

LAND & LIBERTY

Editor: V. H. Blundell

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SIXPENCE



EDITORIAL

Timid Approach to Rating Reform

THE general purposes committee of the Association of Municipal Corporations has reported to the council of the association on the rates burden and one section of their report deals with additional sources of revenue. The committee says that the purpose of any new local tax, or any modification of the present system, is to change "the pattern in which rate collection falls to some other, ostensibly more equitable, pattern", and it goes on to consider new ways in which revenue might be raised.

It comments that for the Government to hand over the right to collect one of the central taxes — for instance, the tax on motor vehicles — to the local authorities would result in revenues which would "vary from place to place and from time to time" and which "would have little relationship either to the needs or other resources of particular authorities." On the other hand, to collect the revenue centrally and divide it out among the authorities would have the same result as the present practice.

The committee then says "the complete replacement of local rates by another form of tax seems to us to be outside the realms of possibility. The only contender might possibly be a crude form of local income tax . . ." But, it argues, the Government would be most unwilling to put the power of raising a tax "of such vital significance to the national economy" in the hands of a multitude of local authorities.

However, site value rating has not been entirely overlooked although it has been included, we cannot help thinking, as a concession to the increasing number of people who are pressing for the full implementation of this reform.

The report says "Possibly, relatively minor changes could be made without too many repercussions, along the lines of partial rating of empty properties, some rating of

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site values and the introduction of a means of levying charges more directly on non-householders." (Our italics).

The phrase "without too many repercussions" is significant; no doubt they mean political repercussions and when they speak of the complete replacement of rates by another form of tax as being "outside the realms of possibility", they must again be thinking in political terms.

In the practical field the rating of site values as the sole source of local revenue is well within the realm of possibility. It has been calculated that to tax site values to the extent of providing the whole of local government revenue would enable central government taxation to be reduced (because of the cessation of grants to local authorities) by the equivalent of 2s. 10d. in the £ income tax. This makes the rating of site values quite an attractive political possibility for the party quick off the mark to grasp the opportunity of putting it at the head of their programme.

The report concludes with these words "the Committee feels that representations to the Government as suggested in the various resolutions of member authorities are not justified and that pessimism about the future of local authority finance is ill-founded . . . We see no reason to believe that rising local costs will not be matched by rising national prosperity."

This is a completely defeatist approach. They point out that for the first time since 1929 the local rating system will be allowed to operate next year in an unrestricted form with full rating on full current values (except on agricultural properties). This is small consolation even if it were strictly true. The situation, however, is that the Minister has the power, and no doubt he will use it, to grant relief to many residential properties. And if cries for help come from other directions as no doubt they will, (for the precedent has been well established), further concessions to expediency will be made and before we know where we are the merry-go-round of exceptions and exemptions will be with us once again. Nothing short of a whole-hearted reform on the lines of site value rating will put an end to what has become an almost intractable problem.

To our readers and contributors
we extend our best wishes for
A HAPPY CHRISTMAS
and a
PROSPEROUS NEW YEAR

NOTES OF THE MONTH

SHREWSBURY COUNCILLOR SPEAKS OUT

THE rating of site values was given considerable publicity in the *Shrewsbury Advertiser* October 10 and the *Shrewsbury Chronicle* October 12, following a speech by Councillor Alan Laurie (Liberal) at the town council meeting that week.

Councillor Laurie moved the resolution, "That owing to injustice and anomalies attendant upon the rating improvements under our present system, this Council urges Her Majesty's Government and in particular the Minister responsible for Local Government (a) to arrange for a full investigation into the likely results in Britain of the rating of site values as is done in other parts of the world; (b) to consider giving powers to local authorities to levy rates on site values."

The resolution sprang from two sources said Councillor Laurie, economic commonsense and social justice. And he asked, was it commonsense that we taxed a man who ran a business, improved his house or developed his land, while at the same time we did not tax the man who did little or nothing with his land? Was it right to penalise those who displayed the very qualities on which the prosperity of our society depended?

As for social justice, Councillor Laurie said, there was a piece of land near a city and the ratepayers provided the money to lay drains, roads and all other services. They contributed to houses being built nearby; they paid towards schools or clinics or shops. The value of that plot went up. Had the owner earned that value? Obviously not. Was it social justice that the landowner should reap where he had not sown?

"Let us follow the example of so many other councils and ask for a full and fair trial of site-value rating," Councillor Laurie said.

"How could we tell our children to work hard, be honest and that reward would be to those who earned it by endeavour and thrift and enterprise," he continued. "Our own rating system discouraged those very things and gave the prizes to the smart operators, the lucky few who held the right piece of land and who could put their hands legally on what they had not earned.

"We allow our land to be monopolised by a privileged few who are free to pocket the rise in value that is earned by others. Let us hammer away until we get site-value rating."

The resolution was seconded by Councillor W. Marsh, who pointed out that people were encouraged to leave land vacant and properties unoccupied and encouragement was also given to speculation in land in valuable positions.

There were great dangers ahead for the future of Local Government unless some radical adjustments were