LAND & LIBERTY

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POVERTY AND PUBLIC REVENUE

The Chancellor of the Exchequer will introduce the Finance Bill in the House of Commons on 11th April. He will show a deficit of 36½ millions. The Budget figure has grown from 794 millions in 1924 to 801 millions in 1925 and 824 millions in 1926. What the figure will amount to in the coming year may be judged by the Estimates already submitted to Parliament, and these expenditures do not allow for Supplementary Estimates, nor for the deficit it is Mr Churchill's business to handle. The fighting services demand 115 millions, civil servicse 305 millions, other services 39 millions, and the interest on the National Debt with sinking fund calls for 354 millions.

Advice is given in some quarters to compel drastic economies in the public departments, so to bring relief to the harassed taxpayer and give industry a chance to recuperate. On the other hand the "Colwyn" Committee on National Debt and Taxation, appointed three years ago, has just issued its voluminous report with all the paraphernalia of appendices and minutes of evidence. The opinion there given, summed up admirably by the *Manchester Guardian*, is that the burden of the debt and the burden of taxation are not as bad as they seem, and if they were there is not very much that could be done about it. Mr Churchill advances to his task encouraged by the latter astonishing view, and committed to the unceasing criminal expenditure upon armaments and the no less desolating waste of doles and subsidies taken from industry and dispensed again as public charity to industry in distress. The sentiment that poverty and unemployment can be doctored or mended by taking money from some and giving it to others, that the State can find work for the workless, and ought to do so, falls into place with the aspirations of all who are interested in obtaining and making away with as much public money as possible, no matter how it is collected or on what principle. The advocates of mere economy are silenced and can never hope to influence public policy until they distinguish between just and unjust taxation and explain why poverty and unemployment have persisted in the days of the strictest economy as in the days of the wildest extravagance.

In the matter of local taxation, the same language is heard of a burden imposed and a burden that has become insupportable. The House of Commons on 1st March discussed, as it has discussed so often, the case of the "necessitous" districts and adopted a resolution (as amended) that "the method of giving Exchequer subventions to local authorities should be reviewed under a general reconsideration of the relations of national and local taxation with a view to assistance being given to the more heavily burdened areas." The original motion, moved from the Labour benches by Mr Compton, proposed that:—

> "The abnormal industrial conditions through which the country has been passing having placed upon local authorities in many areas burdens which cannot be met from local resources, and having regard to the fact that heavy local rates enter directly into the cost of production and thus hamper industrial revival in the areas affected, it is in the national interest that the community as a whole should accept some responsibility for these exceptional local burdens."

Both the original motion and the amended resolution take poverty for granted and leave the incidence of local taxation as it is. Both propose to subsidise poverty with still more grants from the Treasury and would throw upon Parliament the obligation of levying increased taxes for that purpose.

It is well to stop and consider how far this policy has been carried, before any fresh suggestions are made for asking the Treasury to undertake a greater share of the cost of public services that would otherwise have to be paid for by the levy of local taxation. Questions asked in the House of Commons on 16th and 17th March brought the information, reprinted in another column, that whereas local taxation had increased from £78,985,158 in 1913-14 to £160,047,065 in 1924-25, subventions from the Treasury increased in the same period from £25,631,246 to £93,072,749. According to the Budget estimates of the past year (1926-27) the sum of approximately £101,000,000 was provided, by taxes Parliament imposes, with the object of reducing local rates. Parliament does not find that money without placing officials in charge of the expenditure and the extent to which the local authorities are now subject to the control of a central bureaucracy, making local government a by-word in many respects, is not the least vicious result of the Treasury subventions.

The latest official inquiry into the relations of national and local taxation was that made by the Departmental Committee which reported on England and Wales in 1914, the inquiry into the case for Scotland being abandoned owing to the war. That Committee followed the same line as the Royal Commission on Local Taxation which reported in 1901. It treated certain services as "onerous" and considered them to be more of a national than a local character, these services being education, main roads, police and relief of the poor. It recommended that the subventions from the Treasury, then amounting to about £22,600,000, should be increased by £4,700,000 a year to reduce local rates, especially in necessitous areas, where, according to the argument, rates to pay for the " onerous " services imposed an unequal burden. But the Committee, like the Royal Commission that preceded it, offered no suggestion as to the nature or incidence of the taxation Parliament would have to levy to provide the money thus earmarked for distribution. It left that obviously important matter severely alone while remarking with perfect candour that " it should be borne in mind that one of the tendencies of relieving local rates is, if the relief is permanent, to benefit the owners of property "—in other words, to raise land values and hand on the benefit of the relief to ground landlords. A minority of the Committee recommended a measure of local taxation of land values, but like the majority, did not suggest what national taxation should be imposed to produce the increased subventions.

The policy of the Land Values Group in Parliament was to pay the subventions out of the proceeds of a tax on land values (the breakfast table duties being repealed at the same time) and give effect to land value rating for the rest of the revenue collected by the local authorities. It is one thing to advocate grants in aid and propose the means for getting the necessary revenue. It is another thing to protest against grants-in-aid unless they are accompanied by a tax on land values. Those who take up the latter attitude are certainly on stronger ground, particularly in view of what has happened since.

In 1914 it was proposed to increase the grants-in-aid by £4,700,000. In 1924-25 they had been increased (in England and Wales alone) by £59,119,503 and reached a total of £81,736,749. If it was true, as remarked by the Departmental Committee, that rate relief benefits " the owners of property " when £4,700,000 was suggested by way of grants, what shall be said of the effects of an annual relief of 59 millions in benefits to landowners and stiffened prices of land ? There is no case for increased subventions, nor should the simple demand for the Taxation and Rating of Land Values to break up land monopoly and abolish taxes on trade and production be mixed up with adjustments of the kind which are put forward and discussed and debated with the fact of poverty and the cost of poverty always in mind. Land value taxation will open the doors to employment, release industry from its bondage to monopoly and raise wages. It will bring land into use, take for the community what belongs to the community, and distribute wealth equitably. A proposal to link it up with subventions to pay poor relief can only come from those who doubt that it will have the liberating social effects we claim for it.

The commonly accepted definition of a " necessitous area " is a district which has a low rateable value per head of population and a high rate in the pound. A wealthy area on the other hand is a district where the rateable value per head of the population is high and the rate in the pound low. The contention is that the districts with limited " ability to pay " have to support the cost of their own poverty for which they are not responsible ; and the weathy area should come to their assistance. Again, it is suggested that the towns should come to the aid of the country districts with money to pay for main roads and other services, which are not so much a benefit as a burden to these districts. Apart from the fact that the road fund, fed by taxes on motor traffic, now provides some 17 millions for the maintenance of roads and incidentally has raised land values all over the country, these arguments are invalid. They are false in so much as they assume that poverty is inevitable, that the poor can only look to the rich for assistance and never to conditions that will throw open the avenues to employment and give an adequate reward for labour. They are unsound because they base their conclusions upon " rateable value " and leave out of account not only the value of land that escapes assessment, but also the industrial and economic effect of imposing taxation on buildings and improvements. The terms rich district and poor district, with " rateable value " taken as the standard of comparison, are meaningless, and most of the statistics that are now being used to justify the complaint against high rates are of the same order. The protest should be, not against the amount of the rates, but against the way in which rates are levied, and until that view of the matter is predominant, the figures published for example by the Committee on Trade and Industry, making it appear that increased rates have added enormusly to the cost of production, are eloquent of nothing but complete disregard of the principles upon which taxation should be based.

The great industrial centres are now the " necessitous areas " in need of more subventions to be provided by the general taxpayer. Their case was heard in Parliament on 1st March and it was declared that their sources of revenue were exhausted. Manchester, Birmingham, Leeds, Sheffield, Newcastle-on-Tyne, Middlesbrough and Bristol were among the cities named as candidates begging for alms, to be squeezed somehow out of a National Budget that already exceeds 800 millions, that has incurred a heavy deficit added to the national debt, and will re-impose a host of taxes and tariffs that interfere with trade and production at every turn. Has industrial distress no relation to these exactions, that Members of Parliament can come forward with demands for more subventions by which they think to mitigate poverty or pass on its cost to the people as a whole ? The case is desperate enough. The Manchester Board of Guardians are called upon for £527,000 to keep destitute citizens from starvation ; the call upon Birmingham is for an equal sum, and on Sheffield for £700,000. The other side of this picture of communities calling for subventions is the ring of land monopoly by which they are restricted, the high price of land withheld from its best use and exempted or relieved from taxation while so held. And in the centres of those cities " with burdens that cannot be met from local resources" land sells for fabulous sums, that industry has to pay, in addition to all taxation, being hit in that way with far more savage effect than has yet entered into the calculations of any Committee on Industry and Trade or on National Debt and Taxation. In Manchester the record price of land, as we reported last month, is put at about £200 per square yard, which is equivalent to £968,000 per acre; there are inquiries for sites in Market Street at prices even higher; it was made public that a site in Cross Street realized £104 per square yard, which is at the rate of £677,600 per acre. In Birmingham, central sites command a price of from £75 to £100 per square yard and as much as £120 per square yard has been paid. In another column we report the case of land recently sold in that city for £50,000 which, with the buildings upon it, had been rated at an annual value of only £779. The price obtained moved the auctioneer to ecstasies with a description of the "golden mile" of land value situated in the midst of a teeming population of a million souls—in the midst of a "necessitous area." Well has it been said in *Progress and Poverty* that: "To see human beings in the most abject, the most helpless and hopeless condition, you must go, not to the unfenced prairies and the log cabins of new clearings in the backwoods where man, single-handed, is commencing the struggle with nature, but to the great cities, where the ownership of a little patch of ground is a fortune."

In the country districts the land monopoly is entrenched behind prices of land swollen by the spending of public money on the creation of small holdings and land settlements, by the subventions from the Treasury to pay local rates and by the additional relief given under the Agricultural Rates Acts. To-day the whole amount of local taxation levied on the agricultural land (not occupied by buildings) in England and Wales stands at the paltry sum of £3,800,000. It is interesting to note that the official estimate just given out by the Ministry of Agriculture places the capital value of agricultural land outside the towns in the neighbourhood of 815 millions.* How much of this is land value apart from buildings and improvements is a question in itself. The results of separate valuation in Denmark help to give an answer. It is found there that on the average the land value of agricultural land is 55 per cent of the total value. On that reckoning 815 millions total value corresponds to 448 millions land value for England and Wales, so far as agricultural land alone is concerned. The two countries are not so dissimilar as to make that computation too high, except that there is a difference that would add very much to it. For besides all the other factors giving land its varying value—advantages due to the nature of the soil, transport facilities, nearness to markets, etc., there have to be counted, in Great Britain, the millions of money wrung from the taxpayer and poured out for the peculiar benefit of the agricultural landowner. The better the land is, the greater are the benefits he has derived from those gratuities.

Let the valuation be made and it will be seen how little truth there is in the contention that the rural districts in this country are "necessitous," in the sense that there is not enough land value there to maintain the roads, to educate the young and provide for the public services rendered in the district. That is the revenue aspect of the question. For the rest, the problem is the same as in the towns. Land value can be as easily assessed; and taxation levied on that value, whether as a national tax or a local rate or both, is the means to break the monopoly, make land available and promote its best use.

A. W. M.

* For England and Wales alone. The figure appears in the Report just issued by the Ministry of Agriculture on "The Agricultural Output of England and Wales," an investigation made in connection with the Census of Production of Act, 1906. The capital value as estimated includes farm buildings and improvements and excludes tenants' capital and "tenant right valuation," part of which is the unexhausted value of sowings, fertilisers, etc. The amount of rates levied as stated above (£3,800,000) relates to land as defined in the Agricultural Rates Acts and as relieved thereunder from three-quarters of the rates leviable on other properties. It is the *uncovered* land with its equipment and improvements. Farm houses, farm buildings and cottages and the ground immediately pertaining thereto are separately rated and are treated like any other house or structure. Information as to the total rates levied on them is lacking.

NOTES AND NEWS

He was sorry to say that the Labour Party's agricultural policy would not make land cheaper or easier for the agricultural worker to get; it would only turn the tenant farmers into owners paying a quit-rent to the State. No lover of liberty would wish to preserve for ever the large farm system, employing the unfree labour of tied Englishmen.—Col. Wedgwood, M.P., at Halstead (*Times*, 28th February).

* * *

Forty-one acres of freehold building land at Carshalton belonging to the Wandsworth Consolidated Charities are about to be offered for sale. The property has a long frontage to Wrythe Lane, near Sutton by-pass and the main road from Mitcham to Cheam "and within the area improved in value by the extension of the tube" to Morden, a mile and a half away, and the coming electrification of the Southern Railway."—*Times*, 18th March.

* * *

Forestalling is wrong; but what do you propose to do about it? Forestalling of land would cease if land values were taken for the community. Theft is wrong; is it not theft that some take what justly belongs to all—the increasing values that attach to land by reason of social developments? Why not tax land values?—Charles Ayliffe Gardner in *G. K.'s Weekly*, 19th March.

* * *

Foxes appear to be increasing in numbers in the district of Hadley Woods, Barnet. They are frequently seen by pedestrians crossing the paths. One fox recently raided a poultry farm, which necessitated jumping a six-foot fence, and killed 180 pullets. When the attendant went to feed the birds he found the ground like a battlefield. The fox did not return for his spoils.—*Daily News*, 22nd March.

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Mr J. Caldwell (West Kilbride, Ayrshire), having recovered from a trying illness is again busy with his pen. His Press letters must be welcomed and appreciated by a large public. He is an educational force in this branch of the propaganda.