

the buildings or other improvements upon it. It would be assessed upon and paid by those who are entitled to the land value, that is to say, upon the freeholder or where the land is subject to a long lease and has gone up in value since the lease was granted partly on the freeholder and partly on the lessee according to their share in the value. (The practical details of how this can be done were well worked out in the land-value tax provisions of the Finance Act, 1931, which have since been repealed and the L.C.C. London Rating (Site Values) Bill of 1938.)

Its Advantages

The advantages of substituting land-value rating for the existing system may be summarised as follows:—

(1) The rate would be paid entirely by the owners of land and would not be shifted on to tenants, as present rates are. This proposition is stated by all economists. One reason why it is so, is that the land-value rate would fall on unused land. The owners of such land would be forced to use it, or to let others use it. The available supply of land would be increased, and owners would be forced to take less for land rather than more. The landowner, therefore, cannot shift the burden on to the tenant.

(2) The cost of housing accommodation would be reduced by the amount of the present rates, which now fall on tenants. It would be very much easier to provide houses at rents which people could afford to pay.

(3) The cost of shops, warehouses and other business premises would also be reduced by the amount of the present rates. This would be an advantage to the whole community, as the existing rates form part of the oncost of conducting these businesses and are passed on to the consumers in the price of commodities.

(4) Land which is held out of use, and at present pays no rates, would be

forced into use, as it would be rated on its real value. Land would become cheaper. Building and other uses of land would be stimulated.

(5) Development of land would be encouraged, because the improvements erected on it would not be rated. Employment would be increased.

(6) The reduction in the price of land, and the existence of a valuation revised from time to time, would make it easier to acquire land for public purposes on reasonable terms, and facilitate the settlement of compensation in town planning.

Proved by Experience

The rating of land values has been in operation for many years in New Zealand, Australia, South Africa, and Denmark, and elsewhere. In all these cases it has been successful and gained complete public approval. Their experience has proved how easily and fairly the land value can be assessed separately from the buildings and other improvements that stand upon the land.

Hundreds of local authorities in this country have approved the principle. With the ever-increasing responsibilities thrown upon them by Parliament the time is now ripe for an insistent demand by local authorities for power to rate land values and relieve the excessive burdens imposed by the existing system of local rating.

The burden of the rates and who should pay them is the over-ruling question at municipal elections and all Candidates should be behind the demand for the Rating of Land Values. When elected, they should see that their Councils pass resolutions in favour of the principle, invite other local authorities to take the same action, bring the matter before conferences of local authorities or call special conferences for the purpose, and use every effort to impress upon Parliament the urgency of the necessary legislation.

law has been attacked times without number, it has weathered the attacks and stands to-day as a beacon light for the landless and homeless in all nations.

J. RUPERT MASON.

SUBSIDY HOUSES

WHEN it is desired to exclude a commodity from home markets an import duty of 33½ per cent. is often found to be a prohibitive one. Our present local rating system imposes a tax of 33½ per cent. upon houses in most local areas and it is becoming almost prohibitive of the production of new houses. A case in point is reported from Salford, the great industrial city adjoining Manchester, and it cannot be said to be exceptional. Salford City Council is building 160 temporary bungalows, with the financial assistance of the Ministry of Health. The cost to the Ministry is said to be 20s. per week per house, and the Ministry is quite naturally insisting that the rents charged by the Council shall be not less than 10s. a week. At the Council meeting in August, surprise was expressed by some councillors that this rent was to be exclusive of rates, which would be 5s. 9d., making a total cost to the tenants of 15s. 9d. weekly. Equal surprise may be felt that any councillors should be so little informed on the subject of rates. The matter came up again, however, in September, and the Council have now decided that the rent shall be fixed at 7s. 6d., plus rates 5s. 9d., total 13s. 3d. per week. They were warned by one alderman that the Ministry would probably still require its 10s. per house per week, and that the decision meant that the Council would have to subsidise each house to the amount of 2s. 6d. per week. This would be in addition to any subsidies that might have to be paid on permanent houses later; and would be additional to subsidies still being paid on housing schemes from the last war. Salford is still paying £7,000 a year on houses erected in 1919.

Thus the Ministry, or rather, the taxpayers, will lose 10s. per week on each of these houses, and the Salford ratepayers will lose another 2s. 6d. on each. If this planning finance were necessary to give satisfaction to homeless tenants, little could be said about it. But the fact is that after such ridiculous accountancy the problem is still not solved. The families who are allocated to these temporary houses at 13s. 3d. a week know that similar accommodation, that is, two bedroomed houses of the ordinary, non-Council type, are let in Salford at an average rent of 7s. 10d. a week. The new bungalows are all electric, with no coal or gas cooking ranges, and the tenants are concerned about the probable cost of running such houses.

The first of these experimental bungalows to be built in Salford is said to have cost £2,000. We would like to know the cost of land for the sites, and

THE NOVEMBER MUNICIPAL ELECTIONS. The foregoing article has been printed as a four-page quarto leaflet for use and circulation at the forthcoming Municipal Elections. It has a supplement WHERE LAND VALUE RATING OPERATES, telling of the practical legislation in a number of countries. Many other leaflets are available for campaign purposes. Price 1d. each or 3s. per 100. Special arrangements will be made where leaflets are desired for distribution in larger quantities.

CALIFORNIA

ONE OF the most important legislative enactments embodying the principle of Land Value Taxation is the Irrigation District Act, 1897, of the State of California (Stat. 1897, p. 254). The Act was amended in Stat. 1909, p. 461, to permit the electors of these districts to decide for themselves whether they wanted their district to obtain the necessary revenues by taxing land and improvements or by a tax on the value of the land alone. All the districts soon voted to adopt the taxation of land values alone, and in Stat. 1931 the law was

further amended to make obligatory the exemption from taxation of all buildings, planted orchards and other improvements. This law has obliged the holders of valuable unimproved land to pay the same taxes as their industrious neighbours holding land of equal assessed value and has put economic pressure on absentee holders who soon found it unprofitable to hold on to land kept idle. There are to-day over 100 districts in California levying taxes under this law. They include over 4,000,000 acres of the richest land, both rural and urban, in this State, and although the