politicians' stock-in-trade promise of "jam tomorrow"—if for the next ten or twelve years taxpayers hand over to the farmers a rather larger proportion of their incomes, they *may*—in the distant future—not have to pay them so much as they do now. While not accepting the arguments as expressed by the Minister, we can see that these payments will so bank up the value of land, that when the time comes to collect it for public purposes there will be no question of the sufficiency of a tax on land values.

Part III of the Bill gives effect to the recommendations of the Commission for setting up a Pig Industry Development Authority financed by imposing a charge on persons working in the industry. Part IV provides for the payment of grants of £1 million a year for the next five years to the Northern Ireland Government. This continues an arrangement that has been in operation for the last three years whereby as the Minister explained the farmers of Northern Ireland are compensated for the "peculiar disadvantage of finding themselves in difficulties due to their remoteness from the main market in Great Britain".

Confusion Worse Confounded

A Peer's view of the latest patchwork measure to make the British local taxation system tolerable

LORD DOUGLAS OF BARLOCH, during the second reading debate in the House of Lords on the Rating and Valuation Bill on March 5 said :

"This is the latest of a long series of Bills amending the basis of the rating system, and it certainly will not be the last. As my noble friend Lord Latham has said, the rating system has become extremely erratic and arbitrary. Its original basis, whether just or unjust, was at any rate comparatively simple : it was, an assessment of the annual value of an immovable property, according to what it was deemed to be capable of being let for in its existing condition. Since 1896, however, when agricultural land was derated by 50 per cent, there have been a succession of alterations. In 1923, agricultural land was derated by 75 per cent ; then in 1929 industrial and freight transport hereditaments were derated by 75 per cent, and agricultural land completely.

"Now we have a basis of assessment in which some property is rated upon a pre-war value and some is rated upon a present-day value ; and, in addition, shops and commercial properties are now to be rated upon 80 per cent of their current value. There is no economic justification for all these various adjustments in the basis of local taxation. The Government, apparently, are going to deal presently with the derating of industrial properties, and are going to diminish it. But it is all completely arbitrary ; there is no economic basis underlying it of any pattern whatsoever.

"It is true that the basis of local taxation is open to criticism, but the defects cannot be remedied by the kind of means which have been adopted in the past. The basis of criticism is of an entirely different nature. It is that an assessment of a movable property is an assessment of two totally different things : it is an assessment of the land, and also of the permanent improvements which are placed upon it. There is undoubtedly a long history, not only in this country but in many other countries of local taxes being based upon a valuation of immovable property. That basis certainly has the advantage of being related to something which is peculiar to the locality, and undoubtedly it is far more equitable than such devices as excise duties or other taxation upon commodities, or attempts to localise income tax or inheritance duties.

"But it still remains the fact that the basis of local taxation, in not discriminating between the value of the site and that which is placed upon it, is inherently faulty. It has the effect, especially as it is operated in this country where the assessment is related to the existing use of property, entirely disregarding its potentialities for better use, of exempting the valuable property which is undeveloped ; of giving, in effect, a partial exemption to old, obsolete properties, whether commercial or slums, or what they may be, and, conversely, of imposing a penalty of higher taxation upon the improvement and the redevelopment of land. That is entirely a mistake. It is, in effect, a tax imposed upon a commodity of universal consumption—dwellings in which people live ; shops, offices, factories and other business premises in which they carry on their industries—which becomes, in effect, an increase in the one case, in the cost of living, and, in the other an increase in the cost of production.

"It is surely high time that, instead of bringing in periodically these entirely arbitrary adjustments of the rateable values of certain classes of property, the Government gave serious consideration to what, after all, has been done in many countries already ; that is to say, separating the value of the site from the value of the improvement ; and imposing a uniform rate upon the value of the site and reducing the amount which falls upon the improvements. There is ample precedent and experience for such a course. It is done in most of the British Dominions ; it is done in Denmark, in parts of the United States and in other countries. It is practicable and simple ; it has given satisfaction where it has been adopted, and it is fortified by economic arguments of a simple and decisive character. In the study which is being given to local government financial reform, here is something of a constructive nature which ought to receive attention, so that we can put our system of local rating on a coherent and scientific basis. For those reasons, as well as for the reasons given by my noble friend Lord Latham, I too am entirely opposed to this Bill."

The Bill has since received the Royal Assent.