual rateable value (£132 10s.) for £15,000.

In Acton, 58½ acres purchased at 161 times the previous annual rateable value (£205) for £33,000.

At Rusholme, 101 acres purchased at 163 times the previous annual rateable value (£248) for £40,400.

In London, at Bellingham, 134 acres purchased at 171 times the previous annual rateable value (£184) for £31,529.

In Aylesbury, £2,000 per acre has had to be paid for ground assessed as garden land and £900 per acre for land assessed as osier beds.

Further examples of the same kind are given on p. 151 of this issue.

The plea of the Committee is that economy has been achieved because provision was made that "the value of the land should be taken to be the amount which the land if sold in the open market by a willing seller might be expected to realize"—and no further economy can be looked for!

Certainly, no economy may be expected if there is never to be any just relation between the market value and the taxable value of land and if the public are permanently to be bled for the benefit of landowners in this way. Public money has filled the pockets of the monopolists, while the Government has been engaged in its spurious schemes of housing, land settlement and small holdings, all based on the shameless contention that the people must *buy* their way to a foothold on the land. The housing schemes were not designed or not destined to produce houses. They were designed to offload upon the local authorities land held in speculation by its owners and so set a standard of high land prices for all future house-building.

In the House of Commons Sir Alfred Mond has said that in England and Wales the sum of £4,800,000 has been spent in the purchase of 27,000 acres for housing sites. In the light of the facts available, the average rateable value of all that land may be placed at not more than £2 per acre, making a total rateable value of £54,000. At 6 per cent. the corresponding capital value is £900,000. And so, while the people have been waiting for the houses, only to learn that the finance of the whole business is bankrupt, the owners of urban and rural housing sites have walked off with a special gift at the people's

expense of just under £4,000,000. Such are the fruits of a policy of obtaining land which the Departmental Committee on High Costs, etc., deem it not necessary to alter.

A correspondent—an architect in Norfolk—has written us: "The present method of taxing improvements is paralyzing house-building and the building trade generally. It is also rapidly bringing about the bankruptcy of local administration. A country that taxes improvements neither deserves houses nor land." The existing taxation is so surely destructive of all enterprise that one can only express amazement at the attempt of bodies like this Departmental Committee to maintain that land prices have no bearing on the housing question. The Committee may suggest that the land at Rusholme, for example, was not dear. £40,400 for 101 acres on which 1,212 houses (at 12 to the acre) means only £33 per house or an annual ground rent of about £2 per house. Mr. John Burns used to say that the price of land corresponded to only "a halfpenny a week" in the rent of houses.

We make the Committee a present of that argument. The case they must answer is this. The houses erected in Rusholme would be assessed at not less than £40 each, making the rateable value of the whole estate after development not less than £48,480. *The same land when held in speculation was rated at only £248*, and as "agricultural land" paid only one-half the poor rates and only one-quarter the general district rates. Taxation is increased by this enormous difference for no other reason than that improvements have been made and dwellings provided. Is it any wonder, with the constant increase of taxation so levied, that the building trade languishes, that private enterprise is banished, and that the combined efforts of the State and the municipality end in a miserable fiasco?

The Taxation of Land Values would remove this hostile tariff on industry—the double barrier of landlords' prices and the penalties public policy now imposes on improvements. Houses and all the "work of man's hand" would be free from taxation. Our correspondent above cited added to his letter "Rates on improvements must be removed before taxation of land values is possible." There he is profoundly mistaken, for where is the alternative source of public revenue except in the value that attaches to land, by its nature and origin belonging to the whole community? The Taxation of Land Values and the untaxation of improvements must go hand in hand as inseparable parts of one uniform and harmonious policy. Given the unrating of improvements and *no* taxation of land values, the benefit of the change would simply go to landowners in still higher prices of land. Private property in land exacts that toll from the community with every material and social advance, whatever form progress takes.

Therefore let us begin by assessing and taxing land according to its fair market value of to-day, whatever that may be, and give corresponding relief to the producers of wealth by removal of taxes that penalize their industry and steal their earnings. Apply that policy to one of the cases already mentioned. The houses would be exempt from taxation. Land having "a fair market value" of £40,400 would no longer be assessed at an annual value of £248; because that happened to be the rule—

of-thumb measure of the use to which it was put. It would be assessed at £40,400 or at an annual sum corresponding to that capital figure. It would be taxed and rated at that assessment. The effect of such taxation would be to force owners to find occupiers and users for the land they hold, and with increased supply for all purposes the prices and rents of land would fall. The bottom would be knocked out of the monopolistic "fair market values" of to-day, and in place of them new assess-

ments would arise based on the true economic value of land with none withheld from its possible or proper use. Land would be available on *equal terms* to all, including its present owners (now of necessity and happily made partners in industry) and those to whom access has been denied. The great storehouse of nature would be thrown open for every useful occupation and such a condition as enforced unemployment could not exist. That is what is in the Taxation of Land Values. A. W. M.

NATIONAL CONFERENCE ON THE RATING OF LAND VALUES

TO BE HELD IN THE

TRADES' HALL, 85, GLASSFORD STREET, GLASGOW

On SATURDAY, 8th OCTOBER, 1921, at 3 p.m.

Under the auspices of the United Committee and the Scottish League for the Taxation of Land Values a National Conference to promote the Rating of Land Values will be held on Saturday, 8th October, at 3 p.m., in the Trades Hall, Glassford Street, Glasgow.

Chairman: Ex-Bailie John Muir, J.P.; Speakers: Ex-Bailie Peter Burt, J.P., President of the Scottish League, Mr. P. Wilson Raffan, M.P., and Mr. A. W. Madsen, B.Sc.

Invitations to appoint delegates have been sent to a representative list of Municipalities and other Local Rating Authorities, to Ward Committees, Co-operative Associations and Guilds, Trades Councils, Trades Unions and other Industrial and Social Organizations.

The following Resolution will be submitted:—

This Conference condemns the present method of raising local revenues, because it imposes an unjust burden upon wages and the earnings of industry, obstructs trade and commerce, promotes bad housing conditions, and enables those who own the land to appropriate, in higher rents and land prices, the benefits of good government and municipal expansion; this Conference declares that the value which attaches to land, apart from improvements, is the natural and proper source of public revenue, and that rates should be levied on the value of land whether it is used or not—all houses, buildings, machinery, and other improvements being excluded from assessment; this Conference further calls upon the Municipalities and other Local Rating Authorities to apply for Parliamentary power to rate land values; and, in order that this reform may be instituted without delay, to demand that the Government shall cause the Land Valuation to be completed, revised, and made available to the public; this Conference also affirms that the essential first step to the Rating of Land Values is to procure for each town and district the records of the Land Valuation already made; and urges the Municipalities to demand from the Government the facts and figures relative to their respective areas.

Local authorities, committees, councils and societies that wish to be represented are asked to send names and addresses to reach the Secretary of the Conference, Mr. James Busby, 67, West Nile Street, Glasgow, not later than 4th October. Forms of application for delegates' tickets may be had on request.

Visitors are also welcome and tickets will be sent by the Secretary to any who wish to attend as such.

The Conference is of special importance in view of the fact that in the forthcoming autumn municipal elections the issues will certainly include the enormous burden of

rates and their unjust incidence, with special regard to the "sordid scandal" of the housing failure and the urgent need of rating and housing reform. The Conference will be asked to urge the Municipalities and other Local Authorities to apply for Parliamentary powers to rate the value of land, whether it is used or not, and relieve houses and improvements from local taxation.

Members and friends of the League and others interested in making the Conference a success are reminded of the Conference Expenses Fund, to which Contributions are invited and will be welcomed by the Hon. Treasurer of the League, Mr. Alex. Mackendrick, 67, West Nile Street, Glasgow.

In the letter of invitation to appoint delegates the Secretary of the Conference makes the following announcement:—

"Since the November Elections of 1920 a special Committee of the Glasgow Corporation had been preparing a scheme to rate land values, and on 16th June a special meeting of the Town Council was held to discuss the recommendations. The report of the Committee was referred back for certain quite minor reasons. The rating of Land Values has, in the past, been urged by both Liberal and Labour Parties, not merely as a revenue proposal, but as a far-reaching social reform. At the Election of 1920 the Labour message was couched in the following terms:—

"Land value as the permanent basis of taxation provides a fair, just, inexpensive mode of levying rates, and its operation would benefit industry, reduce fluctuations of employment, and bring back to the community what is created by the community. Any other levy, if the land value rate should be insufficient, should be made upon an equitable system, based on ability to pay.

Now is the time when the Labour and Liberal Parties and all earnest Rating Reformers, whether attached or not to any of the political parties, can make sure that a just and equitable Rating system shall be established. A united demand by the Rating Authorities no Government could resist.

"Mr. Robert Smillie, J.P., has been asked to take part in the Conference, but for reasons of health, and provisional engagements, has had to decline any definite commitment. He says: 'Events might make it possible for me to be present at your Conference, but you would not be justified in announcing that I was likely to be with you, as it is very uncertain.' The Committee trust events may conspire to enable him to be with us."