

THE BUDGET RATING PROPOSALS

By Ashley Mitchell

(From BURDENS ON LAND, of May, the Journal of the Liberal Council.)

If the Tories were doubtful of the reality of Mr Churchill's conversion, they will now be reassured, for the rating proposals of the Budget are unadulterated Toryism, and their only claim to consideration lies in their recognition of the crushing burden of rates on industry.

Having at long last realized the necessity of reducing the burdens on industry, the Government propose to relieve "productive industry" of 75 per cent of its rates, to complete the exemption of agricultural land from rating, and even to abolish all assessment of agricultural land. The method proposed is that which naturally would be expected from a reactionary Government: by subsidy! And the money is to be found by a Protective Tax on imported oil, a raw material! (Incidentally, the Prime Minister's pledge against Protection is now definitely broken.) It has been somewhat pathetic to hear praise of such a ramshackle scheme, and almost unbelievable that it should have been so mildly criticized.

BOUNTY TO LANDLORDS

For instance, it has been barely noticed that their proposals for the reduced rating on factories is on the same lines as the remission of rates on agricultural land. It is a subsidy to property owners and bears no relation to the value of the production of the factories. It will simply benefit the property owners, as Liberals have persistently maintained in the case of exemption of agricultural land. When such methods were first seriously proposed in 1850, Richard Cobden said:—

"There is a new red herring thrown across the scent for the farmers; they are told that Protection cannot be had just now; but in the meantime they must have half of the amount of the local rates thrown on the Consolidated Fund. The local rates at present are paid on the real property of the country. It is known to everybody that the assessment is on the rent, and if the rate is assessed on the rent, the tenant charges it to the landlord when he takes the farm. He calculates what the rates and taxes are, and if the farm is highly rated, he pays less rent—only think of this wise proposal of the farmers' friend, who says: 'In order to relieve you tenant-farmers, I will take one-half of these £12,000,000 of local taxes off, and put it on the Consolidated Fund—that is to say, on tea, sugar, coffee, tobacco and other articles which you consume.'"

We are told that these proposals are to help the necessitous districts, the assumption being that certain localities cannot subsist without help from the Exchequer. There can be little doubt that the real reason why those areas are called necessitous is because local authorities are not allowed to assess valuable real property in their districts. It is not seriously maintained that in even the most depressed areas rents have fallen or that property has no value.

There are 2,000 acres of land in Manchester either not rated at all, or only rated as agricultural land—agricultural land in Manchester! And if Mr Churchill had his way it would all be totally exempted. Well might those districts be called necessitous under such trammelling conditions! So, also, might Mr Churchill be described as helpless if he were to be gagged!

If our great County Boroughs and County Council areas were situated in the Dominions, there would be no talk of subsidies for their local services. Many of the cities of our Dominions raise all their rates from the

assessment of the unimproved land value only, notable examples being Sydney, Johannesburg, Wellington, East London, Brisbane. Indeed, practically everywhere in the Empire outside Great Britain land is assessed on its real value, even where improvements are rated. It is incredible that areas so populous and wealthy as these could be discussed as if they were paupers and have their local autonomy constantly whittled away by Exchequer grants entailing State control.

The story of the untaxing of improvements and the assessment instead of unimproved land value is an entrancing one. Denmark is the most notable example in Europe, and there, significantly enough, the greatest relief of improvements is to be found in the rural areas, for the strength of the agitation comes from the farmers, who, owning their land, condense their policy into five words, the epitome of Justice, so well understood by all who live near the soil: "Equal Tax for Equal Land." The greatest progress in rural areas in the Empire is to be found in the prairie provinces of Canada, where almost universally agricultural improvements are exempt and all local taxation levied on the land value only. In U.S.A. the whole of the State of New Jersey is valued, land separately from buildings, although improvements are taxed equally with land. In Pittsburgh improvements are taxed at half the rate levied on land value, land and buildings being assessed separately, whether built on or not.

For years our own great municipalities have petitioned Parliament for powers to assess unimproved land value in their areas. It is significant of a belief that before long there may be a different sort of Government in office, that there has been in recent months a revival of agitation. Glasgow, Leeds, Cardiff, Sheffield, Monmouthshire have called conferences or passed resolutions to that effect. The time is over-ripe for a root and branch reform of our existing rating system by the transference of rates from buildings and improvements to site values. Thus, not one section alone, but all ratepayers would be relieved of the present burden of our antiquated system, and a fair contribution to the needs of local authorities be obtained from those values which the activity and growth of the community create. Before subsidies or transfer of services are considered, the first and essential step is to give this power to local authorities to secure their own assets.

The stage is set for the battle of the next election, the issue lies before us—Free Trade and Just Finance *versus* Subsidies and Protection. It is significant that the Budget Rating proposals are not to come into force until after the general election. In the meantime, they will be offered in the nature of a bribe, but when agricultural areas scorned the cash bribe of £1 per acre on arable land in 1923, we can surely rely on the electorate to deal in like fashion with these reactionary proposals.

Until Mr Churchill discloses his definition of producers who are to get 75 per cent relief of their rates, the final attitude of public opinion towards his Budget cannot be declared. A deputation which waited upon Mr Neville Chamberlain yesterday tried in vain to elicit information on this all-important matter. He was ready to snow them under with rating statistics, but he would not explain what is to be regarded under the Budget as a productive industry. The Government is well aware that when the information is made known there will be a great outcry against the Budget. Many who are praising it to-day will turn and curse it, because they will learn for the first time that they are excluded from the category of producers. The nation is being deliberately humbugged by the Chancellor.—From a leading article in the *South Wales News*, 4th May.