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WHAT IS LABOUR'S AGRICULTURAL POLICY? LAND VALUE RATING DEBATED IN "THE TIMES" ROTARIANS LEARN TAXATION IS LOPSIDED WHERE CAN THEY PLAY? EDUCATION'S TOLL TO LANDLORDISM

Trades Unions on Rent and Wages

A REPORT on the relation of rent to wages has been prepared by the Economic Committee of the Trade Union Congress. It points out that where wages are low the burden of rent is heaviest. "In the majority of cases where the family income is below £2 a week rent absorbs between 20 and 40 per cent of it." Attention is also drawn to the higher rents and often heavier travelling expenses which have to be paid by slum dwellers transferred to the new housing estates. The *News Chronicle* (24th August), warning its readers that opponents of social reform may draw the wrong conclusions from this report, says: "The solution is not to leave them in the slums, but either to get rents down or raise the standard of wages." The question, however, is how can this be done. There is not only the rent which is paid for his house, there is also the rent which has already been suffered by the worker, before ever he gets his wages, in the toll which must be paid to the owners of land for permission to earn a living.

High rents and low wages are the effects of a system which allows some men to collect the land values which all men create, and which imposes on wages and productive industry a staggering burden of taxation.

Council of Action Policy

There has recently been issued by the Council of Action, of which Mr Lloyd George is President and Chairman, a statement of domestic policy entitled "Social Justice and National Reconstruction." It makes a number of proposals of a familiar type, such as the putting in hand of works intended to relieve unemployment, such as the improvement of roads and bridges, electrification of railways, expediting schemes of slum clearance and rehousing, and so on.

Although social justice is referred to several times, there is no attempt to examine the cause of the present maldistribution of wealth or to suggest a remedy for it. There is no discussion of taxation although so large a proportion of the annual production of wealth is requi-

sitioned for local and national budgets. The question of the tariff is carefully side-stepped, except for a statement that "the farmer is just as much entitled to the protection of his market by a tariff as is the urban manufacturer."

The granting of subsidies is approved and it is specifically recommended that "the subsidies now paid to agriculture should be continued and possibly increased" although it is suggested that their distribution might be altered.

There is no reference to the high price of land, to the necessity of un-taxing and un-rating buildings and improvements, or the desirability of taxation of land values. It is admitted that as a result of some of the schemes put forward "very considerable new land values will thereby be created." The report comments that "a stringent application must be made of the law relating to Betterment, in order that the land value created by the work and expenditure of the community shall be secured by the community." It adds that "if this is done, the programme here sketched will be not only economically sound but financially highly profitable to the public." These are significant words, but the authors of this report ought to know that "betterment" is a device which never has worked and never will work, and that the only way of securing to the public the land values which they create is by straightforward taxation and rating of all land values without exemption or discrimination.

The Rating System Criticized

Evidence of widespread dissatisfaction with our system of local taxation continues to accumulate. The ratepayers' fear of increased assessments has obliged the government to postpone for two years the quinquennial revaluations. In many places petitions against increases of rates have been organized. Unfortunately most of these protests are negative, containing no constructive proposals for raising the revenue which the local authorities require. Sometimes it is suggested that the

grants made by the Government in aid of local expenditure should be increased, but there is no prospect of any substantial additions to these subventions in the present state of the national finances. In any case such a course may merely mean transferring the citizen out of the frying pan into the fire. On the other hand, serious attention is being given to rating of land values as a better means of raising revenue.

Birmingham Protests

Speaking at a meeting on 18th July, Councillor L. G. H. Alldridge, chairman of the Birmingham rating and valuation committee, referred to the strong feeling that the law of de-rating was unfair. Asking what change was wanted, he wondered whether it would be the repeal of derating, or the rating of land values, which Governments in the past had tried, but had not found worth the expense; or the Sydney system of rating, based partly on the value of the land and partly on the value of the property erected, which he thought was the ideal; or regional rating, to prevent the city being deprived of its contribution from wealthy people who earn money in the city but lived outside it; or licensing people to practice in the city; or instituting a local income-tax, which would be very difficult to put into force.

Mr Alldridge is quite incorrect in saying that Governments in the past had tried the rating of land values and had not found it worth the expense. No such thing has happened in any part of the world. So far as Sydney is concerned the whole of the revenues of the city and metropolitan boroughs are raised by rates on land values only. It is the case, however, that there are independent water and sewerage boards which raise rates on annual values of land and buildings combined. It should be added, however, that even annual values in Australia and New Zealand are subject to a provision that they must not be less than a certain percentage of the selling value, and thus vacant land does not escape contribution from such rates as it does in this country.

We need not comment here on the other alternatives mentioned by Mr Alldridge. It does not appear that he takes them seriously, and no one who has subjected them to close examination does so either.

Cardiff Should Support London

A new £400,000 arterial road through Cardiff, linking Western Avenue with St. Mellons, was approved in principle at the meeting of the City Council on 25th July. A public inquiry will probably be held by the Ministry of Transport, whose representatives have been jointly responsible with corporation officials for the scheme. It was stated that the question of finance would come before the financial committee and the council later; the Transport Ministry was anxious for some agreement so that the land might be reserved.

The cost of the land is only one aspect of the question. Another is the land speculation along that four miles of route, on either side of it and beyond, which the mere announcement of the project will engender.

Councillor A. J. Williams voiced what must have been prominent in the minds of members by pointedly asking the Lord Mayor as chairman of the parliamentary committee:

Whether, in view of the council's declaration in favour

of the rating of site values, consideration would be given to the advisability of recommending the committee to support the London County Council in the event of their deciding on Tuesday to promote a Bill in the 1938-39 session in favour of this principle.

The Lord Mayor said that when the Bill was presented and when what it contained was known it might be possible for the parliamentary committee to support it.

And certainly Cardiff can support this legislation with overwhelming arguments, that provided by the recent sale of the Marquis of Bute's City lands having struck the imagination of the whole country.

"The People Who Benefit Should Pay"

At a meeting of the Bucks. County Council on 28th July (reported in the *Chronicle and Echo*, Northampton) a recommendation for reducing future grants in aid of sewerage and sewage disposal schemes was approved.

Councillor L. O. Bull (Wolverton) said he thought there should be some condition that people who benefited financially should pay something towards the cost. He was talking about landowners. To take a case in his own district. They had a new sewerage scheme which was to cost £60,000 and there would be an increase in the rate of 1s. 6d. in the £. The land would go up in value from £50 to about £300 an acre, and it would make a difference to the owners of £40,000. The land at present was agricultural.

Another member of the Council was afraid that to make it a condition that contributions should be received from owners of land would prevent necessary sewerage schemes from being carried out.

The way out of the dilemma is evidently to rate land values and so oblige landowners to contribute, instead of trying to make a voluntary bargain with them. May we commend to the Bucks. County Council the example of the L.C.C.?

Industrial Development and Rates

In the annual survey issued by Mr J. R. Johnson, the City Treasurer of Birmingham (and quoted in the *Manchester Guardian*, 25th August), consideration is given to the effect of prosperity on housing and to problems arising from "de-rating." He says that from the point of view of rates, considerable industrial development cannot be regarded as an unmixed blessing, and may prove to be an important factor in any increase of the rate poundage. This is partly because of derating and partly because, as the city becomes more and more industrialized, a substantial portion of those comparatively well-to-do people who put more into the rate fund than they take out will reside outside.

It does not appear that Mr Johnson has noted that increasing prosperity results in higher land values, and that if these were rated, industrial development would be an unmixed blessing.

Capitalizing the Hop Quota

We have always contended that the landlord is the "residuary legatee" of the "benefits" conferred upon industry by such Protectionist devices as tariffs, marketing schemes, quotas, etc. It is pleasant to find our contention justified in the columns of *The Times* and on the authority of a firm of land agents. An estate of 87 acres, of which 14 acres are hop gardens, is offered

for sale by auction. The conditions of sale provided, in regard to the Basic Hop Quota (of 208 cwt.) that "if the purchaser of Trillinghurst Farm does not desire to have the Basic Hop Quota transferred to him by the vendor for the purpose of growing hops on Trillinghurst Farm or other farm or farms that he works at the time of sale and shall give notice thereof in writing to the vendor within 14 days after the time of contract, then he shall be deemed to purchase Trillinghurst Farm and not the Basic Hop Quota therewith and his purchase price shall be reduced by the sum of £2,500." It appears, therefore, that, in the opinion of the landlord and his agent, the Quota is worth to the landlord of the 14 acres, not less than £178 per acre.

NOTES AND NEWS

John Bull of 6th August, in an open letter to Mr Charles Latham, L.C.C. Finance Chief: "Dear Mr. Latham, I don't suppose you will win, but here's my best wishes in your effort to end a rotten and crazy system. Your Parliamentary Bill aims at rating site values in London. . . . As you know, I have for years demanded both the taxation of land values and a more equitable method of levying rates. Both must come in time. Meanwhile, all Britain should watch your struggle for a fairer rating basis."

* * *

The famous cricket ground, Kennington Oval, London, where the fifth England-Australia test match was played, is overlooked by dwellings from which one has a real grandstand view of the game. Windows have been let, but the Inland Revenue authorities were quick on the job with their inspectors demanding from the tenants the payment of entertainment tax. It is to such piffling expedients that our present fiscal laws resort.

* * *

A report on conditions of life prepared by the Shore-ditch Housing Committee, published 19th August under the auspices of Toynbee Hall, says: "It is true that if we had more open spaces and less overcrowding we could save on these health services. That is not our fault, but rather the rapacious policy pursued by landowners and the great value of property in the neighbourhood, owing to its close proximity to the City."

* * *

It is announced that Mr Rupert East, former Mayor of Aylesbury, will be the candidate in the Liberal interest for the vacant seat in the Buckinghamshire County Council, Aylesbury Borough Northern Division. In his appeal for the support of the electors, Mr East will urge, as he has done in all his public activities, the case for the land values policy and the exemption of buildings and improvements from taxation.

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At the British Association for the Advancement of Science, Mr J. M. Keynes put forward a prepare for war plan of storing £500,000,000 worth of food and raw material. A good comment was that in the *Daily Express*, 20th August, a Tory organ: "Why not invest in the warehouse that cannot be broken down? That is the land, the acres that God has given us, and which we do not cultivate. The mightiest air armada you can imagine could not destroy the wealth of the fields, and, unlike the warehouses, they could never be exhausted."

NEW AIRCRAFT FACTORY IN BIRMINGHAM

The Nuffield-Dunlop Deal

THE ACQUISITION of 130 acres of land in Birmingham for an aircraft factory was the subject of a question in the House of Commons on 29th July.

Mr Poole asked the Secretary of State for Air what was the price per acre paid for the land at Tyburn, Birmingham, on which Lord Nuffield proposes to erect an aircraft factory; what charge per acre has been made for the removal of the restriction on the land: and by whom has this charge been made?

Sir K. Wood: The negotiations for the purchase of the land referred to were undertaken by Morris Motors Limited on behalf of my Department. The price which it has been agreed to pay is £1,000 an acre in addition to certain planning expenses incurred by the Birmingham Corporation in connection with their housing scheme. This price includes £650 an acre to be paid to the Dunlop Rubber Company for the removal of a restrictive covenant subject to the company granting certain easements and siding rights over land in their possession which adjoins the site.

Further particulars regarding this transaction were disclosed at a meeting of the Birmingham City Council on 27th July (fully reported in the *Birmingham Post*). In a letter to the Lord Mayor, the secretary of the Dunlop Rubber Company stated that this land was bought by the company in 1923 at £350 an acre in order to provide for a possible extension of their factory and in order to preserve its amenities. In 1934 the company agreed to sell the land to the corporation for housing purposes at the same price although "the value of the land had substantially increased." The land was sold subject to a restriction that it was only to be used for housing. The company "had in mind that the provision of houses near the factory would benefit the company, since many Dunlop operatives have to travel considerable distances to their work owing to lack of nearer accommodation." It may be observed that if the houses had been provided, they would no doubt have been heavily subsidized by the City and by the State.

The company's statement added that when they were asked to consent to the land being sold for an aircraft factory, the Board considered that they should be compensated for the loss of valuable rights, because the houses would not be built and many more workmen would be brought to the district to compete for housing and travel facilities. "It therefore asked the purchasers to pay the company the difference between the price paid to it by the Corporation and a reasonable market value for industrial land, which was put at £1,000 an acre."

It appears also that between the time when the land was bought by Dunlops and sold to the Corporation it was let for farming, and consequently it would, although so valuable, be liable for little or no rates. On the basis of £650 an acre for 130 acres the sum to be paid to the Dunlop Rubber Company is £84,500. In 15 years the value of this land has nearly trebled, and the Dunlop Company have got this windfall as part of the country's huge expenditure on armaments.