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THE RATING QUESTION

An official return (Cmd. 1155) recently issued by the Ministry of Health gives particulars of local taxation in every town and in 100 typical rural parishes in England and Wales, comparing rate and assessment figures in 1913-14 with those in 1919-20 and 1920-21. A similar return for Scotland is being prepared by the Scottish Board of Health and will be published at an early date. In England and Wales the total amount of local taxation is estimated this year to be approximately 149 million pounds as compared with 71 millions in 1914. The amount of the rates levied corresponds to 79s. per head of population this year, as compared with 39s. in 1914. It is not such a large increase when one considers that in the same period national taxation has grown from £5 to more than £22 per head of the population. The local authorities manage well if they succeed in providing at a cost of less than 149 million pounds public services equal in efficiency to those that cost 71 millions in 1914. The increase in the general level of prices makes such a task a difficult proposition.

No reduction in the amount of local taxation can be contemplated if the public services are to be maintained, and none is necessary or desirable. It is not the amount of the revenue that makes taxation a burden. It is the way in which the taxation is levied. We are told that in the last seven years rates have increased on the average in England and Wales from 6s. 8d. to 13s. 3d., and that in 50 large towns they now exceed 20s. in the pound. The rateable value on which the rates fall at so much per pound is based on the rent at which each house or shop or factory and each piece of occupied or improved land would let year by year in its existing condition. All the increase in taxation has fallen not in proportion to the value of land but in proportion to the use to which the land is put. The rates have acted like an ever-increasing tariff and penalty upon industry. It is true that in England and Wales the assessments are mostly out of date. In many towns there has been no general revision for twenty years or more, and so the rate in the pound, with more revenue to collect, has mounted by leaps and pounds. Revision would increase the total rateable value of a district and would reduce the rate in the pound, but it would not remedy the inequity of the present methods. The actual contribution made in respect of improved land would be relatively more than before. Vacant land would pay nothing as at present; and under-used land, no matter how high its true market value may be, would pay relatively less than it did. Whether rates are increased or rateable value is increased taxation would have the same penalizing incidence upon improvements, and allow the same unjust exemption to valuable land withheld from proper development.

New valuations are certainly wanted, but valuations of a very different order, with the object of revealing, in the market value of land, a source of revenue which belongs to the community and which can be drawn upon without causing any harm to industry or imposing the slightest check upon industry. We should assess the value of the land alone, apart from any buildings and improvements upon the land, and impose the rates and taxes upon that value whether the land is used or not. By that means we should set free all buildings and improvements from any contribution whatsoever. For *by definition* the value of land excludes buildings and improvements. In no case is the value of any land due to the exertion or expenditure of the holder of that land. It is due entirely to the situation of the land and the opportunities it offers for business, trade, or other useful occupation. The value of land is a public fund, and while it exists and is misappropriated by private interests for private use and enjoyment, there can be no sanction for the proposal to add to the income tax or to relieve rates by subsidies from the Treasury—unless of course in the latter case the Treasury obtains revenue for the purpose by the taxation of land values.

Rating reform has been the subject of investigation over and over again by Commissions and Committees without number, and last month another Committee was appointed by the Government to make another inquiry and report in regard to Scotland. That inquiry fairly and honestly conducted would not arrive at any other conclusion than that the value of land apart from buildings and improvements is the proper source of public revenues, for whatever purpose the revenues are required. The character of the services now locally dealt with; what services ought to be considered local and what national; the nature and extent of subsidies from the Treasury; all these are side issues, and they should not be allowed to mask or over-ride the contention that the *basis* of taxation must be altered. What commands attention by every local rating authority and every ratepayer is the abiding contrast between the heavy taxation imposed on land improved and built upon and the absolute exemption given to valuable land upon which no improvements have been made. That kind of taxation puts a premium on idleness, caprice and incompetence. In promoting the withholding of land from use and discouraging production it is the root cause of the poverty, the unemployment and the bad housing conditions, which the local authorities are trying in vain to mitigate by the lavish expenditure of revenue, all collected in such a way as to make these evils worse than ever.

The Land Valuation made for the purposes of the 1909 Budget provides the material for new assessments separating the value of land from the value of improvements. All that work has not been in vain, although the values then recorded are now out of date, and were based upon definitions now admitted to be faulty. The Land Valuation Department is still in being, and with all the data already collected its trained valuers could speedily correct and revise the values once Parliament gave the proper instructions. The present Parliament has refused to allow access to the important information compiled with so much cost and care, and the records lie buried in the district valuers'

offices, only to be consulted perhaps when some particular site or estate is about to be purchased for a housing or a land settlement scheme. Local authorities in scores and hundreds have responded to the public demand for the taxation of land values, and have resolved that Parliament should give them the power to levy their rates on the value of land apart from improvements. The municipal agitation needs carrying beyond the stage of resolutions and awaits the lead of the town or city council that will co-ordinate and organize this demand for the reform. It is time that a municipal conference was called to voice this pressing claim. A Bill for the local rating of land values is urgently required. Everywhere people who stand for this reform are looking for guidance and want to know what the municipal authorities are doing, and which of them is going to take action. It may be argued that there is no hope of bringing such a case to the present House of Commons. That is a matter of opinion. What we do know is that Bills were brought before a hostile Parliament in 1902 to 1905, and not without good and far-reaching results for the progress of the movement. There are many members in the present Parliament who would welcome the opportunity to help the municipalities by the public discussion provoked in this way.

A. W. M.