

TAKING BURDENS OFF IMPROVEMENTS

(From an address by Mr. H. D. Roome, delivered at the Henry George Club, London, on 19th February)



H. D. ROOME

The keynote of an enlightened land policy is emancipation, liberation, and relief. Merely to speak of taxation or rating of land values suggests to the uninitiated a new form of tax or, what is even worse, a new rate, and arouses no interest at all. It is important therefore to emphasize that the rating of land values, far from imposing a new rate, would afford relief to many existing ratepayers by bringing into contribution land which at present is unrated or inadequately rated, and thus spreading the amount that has to be raised by rates over a wider circle of ratepayers. Similarly, with regard to taxation of land values the object is to shift the centre of taxable gravity from earnings, food, and shelter to values which are not created by private agency.

The law of rating is 325 years old, being based upon the Poor Relief Act, 1601, which has been slightly modified by later legislation. The present law fixes rateable value at the rent at which the hereditament might reasonably be expected to let from year to year free of all usual tenant's rates and taxes and tithe commutation, rent charge (if any), and deducting therefrom the average annual cost of repairs, insurance and other expenses (if any) necessary to maintain it in a state to command such rent. The value of the hereditament is of a composite nature, being made up of the site value of the land together with the value of all substantial improvements which have been added to it. Every piece of land which is cultivated, developed, built upon, occupied or used in any way has to pay rates, and the only land which escapes is vacant or derelict land, or vacant or disused buildings. It is obvious that such a basis of assessment discourages improvement and development, and encourages vacant and accommodation land. Its sole recommendation is that roughly it puts the burden on the broadest shoulders.

The question is whether capacity to pay should not make way for a policy of encouraging productivity. Bringing all land into full use is an essential part of

the policy of Free Trade. Freedom of exchange is only one-half of Free Trade. The other half is freedom of production. Both are vital. Tariff tolls on exchange are the exact counterpart of monopoly tolls on production. Both make for scarcity and dearness. In both cases the whole tax falls on the community, while only a portion of it goes to revenue.

Unemployed land connotes unemployed men and perpetuates the worst of all lock-outs—the lock-out of productive labour from natural resources. Land monopoly lies at the root of economic evil by blighting the prospects of employment both in the primary and secondary industries, among miners and quarrymen, agricultural labourers, transport workers, builders and factory operatives. Just as the unemployed man outside the factory gate fixes the wage of those who are working inside, so the belt of accommodation land round the outskirts of municipal boroughs and urban districts fixes the rental value and selling price of land more advantageously situated. It is both just and expedient to levy taxes and rates upon the unimproved value of land, created by the presence, activity and expenditure of the community, and thereby to emancipate productive areas, to liberate labour from involuntary idleness, and to relieve enterprise from undeserved burdens and penalties.

ANSWERS IN BRIEF

In reply to questions in the House of Commons

EMIGRATION. Under the Empire Settlement Act, 1922, approximately 131,000 persons have received assistance to emigrate and £1,245,954 has been expended by the Government. Under the Free Passage Scheme (in operation from April, 1919, to December, 1922), 86,175 persons were assisted at a cost of £2,419,410.—*Mr. Amery, 5th February.*

DISAPPOINTED APPLICANTS. The number of applicants for statutory small holdings for whom holdings had not been provided up to July, 1925, when the last returns were obtainable from the County Councils concerned, was 16,967.—*Brig.-Gen. Brooke, 8th February.*

TAXATION, NATIONAL AND LOCAL. Comparing 1913-14 with 1924-25, the proportionate increase in national taxation has been three and a half times as large as the increase of local rates. The figures are (*Mr. Churchill, 16th February*):—

	1913-14.	1924-25.
Tax-revenue, national..	£153,408,000	£679,982,000
Local Taxation ..	£78,985,000	£159,887,000

HOUSING SITES IN PLYMOUTH. Since the war, for assisted housing schemes, Plymouth Corporation bought 170 acres of land at North Prospect. The price paid was £53,000, being equivalent to £312 per acre. The land had been previously assessed at an annual value of £174, or at a little more than £1 per acre.

Another Plymouth housing site was that at Beechwood, where 7½ acres cost £3,500 or £451 per acre. The land had been previously assessed for local rates at an annual value of £12 15s.; that is, at 32s. 10d. per acre. The Beechwood site was subsequently sold to the Great Western Railway.—*Mr. N. Chamberlain, 17th February.*

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