

ECONOMIC RENT AND RATING REFORM

By R. L. Outhwaite

(From a page article appearing in "John Bull," 23rd April)

Let us take as an object lesson a great industrial centre stricken by the rates, and see what would happen were the State to collect the "true economic rent of the land" and use a portion to remove the cost of national services from the rates.

A century ago Sheffield was a town of 30,000 inhabitants; to-day it is a mighty industrial hive of half a million. Over Attercliffe the smoke from the furnaces hangs so thick that it shuts out the sky and intensifies the squalor of the streets.

A century ago Attercliffe was a place of green fields through which the Don ran as a crystal stream. It was a portion of the 63,000 acres of common fields which in 1767 lay within twelve miles of the Sheffield Parish Church. In 1820 the Enclosure Award dealing with Attercliffe Common was passed by a House of Commons, a majority of which was elected by 500 landed proprietors.

"The Most Noble Charles, Duke of Norfolk," the Lord of the Manor of Sheffield, secured as his share of the plunder over sixty acres. In 1791 an Act was passed for "dividing and enclosing several commons, fields, waste grounds and mesne enclosures within the manor of Sheffield."

Six thousand acres were dealt with under this Act, and the Duke of Norfolk got as his share 1,393 acres. Two acres were allotted to the poor of Sheffield.

In the case of the thousand acres of common land enclosed at Eccleshall in 1779, the duke again got away with the bulk of the spoil. In 1821 the duke secured 7,000 acres out of 14,000 acres enclosed in the Chapelry of Bradfield within the manor of Sheffield.

Now let us see how the "Lord of the Manor" of Sheffield fares under the rating system.

In 1912 there was an area of 63 acres of pasture fields within a mile or so of the centre of the city. Though worth tens of thousands of pounds, it was rated as "agricultural" land and contributed about £20 to the City Exchequer.

I found that the Sheffield educational authority during the past 38 years had spent £153,657 on sites for schools. £32,000 had been paid to the late Duke of Norfolk for 20 acres.

Of these, 11 acres, which cost £20,000, were "vacant," and as such had paid nothing to the rates. The other nine acres, which cost £12,000, rated as "agricultural land," contributed about £5 to the rates, or about as much as one cottager would then have paid.

So, too, the land was unrated as "vacant" which the Corporation secured from the duke for a tramway site at a rental which gave a capital value of approximately £120,000.

Had the true "economic rent" been collected from the Duke of Norfolk as tenant-in-chief of the Crown as he is in law, he would have paid £7,700 for these few acres instead of a few pounds.

As "owner" of one-seventh of the area of the city his total rent contribution would probably run into hundreds of thousands of pounds a year.

Now let us see how this strangled and plundered community fares in these dark days, and the change that would come were the people of the nation to make a start in rating reform.

A news item ran:—

"About 32,000 people in Sheffield have not paid the rates levied in the latter half of 1923 and summonses have been issued against most of them. Another

10,000 people, who have only paid a portion of the rates, are paying the balance in weekly instalments.

"There are 30,000 unemployed in Sheffield and the guardians are in debt to the extent of £1,000,000."

Sheffield not long ago was described by Mr C. F. G. Masterman as a "devastated area," where one-fifth of the population were "paupers." His analysis of the incidence of the rates showed that one-third was provided by "working-class cottages of less than £15 net rateable value."

The total rates to be levied for 1926-27 amount to 16s. 11d. in the pound. The education rate amounts to 3s. 6d., the poor rate to 5s. 9½d. These two national services account for half the rates and their transference to the land rent fund would reduce the total rates by one-half.

But it will be said, "How about the poor working man who has bought the site and built his home on it? Are you going to take his land rent?" Certainly, so that he shall pay pence where he now pays shillings on the annual value of cottage and site.

The average value of the site of a cottage assessed at £15 will be at most £50. If the owner were called upon to pay total ground rent, estimated at 5 per cent. on capital value, he would pay £2 10s. a year. He pays now at 16s. 11d. on £15 annual value of site and cottage, in round figures £12 10s. per year.

If the "true economic rent" of Britain were collected, all rates could be swept away and a vast surplus would remain for further relief.

But as for the most part the worker does not own the site of his cottage, and so would pay nothing in ground-rent, he would get relief in full. As well as taxation relief, his relief from the unemployment and low wages would be incalculable.

For when the "true economic rent" is collected there will be no idle land, and no share of the product of labour would go to pay rates and taxes which should be absorbed in higher wages.

The rating of land values is the only right way to raise local revenue. Any other way allows land values, that public-made value, to go into the pockets of private individuals, stifles industry and subjects the people to the whims of a few individuals. No doubt Dr John Banks, the medical officer of Dunoon, had something of that in his mind when he said:—

"The beasts of the field have had from time immemorial the full, perfect and beautifully balanced right to the use of the earth they live on. Only man, of all the creatures, with his so-called divine attributes of reason and moral sentiments, and he alone, has to beg a brother of the earth to give him leave to toil, and even that is denied him except under conditions of slavery. It follows, as day the night, that if such a creature had the same opportunity as the beasts he would live up to the utmost of his capacity, both in his individual and communal life. This, to my way of thinking, is the first and necessary condition underlying all progress or success."—A. J. M. in *The Ardrossan Herald* (4th April).

BY HENRY GEORGE

PROGRESS AND POVERTY: An Inquiry into the Cause of Industrial Depressions and of the Increase of Want with Increase of Wealth—the Remedy.

Bagot Edition, 10d. post free.

Kegan Paul Edition, paper covers, 2s.

Everyman Edition, cloth, 2s., reinforced cloth, 3s.

PROTECTION OR FREE TRADE: An Examination of the Tariff Question with especial Regard to the Interests of Labour. Paper covers, 1s. 6d. Cloth, 3s. From our Offices.