

ago: when streets were widened in Charles the Second's London it was realised that some houses would consequently 'receive much advantage in the value of their rents by the liberty of ayre, and free recourse for trade and other conveniences'; a jury was therefore required to assess the sums of money that had to be paid to the state by the lucky householders 'in consideration of such improvement or melioration'.

"The problem remains the same today: when planning permission is given to site A and refused to adjacent site B, some of the value of site B is either extinguished altogether or, more probably, shifted to site A as a result of the community's decision. And if later site A has to be compulsorily acquired (say to build a road) the community has to pay compensation for a value which it has itself helped to create. So long as proper compensation is paid, the community is bound to lose both ways. The case for transferring some part of this 'betterment' to the community is logically irresistible. Yet because the solution contained in the 1947 Act was unacceptable, we now have no provision for taxing betterment at all. The solution which we adopt will probably have to be less theoretically perfect than that contained in the 1947 Act: we could either impose a straight tax upon the capital profit made on any disposition of land; or we could impose an annual tax or rate upon the capital or site value of land. A tax on these lines works well in Australia, New Zealand, South Africa, Denmark, Western Canada and Pittsburgh. Conditions in Britain are, of course, different. But in some such way as this we could raise funds with which to pay compensation for the refusal of planning permission or the purchase of land for public use; and because the tax is levied upon undeveloped site value and not upon improvements, we should positively encourage development of vacant land. As the American magazine *House & Home* puts it: 'In a free enterprise economy like ours the only way to stop underuse is to put the profit motive to work and make it more profitable to improve a property than to let it decay'."

This leads Mr. Howe to include the following in his six-point Conservative policy for planning:

Continue to regulate prices by the operation of the free market, but appoint an expert committee to advise on the best way of taxing betterment — either by the rating of site values or by a simple turnover tax on dispositions of land.

One cannot see how such a turnover tax would facilitate development or cheapen land. The reverse is more likely Title holders would either hold on to ripe land in the hope that amending legislation repealing the tax would be brought in or would hold out for even higher prices than they will now accept. Speculative withholding of land would not be discouraged and might well be further encouraged. By its nature the tax would be discriminatory and therefore inequitable since it would fall only on land which changed hands only when the transfer was effected. Much extremely valuable land would escape, and the yield would be small and subject to considerable fluctuation.

Any attempt to deal with "betterment" on an *ad hoc* basis is foredoomed to fail. It is quite impossible to determine what part of the value of a piece of land is attributable to a particular factor and this would be so even if there was a land valuation. One could more easily locate a needle in a haystack than say with certainty and precision how many pounds, shillings and pence of value the provision of a new road has added to Mr. Jones' house plot.

The object Mr. Howe has in mind would be automatically achieved under the national taxation (or local rating) of land values. After each revaluation all landholders whose land had increased in value for any reason, including provision of new public improvements in the vicinity and planning changes, would be required to contribute more while those whose land had fallen in value would receive "compensation" in the form of a smaller tax bill. In cases where compulsory purchase was unavoidable reference to the land valuation would ensure that the sum paid was equitable so far as both the individual and the community was concerned.

Comedy Of Errors

A BRIEF anthology of factual errors, irrelevancies and misunderstandings published by the Conservative Political Centre has recently come to our notice. *The Rating of Site Values* was issued shortly before the last municipal elections with the obvious intention of countering the growing demand for rating reform. Its appearance is a tribute to the effectiveness of our propaganda. The only argument advanced is summarised by Mr. Brooke's Written Answer to a Parliamentary question (July 5, 1960) with which the pamphlet ends: "Rating of site values is a question which has been examined by a succession of committees and commissions since the beginning of the century and reported against by each one of them. I see no reason to reject their advice."

A detailed line by line refutation would unduly tax the reader's patience and our space. Nevertheless a few errors may be corrected. Site value rating (or, as we prefer, land-value rating) is not the Single Tax, nor was it the subject of *Progress and Poverty* which, incidentally, was first published in 1879, not 1894. Lord Douglas of Barloch, is not "a staunch socialist" though he is a Labour peer, the Rating Reform Campaign was launched on January 1, 1960 by the Land-Value Taxation League, not in 1959 by the United Committee, and it has five Labour M.P.s as sponsors as well as the two Liberal M.P.s mentioned. Triumphant exposing what he believes was Henry George's demonstrable fallacy, the writer reveals his own ignorance. George argued, rightly, that with material progress, rent increases as a proportion of wealth produced. He certainly did not suggest that wages and living standards remain at a given level for all time no matter how much production increases.

As we guessed before raising the cover, the pamphlet contains a section on Lloyd George's Land Taxes. It is completely irrelevant. We read, too, that the L.C.C.'s London Rating (Site Value) Bill, 1939, was "heavily defeated". What other fate could there be for a Bill

introduced under the 10-minute rule, with only one brief speech for and one against, with the Whips on in a Conservative-dominated House? It is worth recalling that the Conservative M.P. who spoke against the Bill, Mr. H. G. Williams, said that Mr Lloyd George "invented a system of land taxation which at least theoretically had merits far beyond this". He also said, rather amusingly, that the Opposition saw electoral advantage in promoting the Bill and yet argued that they were mistaken in believing it was popular, and added, in the face of all the overseas evidence to the exact contrary, that it would gravely prejudice the building industry and every manufacturing industry.

Among the official investigations cited as being against the rating of land values is the House of Commons Select Committee which, in 1920, recommended the Government to repeal the Land Values duties levied under the Lloyd George legislation. This is either ignorant or downright dishonest: the Committee was not concerned with the rating of land values. Our comment at the time was that repeal of the duties was the only course to take, that they had broken down because they were bad in principle and difficult to assess and collect. "The next step is to institute the Taxation and Rating of Land Values, which would be far more sweeping and yet more beneficent in its economic effects (and certainly far more searching in its incidence upon increments, reversions and sites withheld from use) than all the elaborate ingenuity of the scheme introduced in the Budget of 1909."

The pamphlet includes references to the Simes (1952) and Sorn (1954) Committees' Reports and the R.I.P.A.'s endorsement (1956) of their findings against land value rating. This is familiar ground which we need not tread again at present. Nor need we deal with the section devoted to the Uthwatt proposals and the consequent 1947 Act with its harmful financial provisions. These we opposed from the outset as anything but the rating or taxation of land values. As with much else, they are included in the present pamphlet on the "no case: abuse plaintiff" principle. Surely the Conservative Party can do better than this?

Liberal Motley

A MOTION on site value rating will be one of the principal topics debated at the Liberal Party Assembly in Edinburgh next month. Put forward by the Carshalton and Withington constituency associations it won second place in the ballot poll of associations to select from the 66 motions submitted. Open to later amendment, it reads:

"This Assembly opposes the Government policy on local government finance which relies on the expansion of the present rating system and is archaic, regressive and unfair and could by the 1963 revaluation cause a considerable rise in the rates of domestic houses without giving financial freedom to the local authorities as it retains the same method of supplementary finance.

"It therefore calls on H.M. Government to: (a) transfer rates to site values; (b) assign other specific taxation to local authorities."

An appalling motion which no true liberal could possibly support won first place in the ballot. It calls for a Five Year Plan involving the creation of an economic planning Commission or Ministry, responsible to a Cabinet Minister, charged with the task of ensuring that the gross national income—whatever that may mean—increases annually by 5 per cent, neither less nor more. These new economic planners would prepare estimates and plan the allocation of resources, co-ordinating "national investment" and giving special encouragement to manufacturing industry and roads. Even worse they would have to develop a national income policy, relating to wages, salaries and profits, aimed at keeping increase in personal incomes within the bounds allowed by the plan and securing an equitable distribution of the benefits of growth, and so on. The hopefully anticipated proceeds of this authoritarian proposal would be spent on improving the education system, pensions and the social services, roads, houses and the creation of a clean and beautiful Britain (*sic*), and increased investment and aid for the under-developed countries.

No better are the motions submitted jointly by the executives of the Liberal Party organisation and the Scottish Liberal Party. One, on British agriculture and the Common Market, virtually expresses support for the imposition of taxes on food. Coming from a party which until recently stood for free trade, to which it still occasionally pays lip service, this is the blackest betrayal. Another motion, calling for "radical reform and simplification of the taxation system", falls far short of its preamble. It would shuffle and recut the present cards in the pack, adding a tax on short-term capital gains and removing the Schedule A income tax.

Ironically, the two executives, while ready to destroy Britain's sovereign independent status by tossing her into the maw of the Common Market, call for the early establishment of a Scottish Parliament. One stated reason is that "Scotland is a nation, by historical fact, with separate culture and potential economic viability." No Customs posts would be erected along the border, apparently, for it is proposed that a Joint Customs Commission should collect duties throughout the U.K. The Scottish Treasury would levy excise duties.

Keep Britain Out!

A PACKED public meeting, held in the City last month passed by an overwhelming majority a resolution deploring proposals for Britain's entry into the Common Market. The meeting was convened by the *City Press* newspaper whose editor, Mr. S. W. Alexander, occupied the chair. He said that if we rejected the Common Market we had to think of a policy which would solve the economic problems. It was no good merely condemning the proposal. Consideration had to be given to an alternative which would keep down the cost of living by making the wages of the people more valuable. That could be achieved by allowing them to buy from the cheapest market. If we continued to do otherwise the pound would collapse.