

does it require any interference with those traditional loyalties with which conservative-minded people are specially concerned. These loyalties would undoubtedly become more respected in the atmosphere of a freer, happier and wealthier community. No class could benefit more in the material sphere from the change than the majority of those who vote Conservative, such as the salary worker, house owner and small business man or manufacturer. Not only would they be relieved of the immense burden of taxes they now pay

on their work, savings and houses, but with taxation and restrictions removed from all the normal commodities of life the real value of their incomes would be multiplied. Practical examples from other British countries show that the machinery to tax land values is simple and practicable and can be introduced by stages. By insisting that this should form part of their leaders' policy Conservatives can realise progressively just those benefits that they hope to receive by voting Conservative, but of which they remain at present so gravely disappointed. F. D. P.

### LOCAL RATING ASSESSMENTS PROVED UNWORKABLE

On November 13, the Minister of Housing and Local Government (MR. HAROLD MACMILLAN) moved the second reading of the *New Valuation Lists (Postponement) Bill*, which will hold up the reassessment of property for local taxation until 1956, but with the Government undecided what proper steps to take. MR. MACMILLAN said:

"There has been no complete revaluation for rating purposes in England and Wales since 1934. In the past local valuations for rating purposes were made by the local authorities. The Local Government Act, 1948, provided that this work should be transferred to the Board of Inland Revenue. It was believed that it would be more easily carried out, and the uniformity of valuation was regarded as essential. According to the 1948 Act, new lists should have been ready by April, 1952, but power was given to the Minister to make an order deferring their introduction until April, 1953, but not later. It has been for some time apparent that there was no hope that these valuations could be ready even by the latest legal date of April, 1953. The only thing to do is to make it legal to levy the rates upon the old lists for a few years longer until the new lists are completed. That is, in effect, what the Bill provides.

"Why are there no new valuation lists, why has this great mechanism of Government broken down, and why has this path, so confidently entered upon, in 1948, proved so tortuous and stony? The Board of Inland Revenue have been faced with many diverse tasks during recent years. There has been a lack of qualified valuers; it is a highly trained and specialised profession. Qualified valuers have been fully employed, both inside and outside the public service, during these post-war years, for there has never been, it seems, so great a call upon their services, or a call upon so large a scale. Apart from war damage and all that, there was, of course, another Act passed only a year before the 1948 Act which has led to valuation on a prodigious scale—the Town and Country Planning Act, 1947, with its assessments of development charge compensation claims, future development rights and mineral valuations. All these have had to go together at the same time and often in competition with one another. So the work of a complete re-valuation for local rating has not been possible.

"The lack of valuers is not the only reason for all this trouble. The novel provisions of Part IV of the 1948 Act have resulted in certain complications. These provisions arrange for a new method of valuing post-1918 dwelling-houses in accordance with the formula related to their estimated cost of construction in 1938. As valuation has proceeded over the various classes of houses, considerable inconsistencies have revealed themselves. The older houses have emerged from the tests of re-valuation we have made with proportionately higher assessments than the newer ones and this quite irrespective of the merits of the house or the accommodation provided. Other results of a similar character make one feel that these problems have somehow got to be overcome, and that there is a need not merely to postpone the coming into effect of the re-valuation but to consider very carefully whether in this respect some amending formula will have to be found.

These difficulties have only emerged in regard to this class of dwelling-house. Therefore, the valuations of shops and other forms of property can proceed and are proceeding.

Those valuations are going along with the staff which is available. In the long run no time will be lost, because a great part of the work can proceed on the original plan. As there is to be a delay, it will be reasonable, surely, to get the best possible advice as to whether some amendment of the formula may be obtained. Meanwhile the sole purpose of this Bill is to postpone the legal requirement in order to avoid what would be the tragic and impossible situation that there would be no legal basis for the raising of rates. Probably anybody could go to court and prove that he was not liable for rates, with, therefore, a corresponding breakdown in the whole system of local government."

MR. HUGH DALTON (*Lab.*, Bishop Auckland): "Having been the previous occupant of the office which the Minister now holds, it came to me as a personal disappointment that some difficulties seemed to be arising even then as to the speed of the re-valuation, but I never contemplated a total postponement such as is proposed in this Bill. It was my hope that any postponement would be limited to dwelling-houses or even, perhaps, only to some sections of dwelling-houses, and that postponement would not be required in the case of business premises and industrial hereditaments.

"I have again read carefully to-day the answer which the right hon. Gentleman gave on 1st August, in which he said: 'Difficulties have been encountered in assessing dwelling-houses . . . and it has become clear to the Government that Parliament will, in due course, have to be asked to amend these provisions . . . It is intended that the basis should still be pre-war value. Valuation staff will shortly be employed on preliminary work to enable the Government to formulate proposals.' On what basis is this preliminary work being done? Are a number of these scarce valuers now being employed on a new valuation which has no statutory basis, the Government themselves being still in doubt as to whether they intend or not to give it a statutory basis by means of a new Bill? It appears at first sight that a great deal of work that has already been done will have been wasted, that a lot of work on which the staff have been engaged for a number of years on the existing basis will have to be wasted, and that staff are now working on some basis which is not clearly defined and has no statutory authority."

MR. ANEURIN BEVAN (*Lab.*, Ebbw Vale): "I have never been satisfied that the rateable value of property is necessarily the most equitable way of raising revenue for local government. It is always assumed that a person's place in life and his wealth would be revealed by the kind of dwelling he occupied, and that we could, on the basis of its sumptuousness or lack of sumptuousness, find out his income as well, so that local taxation derived by levies on property would, in the second remove, be actually levies on wealth. In these days, the very wealthy people live in very small houses. Actually, they do not make the contribution to local expenditure that they ought in equity to make, and therefore these assumptions are really not as valid as they once were. Not only that, but it is an extremely difficult matter to value property equitably as between one resident and another, and I would myself favour an examination—it may be, by means of a Royal Commission—to find out whether indeed we ought not completely to revise the methods by which we obtain revenue for local expenditure."

LIEUT.-COLONEL ELLIOT (*Con.*, Glasgow, Kelvingrove): "Many of the problems of local government are becoming so complicated that an authoritative examination by some body capable of taking a non-party and objective view may be necessary. I say that the problems arising out of the weight of rates upon housing and the burden which they are producing upon new housing is so great that I should certainly value an expert examination of it. A Royal Commission might well be the best means of bringing that expert examination about. For here we see the very bones of government—essential parts of the administration which govern the day-to-day fate of the citizens of our country. Also the housing problem, because that problem is governed by the difficulties which local taxation is imposing every day on those responsible for building houses for their fellow citizens or desiring to erect houses for themselves."

MR. DOUGLAS HOUGHTON (*Lab.*, Sowerby): "For the purpose of the valuation work, the Inland Revenue had to recruit two separate and distinct kinds of professional staff. One were the rating officers who had qualifications as rating officers while they were serving in local government. The other type of professional staff were the estimators—a kind of quantity surveyor, those who could estimate the cost of construction of a building at 1938 prices. The rating officers may value the site, but the estimators are the people who must value the cost of construction. The estimators left behind their estimates for the rating officers to link up with their site valuation, and thus calculate a rateable value on 5 per cent of the two capital values."

"Work on the valuation of dwelling-houses has been in complete suspense for a year; no estimator has estimated anything for 12 months, and estimators have been turned on to work other than that for which they were recruited in order to complete assessments on business premises, upon which the whole efforts of the Department have been concentrated in the last 12 months. Nothing has been done in recent months which can account for any suggestion by the Minister that he is considering and will consider a change in the basis of valuation within the framework of the 1948 Act. I assert that the Minister has finally and irrevocably abandoned the cost value basis of assessment under the 1948 Act. We should know what he is doing about substituting a different

basis of valuation for the one specified in the 1948 Act—if only because of this, that the valuation department of the Inland Revenue is now engaged on a task for which there is no statutory authority. It is engaged on what the Minister calls preliminary work to enable the Government to formulate the proposals."

MR. HENRY BROOKE (*Con.*, Hampstead): "What we have to do is to help the Government in bringing into existence a system of valuation which will not only be fair but will be seen to be and will be accepted as being fair between one ratepayer and another. The whole system of rating, in its setting of local government taxation and finance, needs a larger investigation than anything which has yet been adumbrated. But this Bill raises a lesser issue and this postponement, which is necessary on other grounds, can and should provide the opportunity for seeing whether, by any means within the compass of the 1948 Act, or with the benefit of fresh legislation, a new valuation can be evolved. The present valuation lists came into operation in 1936. They are now 16 years old, and it looks as though they will be 20 years old before they are replaced. Any of us who have any local government experience know the immense complications that that long period of time is bound to produce, and the extraordinary difficulty, whenever new hereditaments have to be valued, or alteration have to be made in the assessment of existing property, in fitting together all the new pieces so that there are not gross anomalies as between one and another."

SIR GEOFFREY HUTCHINSON (*Con.*, Ilford N.): "My criticism of the Inland Revenue authorities is that they appeared to have approached their task as though properties had never been valued before. So far as I have been able to make out, they have been going round the country re-surveying and re-measuring every hereditament."

"A gentleman came to the house in London where I live and asked me whether I had any objection to his measuring and counting the rooms that were in the house. I said to him, 'I have no objection to you doing that, but this house has been rated for over 200 years. The rooms are still very much the same size as they were when the house was first built. Surely the rating authority in the course of 200 years have collected information of that sort.' He replied that he was very sorry but those were his instructions, and if I had no objection he would like to go ahead. He went ahead and spent a happy day measuring the rooms. If this has been going on all over the country, it is not really surprising that the Inland Revenue authorities have not got to the end of their task."

The Parliamentary Secretary to the Ministry of Housing and Local Government (MR. MARPLES): "The main reason for the Bill being introduced is the shortage of professional valuers. It is a massive administrative task to value all these properties. The subsidiary reason for the delay was that the basis of house valuation laid down in the Act had proved in practice to be unjust and almost unworkable. It is unjust in that the pre-1918 houses were valued on one basis and the post-1918 houses on another basis. The pre-1918 basis on which the houses were valued was the actual rent of comparable properties in 1939, roughly speaking, and, in the case of the post-1918 houses, the hypothetical costs of construction and the hypothetical 1938 site cost. Preliminary samples taken showed that the pre-1918 houses, on this particular basis of similar size and amenity, were rated excessively highly as compared with modern houses. My right hon. Friend has not yet made up his mind what precise action he is to take about valuation. He is taking samples of methods so that he can make up his mind. If a little more research had been done and samples taken before the Act was placed on the Statute Book, we might not be in the mess we are in to-day."

"What is needed are not only valuers but referencers and estimators. The people we need are professional valuers. A referencer is an individual who measures the physical size of the house. He is solely concerned with taking physical and linear measurements. The estimator is the gentleman

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who makes monetary assessment of the physical measurements. He applies the cost element to the physical measurements. The valuer is a professional man with training who has to use judgment and perhaps decide on what basis the house could be let. The basis of valuation on which they would have to be engaged is unworkable, and this being so, it would be the height of folly to go on with measuring all the houses in the country. It has been asked whether we would go ahead with all hereditaments other than houses. My right hon. Friend has made it clear that he would not do that because it would be excessively unfair. It is better to bring in a scheme as a whole rather than piecemeal. We have to consider this against the background of the present equalisation scheme as to which in answer to a Question on 12th March, 1952, my right hon. Friend said: "... the Government have decided to begin, in the new financial year, an investigation into the operation of the equalisation grants. It must be understood that the Government cannot contemplate changing the system in any way which would increase the burden of grants on the Exchequer, but this investigation will have the scope and be conducted in the manner required for the statutory investigation in the year in which the revaluation comes into operation.' So already discussions have taken place with the appropriate local authority organisations. They started about three months ago. And, in effect, we are looking at the operation of the Exchequer equalisation grant in order

to see if the operation of it can be made fairer to the local authorities concerned."

MR. ERIC FLETCHER (*Lab.*, Islington, East): "One has heard it said over and over again in local government circles that of late years there has grown up a sense of frustration due to the fact that the independence of local authorities has been sapped and undermined by the increasing inroads of central administration. But, if we are to achieve the ideal of a healthy and virile local government, one of the essentials is that local authorities should have a greater measure of local autonomy. The Minister knows as well as I do that he has had repeated representations by the Association of Municipal Corporations and others to the effect that local authorities should be given additional opportunities of raising revenue. In their absence it becomes all the more important that the Minister should do everything he possibly can to expedite the provisions of this central valuation list, because it is linked with a further point—the question of de-rating or the abolition of de-rating. There is persistent pressure from local authorities to abolish the de-rating which was introduced in 1928 in circumstances which were totally different from those which exist to-day. That de-rating was a concealed subsidy. A Measure to abolish de-rating should be introduced."

(Second Reading of the Bill carried without a division.)

## DEVELOPMENT CHARGE REPEALED—MIXED MOTIVES

*The Amending Town and Country Planning Bill Debated December 1*

The Minister of Housing and Local Government (MR. HAROLD MACMILLAN): "The White Paper\* sets out the general plans to deal with the problems which have arisen: the Bill deals only with one stage in carrying out that general plan. Thus, the White Paper is more comprehensive than the Bill. Another and more elaborate and complicated Bill will be required next year to complete the whole operation. The Government are proposing certain radical alterations in the financial provisions of the 1947 Acts, but we stand firmly upon broad planning provisions. Planning, in its broad sense has come to stay to preserve good agricultural land; to encourage the development we want in the proper places; to secure the exploitation of valuable mineral deposits; to restrain the inter-war sprawl of the growing cities, and to preserve the countryside.

"There are three important features of the existing financial provisions. The first is the £300 million fund. According to the law as it stands the Treasury must effect payment by the middle of 1953. The fund was intended to meet the claims of anyone who could show that his interest in land was materially reduced or depreciated by the provisions of the 1947 Planning Acts. During the period between the passing of the Acts and the date fixed for the payment of the sum there was no knowledge as to what would be the total of the agreed or arbitrated claims. In fact, the total comes to about £350 million.

"The second feature was the development charge. When planning permission is given, there is likely to be an increase in the value of land following on that permission. The development charge was to be paid on the value of this increase.

"The third feature of the existing financial scheme is the compulsory acquisition of land at existing use value. Under the Acts, when land is bought compulsorily, all that has to be paid is its existing use value, and that sum, of course, may vary with changing agricultural policies or with changing monetary conditions. Nevertheless, it is always the existing use value, and the reason is that, as described, the development value—the difference between agricultural and building value—is conceived of as already extinguished or purchased by the State out of the £300 million fund.

"The £300 million fund was to compensate people whose land had a development value in 1947, and who might have their land bought compulsorily at the existing use value; or be

prevented from building upon land which was ripe for building; or, if allowed to build, might have to pay development charge. Under the existing Acts compensation would go to people who have no present intention of developing their land; to people who have not been refused permission to build, and in some cases to people who did not want to build at all. It might even go to people who have bought land for the specific purpose of stopping building upon it. Why should the State buy all the development and compensation rights and do the job in one fell swoop when, in order to achieve its planning purposes, it is not necessary to pay compensation until there is damage? Why pay out £300 million now in order to do planning work which may have cost perhaps £40 or £50 million by the time the pay out was due, and which will perhaps not cost more than £100 million in the foreseeable future?

"People who pay a development charge fall into two classes, those who have bought their land recently who are supposed to have bought it at present use value, and those who have owned it for a very long time. Or it may be an industrial developer wishes to add to his factory on land which he or his company have had for a very long time. Whatever may be the theory, a man who already owns the land deeply resents having to pay a development charge on land in his own possession; it may be the turning factor in his mind to make him hesitate to make the development at all.

"The most important thing in our life to-day is productivity, development, effort, expansion. The people whom we must help and encourage are the people who do things and those who create wealth—the developers, big or small, the people who do things and who create work, be their sphere humble or exalted. Therefore the Government have decided to abolish the development charge.

"Now let me speak about compensation. There has been compiled the development rights as agreed or arbitrated as they stood in 1947. On the basis of this valuation the compensation will be payable, but only, so to speak, as it is earned. It will be 'Pay as you go.' Compensation will be paid on the basis of the admitted claim either in the case of compulsory acquisition or in the case of refused planning permission when these events take place. Land owners have had no expectation of receiving more than the 1947 claim. Therefore, they are by no means worse off. Where injury

\* Cmd 8699. Amendment of Financial Provisions. H.M.S.O. Price 6d.