

## THE A B C OF RATING REFORM.

BY JAMES DUNDAS WHITE, LL.D., M.P.

### Free Trade Principles.

Free Trade principles, besides being applied to exchange, should be applied to production.

Production begins with the land, from which all material things are ultimately derived.

Free scope should therefore be given for the development of the land, by removing the hindrances which restrict its use.

### Ruinous Rating.

Those who hold the land are at present rated not on the value of the land they hold, but on the value of the use made of it.

The less they develop it, the less they have to pay, and every facility is given for the unproductive retention of land.

The more they develop it, the more they have to pay, and their improvements are penalised.

This vicious system of rating "checks production at its source," hindering the development of the land, retarding the growth of wealth, and narrowing the range of employment.

### "The Greatest Grievance."

"The great criticism against rating is . . . that it is unfair in the class of property which you tax and rate. This is the greatest grievance of all—that it taxes improvements. The more a landlord improves his property, the higher he is rated; the more he neglects his property, the less he is rated. . . . If he allows his cottages to fall into decay and become empty, his rates are less; but if he is a good landlord who repairs old cottages and builds new ones, up go his rates. The man who trusts to obsolete machinery in his business can keep his rates low; but the man who puts in new machinery and improves his buildings has to pay a higher contribution to the rates."—Rt. Hon. D. Lloyd George, M.P., House of Commons, 28th April, 1913.

### Drag on Agriculture.

Those engaged in agriculture find that their first difficulty is to get the land on satisfactory terms.

Then they are hampered by a system which lays them open to rack-rating on almost every improvement.

If they reclaim land, or level it, or drain it, so as to increase its annual value, up may go the assessment and up may go the rate!

If they build hay-sheds, or byres, or farmhouses, up may go the assessment and up may go the rate!

Every such improvement may be promptly penalised!

### Bar to Building.

The builder's first difficulty is to get the building-site on satisfactory terms.

Then, as soon as the house is completed, up goes the valuation, and up go the rates.

The larger the house, the better it is, the healthier it is, the more he must contribute to the rates.

If he makes an extension, or adds a storey, or even puts on a bow-window, he is promptly penalised.

All of which prevent proper housing.

It also reduces the employment of quarry-men, brick-makers, masons, slaters, joiners, carpenters, plasterers, painters, paperhangers, plumbers, gas-fitters, iron-workers, and a host of others employed directly or indirectly in fitting, finishing, and furnishing houses.

If house-building is carried on; they get employment; if it is not, they don't.

### Menace to Manufactures.

Our manufacturing industries suffer in the same way.

The first difficulty is to get even unused land on satisfactory terms for building factories and workshops.

Then, as soon as these are in working order, up goes the valuation and up go the rates.

The better, the more airy, the more wholesome and healthy they are, the higher are they rated.

Even the machinery fixed in them is included in the valuation, and the more modern and effective it is, the more the factory is penalised!

With the worst results to the investment of capital, the employment of labour, and the well-being of the workers.

*Note.*—The working of the present system is illustrated by an experience of Messrs. Craven and Speeding Bros., rope manufacturers in Sunderland. When they improved their power-plant the rating authorities "advanced the assessment of the firm by £500 per annum, because it was contended that the introduction of the Diesel engines and the buildings to hold them had enhanced the value to this extent." (The MACHINERY USER, May 1909, p. 7.) This was right according to the present system; but the present system is wrong.

### Our "Hostile Tariff."

Well did Sir Henry Campbell-Bannerman say:—

"Our present rating system operates as a hostile tariff on our industries."—Sir Henry Campbell-Bannerman, at Dunfermline, 22nd October, 1907.

It is the most hostile of all the tariffs which we have to face, and it is a tariff which we can remove easily.

In order to remove it, we ought—

"To set up a standard of rating which would not hamper or impede industrial enterprise. What is that standard? The market value of the bare land, apart from the buildings and improvements made upon it by men's work."—Rt. Hon. Alexander Ure, at Broxburn, 28th December, 1906.

We need, by this "new standard of rating," to unrate all buildings and other improvements, and to base our valuations on the market value of the land alone, whether it is used or not.

### The True Standard.

To rate the landowners according to the market value of the lands which they hold, whether they use them or not, would check the unproductive retention of land. It would bring unused land into the market and, by increasing the available supply, would reduce the rents and prices of land to their natural level. It would make land more easily and more cheaply obtainable.

To unrate improvements would give all our industries such scope and opportunities as they never had before.

Agriculture would revive, building would extend, industrial enterprise would develop.

Capital would have more openings at home, labour would have better opportunities, and employment would increase.

### The Systems Contrasted.

Suppose A and B have each a plot of land, of equal size, situation, and natural character—of equal land-value—A lets his lie idle, while B drains his, cultivates it, and builds upon it.

Under the present system A goes practically rate-free, while B is heavily rated; unproductive retention is promoted and development discouraged.

Rate each on the basis of land value, then will both be equally rated; unproductive retention will be discouraged and development promoted.