

THE RATING OF URBAN SITE VALUES.

DEBATE IN PARLIAMENT.

THE Urban Site Value Rating Bill gave rise to an interesting debate in the House of Commons on Wednesday, February 19th.

Mr. TREVELYAN, in moving the second reading of the bill, said that its proposals would establish a fundamental alteration in the sources of taxation by tapping a source of revenue which had hitherto been left untouched. The bill was founded upon the report presented by the Local Taxation Commission, and signed by men like Lord Balfour of Burleigh, Sir E. Hamilton, Sir George Murray, the Lord President of the Court of Quarter Sessions in Scotland, and Professor Stuart. There was, continued the hon. member, a crying necessity for some reform in local taxation, and that cry had in recent years been increasing in volume. The amount raised in taxation had increased from £16,500,000 in 1871 to £38,500,000 in 1891—equivalent to 135 per cent. In London the increase during the same period was from £4,000,000 to £10,000,000. Everything indicated that the pressure in the urban district was most severe. As a matter of fact, our rating system had remained unaltered since the time of Queen Elizabeth. (Opposition laughter.) The bill proposed to confer upon localities the power to levy up to 2s. in the pound, and that the revenue from the new assessment should go to the relief of the rates in so far as they were applicable to ordinary town affairs. He thought the operation of the new rate would bring into the market, for building purposes, a large quantity of land hitherto lying idle.

Mr. GRIFFITH BOSCAWEN moved the rejection of the bill. Apart from other considerations the proposals of the measure, he argued, should form part of a great reconstruction scheme of the system of rating. Both Lord Balfour of Burleigh and Sir George Murray admitted this. The new system of valuation proposed by the bill would be costly, difficult, and quite hypothetical. For the first time the principle of taxing sites of unoccupied houses was proposed. The hon. member (Mr. Trevelyan) seemed to think that he had discovered a great source of wealth to the community. Here they came upon the old fallacy which had been exploded with regard to the taxation of ground rents.

Mr. M. WHITE RIDELY seconded the motion for the rejection of the bill.

Mr. HALDANE said that the attitude of the Unionist party on this matter illustrated the very patent fact that, whatever differences there were upon other points on the Opposition side, yet on the treatment of social questions there was a great gulf placed between the two parties. (Opposition cheers.) There was a difference in the spirit in which these matters were approached which marked the distinction between the two sides of the House which could not be ignored or obliterated. (Opposition cheers.) It was a question of remedying a very great injustice which obtained in all our large towns. The principle of the bill was founded on the view that site value was not due to the owner of the land, but to the movement of the population, and it was sought to separate the site value from the building value and to put upon the site value a rate of moderate amount, which was to be paid by whoever was in occupation of the land. He pointed out that in the case of two properties situated respectively in Mayfair and Islington, each of the total value of £500 a year, deductions for repairs would be made in both cases alike, although in the case of Mayfair £300 of the £500 was due to site value alone, whilst in the case of Islington only £100 was due to site value. This was manifestly a great injustice, for deductions for repairs had obviously only been made in respect of the building. The House could not ignore this question. It had taken hold of the minds and imaginations of the people, and this bill would quiet the sense of unrest which had arisen.

Mr. CRIPPS complained of the form of the bill as utterly out of accord with the principles which would permit the taxation of ground rents and site values. It involved a new burden on occupiers which they ought not to be called on to bear. It was admitted that this bill was brought forward on political and sentimental grounds. But in these topics it was as well to put such considerations on one side. There was no logical basis for the measure.

Mr. M'CRAE remarked that while the importance of the question as a rating reform was undoubted, it was still more important with regard to its effect on the housing question. The report of the minority of the Royal Commission on Local Taxation had done more than anything else to bring this question within the sphere of practical politics. He quoted from the writings of Adam Smith and John Stuart Mill as confirming those who maintained that they were economically sound in supporting the proposal for the rating of land values. There was no doubt that land did not bear its fair share of local taxation. (Ministerial cries of "No.") In 1817 land paid a fraction over 66 per cent., and houses a fraction over 33. In 1868 the proportion differed greatly, being 33 from land and 66 from houses. In 1891 the proportion was—Land, 15.31 per cent.; houses, 84.69. They had heard much lately of "corners" in wheat. We really had at the present time a "corner" in land, and one of the main reasons that could be advanced in favour of the proposal of the bill was that the rating would force more land into the market and so cheapen its price. (Hear, hear.) The bill had, however, two defects. The first was that existing contracts were exempted from its operation. That would lead to assessment difficulties. It was impossible to deal justly with the question without dealing with existing contracts. This was undoubtedly a difficulty, but it was one they must face. (Hear, hear.) The other bad point was the equal division between owner and occupier of this proposed new site value rate. As the present law stood it was preposterous to say that the occupier should bear one-half the burden. Many of the purposes to which the rate would be applied were purposes to which the occupier already contributed. The principle of the bill, however, was sound, and he hoped it would receive the sanction of the House.

Mr. WHARTON described the bill as establishing for the first time in English history the principle of taxing the same thing twice over.

Mr. FLETCHER MOULTON was delighted at the enormous advance the question had made. When it was first raised its advocates were denounced as supporting a scheme of confiscation. The principle had now, however, been accepted by every member of the Royal Commission. The present bill—which had properly been brought in to test the opinion of the House—was to him an object of deep satisfaction. He laid down the general principle that this Parliament had the right to impose any just tax, and to decide on its incidence. So far as the tax was an additional tax, it was no interference with contract to say that it should be paid by the owner. Property by contract was no whit more sacred than property by possession, and it was every day evident that property by possession had to pay new taxes. In the case of existing rates, of course, other considerations arose. There was no possible justice in putting an extra burden on the occupier. The only way was to look upon it as an extra tax, intentionally placed by the Legislature as a drawback to the value of land because that land was not adequately paying for the services it received from the municipality. (Hear, hear.)

Mr. V. GIBBS admitted that the bill was a moderate one, but it was based on an economic fallacy. The bill did not get at the ground landlord, the owner whom everybody desired to attack, the bloated duke who owned half a town—(laughter)—and who would not effect any improvements. The wretched ratepayer was the man upon whom the burden would fall—(hear, hear)—and the man who would escape

was the man who made a bargain long ago, and who would get off scot free under the bill.

Sir E. GREY cordially concurred in the tone and temper with which the debate had been conducted, but when they were told that the bill differed in many respects from those which had previously been presented to the House he wished to know whether it was against the extreme moderation of the measure that hon. members opposite protested. Did their opposition rest more on what the bill proposed to do than on what it did not do? One objection raised was that it did not propose to break existing contracts. He never expected to hear that from the other side. He could not agree that it would have no effect on overcrowding. Even if it touched housing ever so slightly—and it must be gradual—it would be effectual in the absence of any other suggestion, and, if on that ground alone, it deserved the favourable consideration of the House.

Mr. GRANT LAWSON considered the promoters of the bill had gained tactical advantage by having on the report of the Committee the name of the Secretary for Scotland as well as that of the member for Battersea. (Opposition cheers.) The names on the bill itself led him to inquire whether it really was founded, as was said, on unionist principles or on socialistic doctrines, repudiation of contracts, and general chaos. (Opposition laughter.) There were features in it which, he was sure, the Secretary for Scotland (Lord Balfour) would repudiate. The bill, he contended, went far beyond the scope of the Committee's report. The report suggested that a bill for special taxation should be richly sugared with general relief from rates; but this bill proposed to give a special pill for lessors of land in all its nastiness without any sugar at all. When he came to analyse the bill he found its principles in a very pulverised condition. Could anyone say what the value of land would be if a house was not there which was there? (Laughter.) Was it possible for a valuer to arrive at a satisfactory conclusion on that point? The valuer could not solve an insoluble proposition; he would have nothing to guide him, and the question of valuation would become a very serious one indeed. It would lead to endless litigation by producing more litigators. To levy a rate on a vacant site would be to obstruct building, no matter whether it was called "a site value rate" or not. (Hear, hear.) The bill, he submitted in conclusion, was so drawn that it would be quite impossible to put it into operation, and it could only serve to give employment to lawyers. It did not go near touching the problem of local taxation.

Sir W. HARCOURT said the Government had declared against the principle of the measure; but this Government or some other Government would have to deal with the question. It would be difficult to persuade the country that socialistic principles were represented by Lord Balfour of Burleigh and by three of the most experienced members of the Treasury. (Hear, hear.) In his opinion the bill contained a just principle for the reform of local taxation, and one which he felt confident would prevail. (Opposition cheers.)

The House divided—

For the rejection of the bill.....	229
Against.....	158
Majority.....	71

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On the whole, a satisfactory division and a satisfactory debate. We may express our agreement with Mr. Griffith-Boscawen that "the proposals of the measure should form part of a great reconstruction scheme of the system of rating" **in both town and country.** However, the debate can only stimulate us to greater exertion in this direction. In the meanwhile, we can but re-echo Sir William Harcourt's expression of opinion that—"The bill contained a just principle for the reform of local taxation, and one which will prevail."

LAND *versus* LACE.

IN the Women's Corner of the *Co-operative News* of December 28th, there is an instructive little dialogue which we regret that pressure on our space prevents us from reproducing in full. Its purport is to appeal to women to become more companionable to their husbands, and more worthy of the opportunities they now enjoy, by taking some interest in affairs outside their own individual and family lives. The persons represented are John Tims, a Lancashire workman, Alice, his wife, and Lucy, his sister. Alice fills up her time with fancy work, her room with useless ornaments, and her mind with vain regrets that her husband cares little or nothing for such things. Lucy calls in to ask her to join the local Women's Guild, and then occurs the following suggestive conversation:—

Alice: What do you learn about?

Lucy: All sorts. We've had co-operative lessons, and nursing, and dangerous trades, and how co-operators are getting more houses, and now we've got three lectures on the land.

Alice: *The Land!* Whatever do we want to learn about that?

Lucy: No one can live without a bit of land to live on. Don't your house stand on land?

Alice: Of course it does. But what is there to understand about that?

Lucy: Plenty. More than I can tell you. You see, we haven't had the lectures yet. I shall know more about it later on.

John: Why, didn't I tell you that the co-operators can't build that row of houses we want because the land is too dear.

Alice: Yes. You mean the row where our George said he'd take one.

John: Yes. The landlord wants nearly *three* times as much for that piece of ground as he did for the corner lot we bought ten years ago. . . . Three times t' money. He has put t' price on. My word! that he has.

Alice: Well, and how's that?

John: Well, I reckon it's like this. We come out here to live when it was all country. Then t' store was built, and then those twenty cottages near t' new mill were put up, and then other people came out too because of t' mill, and now it's a *growing village*. We've made it a village, and just because *we've* made a nice place of it, the man who owns the land is going to make his fortune out of it. Raised t' price three times has the landlord!

Alice: I suppose it is worth more, isn't it?

John: Of course it is, lass. But what has increased t' value? Is it *our* doing, or *his*? We've made his land so valuable that now rents have gone up, and t' stores can't afford to give the price for the bit o' land they want for members' cottages.

Alice: What can we do?

Lucy: We can learn all about it, Alice, and find out how, all over the country, the people are all suffering because the value of the land all goes into the hands of a few. Come to the guild, will you?

Alice goes to the Guild Lecture, and returns keenly interested in the land question, much to the delight of her husband; and we sincerely hope that this bright little dialogue will induce many other Alices to attend such useful gatherings.

PROPERTY in land differs in its origin from property in any commodity produced by human labour. The produce of labour naturally belongs to the labourers who produce it. . . . But the same argument does not apply to land, which is not the produce of labour, but is the gift of the Creator of the world to mankind. Every argument used to give an ethical foundation for the exclusive right of property in land has a latent fallacy.—*Mr. Justice Longfield, "Cobden Club Essays."*