

WORKS OF DRAINAGE

Who Benefits? Who Pays?

The Great Ouse (Flood Protection) Bill, discussed by a House of Lords Select Committee on November 16, provides for an expenditure of £6 million, of which nearly half-a-million is allocated for acquiring land necessary to the works. Mr. W. J. Diplock, K.C., presenting the case for the promoters, mentioned that some of the land to be protected was the richest agricultural land in the country, the value per acre of the crops grown being four times the average of the rest of England. If these works were authorised, he said, some 2 million acres in varying degrees would benefit because the drainage of the higher ground also would be greatly facilitated.

Drainage rates have hitherto been assessed on "Schedule A" valuation, on the value of land and development together; and liability for such rate, or for a higher rate, is often arbitrarily assessed on owners of land lying below a specified level, e.g., 8 feet above the normal level of the river. The rate is payable partly by owner and partly by occupier. Thus the owner-occupier of poor land, liable to flood, and who develops it as much as he is able, usually pays a heavier rate than the owner of richer land secure from flood, and who puts it to inadequate use. Some higher land which benefits from the public drainage operations may pay no drainage rate at all, although the works, of course, raise its value. If the present drainage-rate system is retained the expenditure of the £6 million will especially advantage the owner of richer land and in inverse ratio to its degree of development.

Nothing could be more obvious than that this public service of drainage directly raises the potentialities of land by public expenditure; and nothing could be more obvious than that this potentiality is registered in the value of the land and as our land laws stand at present finds its way into the pockets of the owner as owner. If it were decided to collect all land value for public purposes there would be no need to levy any specific drainage rate at all; the question of who should or should not pay drainage rate would solve itself; the owner of land liable to flood would (other things being equal) pay less not more than owners more fortunate, and he would pay nothing more however much effort and capital he expended upon his land. And when the drainage authority required land for its works, although it would in justice pay generously for the value of any developments so taken, it would pay nothing for buying back the value the public themselves create.

Recent developments in legislation are in the direction of relieving landowners and occupiers from payment of drainage rates and thus obliging local drainage boards to apply to the Treasury for grants. This shuffles, without resolving it, the question who should or should not pay drainage rate; it reduces the independence of local authorities; and, as relief from drainage rate will be reflected in the higher price of land, it helps the Government to enrich landowners at the expense of taxpayers. It also tends to relax scrutiny of projected expenditure on drainage work. Previously ratepayers had an interest in watching how their money was spent, and they were on the spot. An official in Whitehall has neither that interest nor that advantage of situation. The taxation and rating of land values would avoid all these anomalies and as the cost of drainage work would be borne from the value it created any work which was ill-conceived or wastefully executed would be checked automatically. The example

of the Irrigation Districts of California, where such public works have been remarkably successful, and where the cost has been borne by a tax on the unimproved value of land shows how easily drainage operations in Great Britain could be extended and maintained if only public opinion could be directed to the advantages of this method.

F. D. P.

QUESTIONS TO CANDIDATES

For the General Election the United Committee for the Taxation of Land Values is preparing to circulate, with other literature, a series of Questions to Candidates. Following are examples:—

1. Do you agree that the land belongs to the people, all having an equal right to its use, and that the holders of land should pay the people a rent for it, that being paid by way of national and local taxation assessed on the value of land, apart from and exempting all buildings and improvements attached to the land?
2. Will you urge that the next Finance Bill includes provision for a uniform national tax on the value of land apart from improvements and that taxation now levied on wages, buildings, industry and trade be correspondingly remitted?
3. Will you support reform of the local taxation system so as to rate land values and exempt houses and other buildings and improvements?
4. Will you press for the repeal of Protectionist tariffs and the establishment of Free Trade, whatever may be the fiscal policy of other countries?
5. Will you urge the abolition of the Purchase Tax and other direct and indirect taxes, which diminish wages and increase the cost of living?
6. Will you urge amendment of the Town and Country Planning Act so as to repeal its development charges and remove its other vexatious barriers against building; and in substitution for its financial provisions will you press for the Rating of Land Values as the right source of revenue as well as the right way to promote desirable development?
7. Will you promote and support amendment of the English Local Government Act in order that the valuations now being undertaken shall assess the value of land apart from improvements, enabling rates to be levied on that value instead of upon houses and other buildings?
8. Will you call for the repeal of the Derating Acts, by which factories and industrial premises pay only one-quarter rates and agricultural land, however valuable, is virtually exempt, whereas houses, shops and other premises have to bear a grievous burden? Do you agree that the proper course is to relieve all buildings and improvements and to secure for the community its just revenues by taxing and rating land values?
9. Will you move for the abolition of the Exchange Control, so that the Pound can find its own level in a free market and imports and exports can adjust themselves in a perfectly natural way?

Ask some of these questions yourself. Get your friends to ask others. The value of this questioning, of which opportunity should be taken at any and every meeting, is that it brings the matter before the audience and is as effective propaganda as can be done in a few moments.