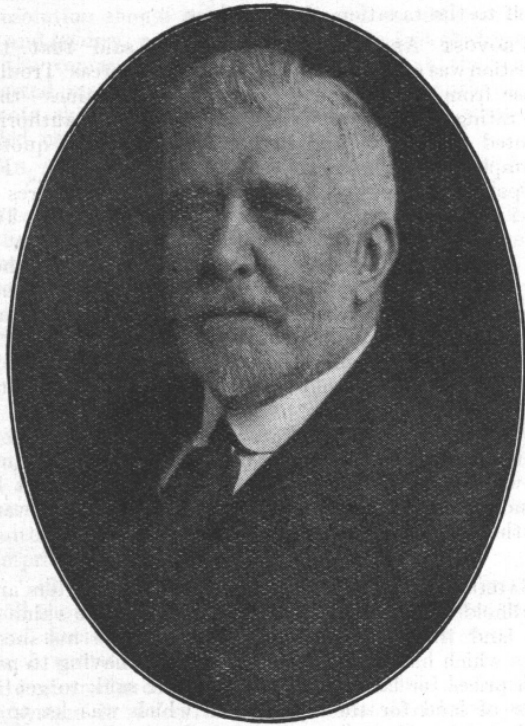


MUNICIPAL CONFERENCE ON LAND VALUE TAXATION

In the Glasgow City Chambers, 18th November



BAILIE PETER BURT, J.P.

[We are largely indebted to the admirable Report of the Proceedings appearing in the "Glasgow Herald," 19th November. The "Daily Record and Mail" in a two-column report mentioned that 200 delegates were in attendance.]

A Conference of Scottish Local Authorities was held in Glasgow on Thursday, 18th November, to consider the advisability of making a combined representation to the Government in favour of legislation to enable local authorities to collect revenue by means of a tax on land values.

It was unanimously agreed by those who voted that the present system of local rating should be replaced by one under which local rates would be imposed on the capital value of land irrespective of the value of buildings and improvements on the land.

LORD PROVOST MASON, in welcoming the representatives, said they were met to consider the important question of local taxation, which was pressing so heavily on householders and on industry. They were told during the war that the country was fighting for dear life. They got that, but certain conditions still prevailed, and the question of the taxation of land values was one which affected the whole community in respect of high local rating. He hoped that the Conference would result in the devising of some method by which this burden could be eased.

He was not to be Chairman; he thought someone might move that Bailie Burt take the chair as he (Bailie Burt) had the question very much at heart. He was sure if they chose Bailie Burt that he would be the most efficient Chairman they could have.

A Cumbersome System

BAILIE BURT said that the question was one in which they were all interested to an almost unlimited extent. Some people thought they ought to devise some scheme for reducing the expenditure.

He had never seen much prospect of reducing the expenditure. A lady on being canvassed said it was all the same who was voted in, the rates always went up. The demands for public benefits and advantages were so great that one could not expect them to be done without great expenditure. But the question of how the money was to be collected was of great importance and one which required more consideration than it received.

Under the existing system here there were instances showing inequalities of a peculiar kind. There were properties that had been purchased at four or five times their annual rental. If a property could only secure five years' purchase it was paying in rates four times as much as properties which could be sold for 20 times the amount of their annual rental, and it was quite a common thing for properties to change hands at anything between 20 and 25 years' purchase of the annual rental. Some paid heavily, others got off lightly, and that was an argument against taxation of rental and for taxation based on capital value. He reminded the meeting that they had been called to agree, if possible, to petition the Government to put a tax on land values. There was a great deal of misapprehension as to what was meant by that. Some people imagined it was an attack on landlords. The justification for taxation was that they were giving value for the money they were receiving.

Gas and water were measured by meters, but it might be objected that the sanitary inspector and other public servants could not be put through a meter. There was, however, a meter that could measure the benefits got from parks, bridges, lighting, sanitation and all such services; that meter was the value of the land on which you secured the freedom to enjoy these services. If such services were taken away the thing that would fall in value would be land.

Just and Fair

A well-managed and well-equipped city created in itself a value that ought to belong to the community because it was the creation of the community, and the question was how they were going to absorb that. Some people proposed that they should nationalize the land. They did not require to nationalize the land to attain their object, but they should nationalize the rent. Some said that would be unjust. Let them take the case of an individual, a business or an organization that had property. The business was rated on the value of the ground plus value of the building, and if they made any improvement the Assessor was always finding what he could tack on to the heritable subject. That meant that they were penalized for doing what everyone wanted them to do and so they were discouraged. Referring to the value of derelict land, he instanced a case which had occurred in Glasgow. The Corporation went after a site on the south side which stood in the rate books at a rental of £80; they had eventually to pay £50,000. They wanted to find some more equitable system of rating and of all the systems

suggested he submitted that rating on the capital value of land was just and fair. That value was created by the community. There was no proposal to tax on an artificial value. The value would be what the owner would get in the open market if he chose to part with his land, and the Assessor would not come along and say that a place was worth £10,000 while the proprietor said he could only get £2,000. The price someone was willing to pay ought to be the basis of assessment.

An Inequity

MR. P. J. FLETCHER, Dundee: It was an inequity of the present system that ground landlords drew vast sums of money in the shape of feu-duties, ground annuals, etc., and paid nothing back in local rates. They all knew that they paid national taxation, but it was imperative to find a method by which the ever-growing burden of city rates all over the country could be reduced.

SIR HENRY KEITH, Hamilton, said that whatever differences of opinion they held in regard to the taxation of land values or the adoption of capital as a basis instead of income, they were all agreed that those who derived income from feu-duties, ground annuals, and similar burdens, and who paid no local rates, were deriving an unfair advantage over the rest of the community. He had been in that question for 30 years, and he had always maintained that it was an unreasonable thing that an agricultural owner, who was receiving probably £2 an acre for his land and paid all the local rates on that £2 as owner, when he converted that £2 into £20 or £40 or £50, immediately divested himself of his obligation to pay rates as owner, and put that obligation upon the person who paid him the larger income. Those who received income from land, and, particularly in cities like Glasgow, paid nothing to the cities, ought to be rated in some form, and the only way they could get at them equitably was by rating them upon their income.

Basis of the Argument

MR. COUSTON, Edinburgh, said he thought it was unfortunate that Sir Henry Keith had opened up the national aspect of the question. They were there to hear what was to be said on the question of municipal and other local taxation. The representatives of Edinburgh had come to the Conference with instructions not to commit their Town Council. They would take a report back and this Council would give the matter its consideration. On the municipal question he would like to hear from delegates how they might get that extra taxation from land values. He supposed Princes Street Gardens would be excluded as well as the shops.

MR. JOHN GORDON, Cathcart Parish Council, said that a tax on income would certainly have no effect at all in bringing unused land fully into use.

On local income tax he need only make one further observation. Any Chancellor of the Exchequer will have something to say on that matter. Our present system imposed taxes according as land is used; we did not tax unused land whatever its value might be. On south side of Bothwell Street there stretched for a quarter of a mile a row of wooden shanties, while those in search of central accommodation for offices and warehouses had to pay high prices far from the centre. On a valuable site in Sauchiehall Street there was a sculptor's yard. Did anyone suppose that the tombstone yard would be there if land were taxed on its value.

If they were all agreed that employment depended on the use of land and that productivity, and therefore the accumulation of wealth, depended on the use of land, surely their system of rating should be such as would induce the use and not discourage the use of

land. That was the basis of their entire argument.

Two Values

MAJOR C. H. SCOTT PLUMMER, Sunderland Hall, Selkirk, said he had been asked to oppose the suggestion. One reason was that it could not be of universal application. He hoped the Conference would not commit itself to the taxation of site values.

PROVOST ARCHIBALD, Motherwell, said that the question was an important one in industrial areas. Trouble arose from the fact that there were two values—that for rating, and the enhanced value when an authority wanted to buy it—and in that connection he quoted examples which had happened in his own area. For purposes of a housing scheme they secured 40 acres of land; the feu-duty was £12 per acre, or £480. The scheme fell through and the Council were able only to get half the amount they were paying as feu-duty when they leased it to other parties. If the Chairman's proposal had been the system in operation, the owner would have been paying rates on £3 or £4 per acre at least. Because of that he would have disposed of it. In that way they would get revenue and cheaper sites for houses.

MR. DUNCAN, Dundee Parish Council, also referred to similar instances, and maintained that they could not do with things as they were. Some remedy must be found, and he was in favour of the proposal put forward by the Chairman.

British Justice

BAILIE MACDONALD, Inverness, said that crofters and smallholders would far rather be taxed on the value of the land than on improvements. He also instanced cases which had occurred in Inverness of having to pay high prices for land. They wanted, he said, to get a piece of land for the Post Office which was let to a gardener for £2 per annum, and the landlord had to pay rates on half of that sum. When they got the ground, however, the Council had to pay an annual ground rental of £95, and the difference between £2 and £95, created by the community went into the landlord's pocket for nothing, and he paid nothing to the Council for it. Another instance referred to five acres of ground, the value of which was £4 an acre, but when it was wanted for the community the price rose to £100 or £200 per acre.

They had bought a strip of land belonging to a farm. The owner had paid about 30s. an acre for it—in any case, less than £2 per acre. His Council had to pay £20 per acre for the strip. He knew that the same thing went on in Glasgow. He remembered a brickfield in Springfield Road that was a danger to the community and the people had to pay to fence it round. There were now wooden houses. Glasgow filled up the brickfield so that someone would fill up his pocket.

In Scotland and England communities were up against a stone wall because they had valued and revalued the improvements on land to such an extent that there was no more value to be got out of them. What they created as a community ought to be returned to the community to defray services. That was not confiscation or robbery; it was only British justice. Far too long had they allowed that system to go on. They

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were fining people for every improvement, and that was how they were discouraging industry and thrift.

TREASURER JOHNSTON, Dundee, said he had heard nothing to justify replacing the present system by the new proposal.

Appeal to the Government

On the motion of the Chairman, it was agreed that a resolution should be submitted and should be voted for and against, and then, in view of the fact that many of the representatives had indicated that they had received instructions not to commit their authorities, a vote should be taken of those who were what he called neutral.

MR. ALEX. MACGREGOR, Glasgow, thereupon moved:—

“That the Conference, having considered the advisability of making a combined representation to the Government in favour of legislation to enable local authorities to collect revenue by means of a tax on land values, approve of the principle of making land values a basis of taxation and resolve to recommend all local authorities throughout Scotland to petition the Government to introduce legislation providing:

“(1) That the present system of valuation for local rating, viz., the letting value of land and buildings, including improvements, should be replaced by a system under which local rates would be imposed on the capital value of land in the area of the rating authority irrespective of the value of buildings and improvements made by the owner; and

“(2) That the Government make up a valuation roll showing the capital value of all land in Scotland and furnish each rating authority with a copy of such valuation for their district.”

He referred in detail to the success which had attended the system in several of the overseas Dominions, and said that they had heard a great deal about peace in industry. He suggested that if they took that great load off industry prices would be cheapened, wages higher, and hours made better.

Some might think that the system might be difficult to put into operation, but nobody had pointed out where the difficulty lay. It was, he felt, a just principle.

BAILIE WILLIAM KELLY, Glasgow, in seconding, said that those who raised difficulties of detail seemed to forget that these difficulties were caused by the very system they wanted to get rid of.

Resolution Carried

On a vote being taken, 20 voted in favour of the resolution and none voted against it, but 49 voted “neutral,” and in view of that it was agreed to take another vote, in which the members would act according to their private views without involving the authority they represented. It resulted in 68 for and 3 against the resolution, and the Chairman suggested that the neutral members should return to their own areas and forward the decision arrived at by their authorities to the Committee which had organized the Conference so that they might consider the advisability of calling another meeting.

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Chairman of the East London, South Africa, Land Values League

In our July-August issue we gave an account of the stirring and successful campaign that has been carried on for many years in East London, South Africa, out of which the first victory was won in 1919. East London then began to take local taxes off buildings and improvements and transfer taxation to the value of land apart from improvements. The adjoining town of Cambridge in the same year at once took full advantage of the legislative provisions for local option by levying all rates on land values. In East London, this year, the policy of land value rating was carried the full length by entirely abolishing the local taxation of buildings and improvements. The opponents of the principle are even now “not content,” and as we write we have reports that a further challenge of a popular decision is being tried out—we can only hope with the result that the rating of land values *only* will be confirmed.

Among the circle of ardent protagonists for our policy in East London and Cambridge, great credit for the wonderful progress made is due to Mr. A. W. Barnes, who has stood shoulder to shoulder with our other strenuous co-workers in that part of the vineyard, including E. J. Evans, C. J. Neale, A. R. Cooper, J. Carrington, F. L. Gregg and Matthew Wilson. The propaganda was born out of the familiar “reading circle” of ambitious spirits, and Mr. Barnes was one of the members before 1914. Since the formation of the League in 1916 he has been one of the staunchest and most diligent supporters of Site Value Rating. He has been chairman of the League for the last three years, and at a recent annual meeting was unanimously re-elected. A fearless fighter, he adds to his gifts and his capacity his able services on the platform, where he is a fluent speaker.

May life and strength be long granted him to carry on the good work he is doing in the company of his devoted colleagues whose service is certainly not for East London alone, but for the whole of South Africa.

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