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WHAT SHOULD BE DONE FOR THE COUNTRYSIDE

THE COMMITTEE on Land Utilization in Rural Areas (Chairman, Lord Justice Scott) has now reported to the Minister of Works and Planning. Its terms of reference were: "To consider the conditions which should govern building and other constructional development in country areas consistently with the maintenance of agriculture, and in particular the factors affecting the location of industry, having regard to economic operation, part-time and seasonal employment, the well-being of rural communities and the preservation of rural amenities."

It is difficult to say in a few words what is the principle underlying the numerous detailed recommendations, but it appears to be that industry should as far as possible be prevented from locating itself in the country, while at the same time the country should be provided with urban amenities such as electricity, gas, piped water supply, sewerage and other things upon the same terms as these are available to urban dwellers. At the same time agriculture is to be "maintained" in such a state of prosperity as will prevent the drift to the towns and enable the agricultural labourer to pay an economic rent for improved housing accommodation.

The Cost and Who is to Pay?

It is an ambitious programme, but the Committee do not give any indication of what it is likely to cost or who is to pay for it. They show little appreciation of the economic factors involved, and appear to be obsessed with the idea that the most important thing is to prevent builders from acquiring agricultural land, although the largest estimate of the amount of land which might be required for housing is that it is less than one per cent of the area now devoted to agriculture. The Committee say: "Sites for development have been chosen from the point of view of the usual factors affecting location, for instance accessibility of road and rail transport, availability of public utility services and suitability of land for building purposes, and since the development value of a site far exceeds its value as agricultural land—even where it is of the highest agricultural quality—there has been nothing to hinder the developer from taking his choice." On the other hand it ought to be borne in mind that if access to means of transport and public utility services is not regarded the occupier of the houses will be deprived of important elements of comfort or will have to pay an unnecessarily high price for them.

How Development is Stopped

The Committee refer to farming in the neighbourhood of urban centres being poor because agriculture was regarded

as an interim use pending sale for development. "In other cases the land was not farmed at all; the speculative buyers allowing it to lie idle until the market was considered suitable for sale. This is why so much derelict land was to be found on the borders of built-up areas. The threat of the builder over-shadowed and sterilised it." It does not occur to the Committee that the reason why this land remained unused was because it was exempt from rates and taxes so long as that state of affairs continued, and that if it had been rated and taxed at its market value, the price would not have risen so high, the discrepancy between agricultural and building value would have been less marked, and in fact the market value would have sunk to the agricultural level at a moderate distance from the centre of the town. One of the main reasons why straggling urban development has extended so far from the towns is just because our system of local and national taxation has fostered speculative values.

Taxation and Death Duties

The Committee refer to taxation at two points. They say that "rising taxation and the incidence of death duties seriously reduced the ability of many landowners to make necessary improvements or to maintain their farms in good tenable condition." It is to be remembered that agricultural landlords are not the only people who pay taxation, and, although there is an element of truth in this oft-repeated statement, it has usually made a peg upon which to hang an argument in favour of exempting landlords from taxation instead of for readjusting taxation so that it will be economically beneficial.

At another point the Committee say: "There is evidence that in some cases private owners have been deterred from carrying out improvements or restoring rural houses through fear of increases in assessment without the possibility of an equivalent increase in rental." They do not draw the obvious inference that the rates should be based on the value of the land disregarding the value of buildings and other improvements.

Proposals for Valuation

A series of recommendations with regard to valuation and rating are, however, made in an addendum to the report signed by a section of the Committee, viz. the Chairman, the Vice-Chairman (Dr L. Dudley Stamp), Mr H. S. Cooper, F.C.A., Mr A. E. Monks, J.P., and Mr Philip Robinson. They point out that the varied proposals in connection with national planning all involve valuation

of land and other property and that there should be "a standard valuation which can be used for a variety of purposes." They propose that all owners of land should be required to make a declaration under oath of the value of each parcel of land which is held under a separate title or is separately assessed. This valuation should be as at 31st March, 1939.

In the case of "non-agricultural holdings the declared value of the whole must be divided by the declarer into (a) site value; (b) the property thereon." In the case of agricultural holdings "the declared value of the whole farm or unit should, if possible, be divided by the declarer at the time of declaration into (a) value of the dwelling with or without curtilage; (b) value of farm and other buildings; (c) value of the land considered as agricultural land; (d) value of development rights, if any, which might be subtracted from the total when bases of taxation and rating are being considered."

It is proposed that the "declared values" should be "open to inspection and so known just as rateable values are known to enquirers such as prospective purchasers."

Compensation and "Betterment"

The idea underlying this proposal is that the declared values should be used both for purposes of taxation (after approval by the Valuation Department of the Inland Revenue) and for purposes of compensation. Where the taxation was on the annual value, as for example Schedule A of the Income Tax and local rates, the government would fix the rate of interest to be used in computing the annual value from the capital value.

"Where substantial changes in value have been occasioned since 31st March, 1939, by Government works, e.g., drainage, road-making, replanning, the 'betterment' would be the property of the State and conversely owners of property decreased in value would be entitled to compensation; where the changes have been occasioned by private enterprise there should be a right to revaluation."

Method of Valuation

This is an interesting series of declarations, and important in so far as they show the need of a national valuation which discloses the site value of all land. The method proposed is, however, defective. It is not true that owners of land generally have the competence and knowledge necessary to make a valuation of their land and still less to say what is the site value in all cases. This is implicitly recognized in the proviso that the declared values shall only become a basis of taxation after they have been approved (and no doubt revised where necessary) by the Valuation Department of the Inland

Revenue. Practical experience has demonstrated that no satisfactory valuation can be established upon the basis of landowners' returns alone. For example, the Tax Commissioner of South Australia, reporting upon the first valuation made there, said: "The differences were very great, some lands being returned at ten times as much as others which were of equal value. Certainly no assessment, formed by accepting the returns, could have been maintained. The department has made its own assessment, based upon the values as returned and the other independent sources of information previously indicated." He went on to say that "all future land tax returns can be dispensed with."

Assessing Land Values

It may also be observed that it is far more important, and much easier, to ascertain the land value than the value of the improvements, and it is upon that task that attention should first be concentrated.

The authors of these recommendations say nothing of making a periodical revision of the valuation, but this is essential. The values of 1939 will not remain fixed for all time. Indeed the many changes which have since taken place, and which will yet take place immediately after the war, must in some cases involve profound alterations of the land value.

The committeemen also contemplate that it will be possible to distinguish between changes of value which are due to public acts, such as drainage, road-making and planning, from those which are due to other causes. This is a vain hope. It is possible to say from time to time what is the site value, disregarding buildings and other improvements, but it is not possible to say how much of the site value is due to any particular factor.

These recommendations are also defective in that they do not contemplate that the site value shall be used as a basis of assessment for rates and taxes, and houses and other buildings and improvements correspondingly relieved, a conclusion to which they might easily have come when they noticed that owners were deterred from making improvements because of fears of increased assessment.

In connection with valuation it may be mentioned that the Report recommends that registration of title to land should be made compulsory over the whole of England and Wales. This would be a valuable reform which would ultimately link up with the valuation and ensure that both were complete.

Land Purchase Unnecessary

The report does not propose any scheme of general land purchase by the State. They say: "We are aware that one method of obtaining control [over the development of land] is by the purchase of the land; but we consider it important to emphasize that the changes we recommend are not contingent on the ownership of the land by the State or by public authorities: they are contingent upon adequate powers of control and regulation. A change from private to public ownership would still leave the necessity for the planning and development which we have

recommended. . . . After questioning those witnesses who did urge the necessity of State ownership of land, we are of opinion that the reforms they suggest can be achieved by adequate control of land." That is a statement with which we could agree subject to the proviso that there should be taxation and rating of site values in order that the value of land should be made available for public revenue and rates and taxes upon improvements thereby reduced. After all, the most ardent advocate of land purchase cannot contemplate that the State would do anything in regard to 99 per cent of the land except to leave the existing occupier in possession and collect rent from him. If we collect the proper rent from the owners of land by means of land value taxation, we may then deal with the other one per cent of cases as and when they arise.

Land of My Dreams

Mr Oscar R. Hobson, the City Editor, in the *News Chronicle* of 24th August, puts this appropriate caption to his comments on the Scott Committee's Report on Land Utilization in Rural Areas. "The report," he says, "opens up an alluring prospect of an English countryside of abounding and enduring prosperity, a countryside which preserves every traditional beauty and charm, which has banished the unsightly horrors of 'hoardings, signs and advertisements,' but into which withal the modern conveniences of running water and electric light have been introduced—a countryside flowing with milk and honey but also with water and gas and electricity. Yet to me this is in many ways a backward—and not a forward-looking document. . . ." Mr Hobson goes on to criticize the economics of the proposals but his criticism although cogent in the matter of the cost of the pictured benefits, lacks the thump with which his dream would end, the smash and clatter of agriculture broken to pieces between the hammer and the anvil of land monopoly. Indeed, if this report did presage any likely legislation of the kind to shower such manna over the countryside it would now and at once and by anticipation add such millions of pounds to the price of land as not only to stop the schemes at their inception but also to hold to ransom the whole future of agriculture, as it is. Mr Hobson awakes from his dream with thoughts that are useful but they are of lesser import: "The Scott Report implies the grant of enormously increased subsidization to British agriculture, without any assurance of a *quid pro quo* in the shape of greater efficiency. Is it conceivable that in our post-war impoverishment, with our foreign investments gone, our foreign markets in jeopardy, and industrial fabric in need of complete renovation, we can afford or shall be content to maintain an unregenerated agriculture of pre-war type and pre-war size on grounds of sheer sentiment?"

After the war, as before it, the sun will still shine, the rain will still fall, the winds will still blow and nature in all its moods and tenses will be as prolific as ever. What matters is whether there shall be equal opportunity to fashion all things out of nature's stores or whether some people shall still have the right

to charge their fellow men a price for standing on and moving about on the face of the earth or delving into its treasures. Under just conditions there will be no lack of "efficiency," which can never be the test or standard of schemes for stealing from some of the people and giving the booty to others, which is what subsidization means.

Taxing Farmers

A letter appeared in *The Times* (22nd August) signed by Lord Lymington, Lord Northbourne, Mr J. E. Hoskyns and Mr H. J. Massingham urging an alteration in the method of taxing farmers. In support they said:

"The farmer is menaced in his primary function, which is that of maintaining soil-fertility, by the application to him of principles and methods of taxation mainly devised to defend the community from the grosser evils of inflation.

"Industrialists are apprehensive lest these methods, admittedly necessary, should gradually bleed away the equally necessary provision for capital maintenance. But the corresponding danger for the farmer is far more directly social in its effects. If he is forced to draw on the reserves of his soil, not in order to feed the people but in order to meet the demands of the Inland Revenue, in disregard of the long-term policy dictated by the accumulated wisdom of experience and by the trained expert, not only will the farmer starve after the war, but we may starve with him."

The proposal of the writers was that the assessment for income tax, and consequently for E.P.T., should be based upon the rent paid, or a multiple of it. This is in fact the way in which Schedule B under which farmers are taxed used to be constructed. It does not follow, however, that the farmer who pays a high rent should pay high taxes.

What is wanted is the kind of assessment which Danish farmers have under their system of land value rating, in which the value of the buildings and other improvements is disregarded and the value of the land itself is taken as if it were in a normal state of cultivation. In this way the farmer is not discouraged from improving the fertility of the soil, nor is he relieved of taxation if he lets it down.

HOW THE ENGLISH PEOPLE BECAME LANDLESS AND HOW TO REGAIN THE LAND

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*Abridgement of Dr Gilbert Slater's
"Historical Outline of Land Ownership
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of the Land Enquiry Committee, 1913."*

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