

it found that people who had been almost forced to leave the slums of Hulme to take houses in Wythenshawe were returning to the older areas of the city. A city missionary was reported in 1938 as saying: "The only objection to the slum clearance schemes is because of the increased cost of living imposed upon the people who are sent to live in a suburban area. There are scores of men and women who would be better off on public assistance than they are working and earning about 35s. per week. When these people and their families are sent under slum clearance schemes to a suburb like Wythenshawe, their rents are increased from 5s. to 6s. per week and the travelling expenses to their work amount to nearly as much. This money could come only at the expense of the people's stomachs. They were starving their bodies, and in two years their condition was far worse in the model cities than in the slums."

In 1936 the Sanitary Inspector of Neath in South Wales was asking, "How is it possible for the poorest families to live in municipal houses and pay their rents without the inevitable result—suffering?" and he went on to say that people on the new estates would die more quickly than they did in the slums and overcrowded houses from which they came. It is too obvious for any one to be ignorant of, that if rates were taken off all dwellings and other improvements, and levied on land value instead, the tenants of the lower range of houses and flats would greatly benefit. Here is a tenant of a Manchester municipal flat whose rent is 9s. 7½d. per week, of which rates account for 3s. 1½d. and he would be relieved of this if houses were rate free. The *Old Age Pensioner* (April) quotes a widow's budget for herself and two children amounting to £2 7s. 7d. per week of which 13s. 3d. is for rent (and rates).

Such instances should remind us that the housing problem is not an architect's problem, nor one simply of town-planning. It is a wage problem and a taxation problem, and bound up in every aspect is our land system, which encourages private owners to hold back their property from the market until public and private builders are compelled by pressing necessity to pay the speculative prices which the monopoly market enforces.

Whether houses are of the Portal or the Mulberry type matters little, compared with the question whether we shall continue to levy taxation on the value of houses instead of on the value of land. Under the Sydney system of rate-free houses the people would be able to live in them; under our existing system it is doubtful whether they could live or only starve in the new houses when they are some day built.

D.J.J.O.

SIR JOHN ANDERSON'S EXCUSES

IN THE course of his speech in reply to the discussion on the Budget the Chancellor of the Exchequer (Sir John Anderson) made some observations on land values and taxation which call for comment. He was replying to the speeches by Messrs. W. J. Brown, R. R. Stokes and A. MacLaren which we report in another column. He said that "it is in the minds of a number of honourable members that when an increase in the value of land becomes apparent, for example through a lease falling in and being renewed, that that is the occasion when there suddenly comes into existence a large amount of new capital which could be taxed." It is unlikely that many members held such views. Certainly the case for the taxation of land values is not based upon such arguments. An increase in the value of land is not capital, new or old. It is the price of the power to take increased rent for the land. The occasion of the falling in of a lease or a sale of the land reveals the increase in value which has taken place as compared with some previous occasion. Such illustrations provide useful and often striking evidence of the growth of land values and of the amount of the wealth produced by society which has to be paid to landlords for permission to produce it.

The Chancellor of the Exchequer was quite right in saying that the accretion of value "is a process which is going on continuously." He continued: "Land is changing hands all the time and on a rising market at increasing rates, and unless you are going to do very grave injustice you cannot pounce selectively on that class of property and seek to take enormous sums from those persons who at that time happened to be in possession of that type of property rather than some other type of property." This is to some extent a good argument against an increment tax levied upon increases of land values as fortuitously exhibited by sales or the falling in of leases. Such a tax does not treat all owners of land equally and this was one of the faults of the increment tax introduced by Mr. Lloyd George in 1909. But the criticism is quite irrelevant to a tax levied year by year upon the value of land without regard to whether the land is sold or not, and according to the value from time to time irrespective of whether the value goes up or down. Such a tax deals with all owners of land equally, requiring them to pay according to the actual value. It is neither arbitrary nor unjust in its incidence.

At the conclusion of this part of his speech the Chancellor of the Exchequer repudiated the suggestion that the Government have no policy at all, and said that the White Paper on Compensation and Betterment contained a "long term plan for dealing with this particular subject which some regard as of great

social benefit." Curiously enough the White Paper in addition to its other defects contains exactly the same fallacy as the Chancellor has here criticised. It proposes to exact a betterment charge whenever the use of any piece of land is changed. This is a capital tax upon the increase of value which has been slowly accruing and is brought into notice by the change of circumstances. It is a tax which has just the same faults as the increment taxation which the Chancellor condemned.

When the White Paper was published it was evident that the Government was still in the state of confusion over the land question which had been revealed in many previous pronouncements on planning, compensation and betterment. This latest statement by one of the most intelligent members of the Cabinet shows that that condition still exists. This is disquieting and alarming at a time when remedial legislation is so long overdue.

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