

## MR. JOSEPH CHAMBERLAIN AND LORD EVERSLEY ON "CONTRACTS"

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Even with rating on its present basis, there is a strong case for requiring the landlord to contribute to those rates which improve the value of his property, and were not in the contemplation of the parties when the lease was granted, and did not affect the rent or the other conditions of the lease. This matter received special attention during the sittings of the Royal Commission on the Housing of the Working Classes, which was appointed in 1884 and reported in 1885, and the following passages show the position adopted by the late Mr. Joseph Chamberlain, M.P., then President of the Board of Trade, and of Mr. J. G. Shaw-Lefevre, M.P. (now Lord Eversley), then First Commissioner of Works. The passages are taken from the evidence (Blue Book C.4402) and the numbers in brackets are the numbers of the questions and answers.

### MR. JOSEPH CHAMBERLAIN'S VIEWS

In reply to a question by the late Sir Charles Dilke, M.P., then President of the Local Government Board and Chairman of the Royal Commission, Mr. Joseph Chamberlain said, with reference to the cost of improvement schemes :

"I think that the persons who are so benefited, even if they are benefited without their consent, should be called upon to pay a special contribution to the costs of the scheme." (12,416)

In reply to a further question by Mr. (afterwards Lord) Goschen whether the contribution in respect of a property should be charged on the owner or on the occupier, Mr. Chamberlain said :

"The cost of the improvement would be fairly chargeable upon the owner and occupier ; of course, assuming that the occupier has a real tangible interest ; if he were merely a casual tenant, I should not consider the benefit of the improvement, but if the occupier were occupying on a long lease it would be just as fair to charge it upon him as upon the ground landlord. That brings me to another point, which is the only other recommendation that I have to make. With regard to all these improvement rates I cannot understand why the ground landlord should escape from his share of the contribution ; at present it is charged upon the occupier. It appears to me that the ground landlord is benefited immensely by the general improvement to the place to which the improvement contributes and I do not see why he should escape scot free." (12,422)

A little later Lord Salisbury, who was also a member of the Commission, returned to this point, with the following question by him and answer by Mr. Chamberlain :

(12,512) You stated just now that the ground landlord escaped scot free, and that you did not see why he should do so ; who receives the benefit of a present improvement, the occupier or the ground landlord ?—Both.

(12,513) The ground landlord gets no increase of rent, does he ?—No, not immediately ; but he has a reversionary benefit, a future benefit.

(12,514) And when his future benefit accrues he will have to take his share of the burden which is put upon him in the shape of a deduction from the rent ?—Which may have been cleared off long before then, and very often is.

(12,515) But then he will get no benefit ?—Pardon me, he will get the benefit just the same. For instance,

to take a very common case, take the case of a water company. A corporation buys a water company and is forced to repay the whole sum in 30 years. At the end of 30 years the water company is worth just as much as it was before, if not more, and the ground landlord may come into that property at that time with nothing to pay for it.

(12,516) That would be a fair ground for charging the ground landlord with his share of the sinking fund, but none for charging him with his share of the present interest ?—He does not pay any part of the sinking fund at present.

### LORD EVERSLEY'S VIEWS

Mr. Shaw-Lefevre, M.P. (now Lord Eversley), who was First Commissioner of Works, also gave evidence on this aspect of the case, and dealt with it in his answers to the following questions, of which the first was asked by the Chairman :

(12,698) Then besides the spreading of the repayment of the money over a longer term, which would in some cases and to some extent bring in the ground landlord, do you think that anything else can be done to make the ground landlord bear his share of the burden ?—That is a very difficult subject, but my own impression is that if these schemes are to be carried out on any great scale the ground landlord ought to contribute towards them. These are operations which were never contemplated for a moment at the time when the leases were made by the ground landlord. The ground landlords appear to me just as much interested as the leaseholder in carrying out these schemes, and I cannot, therefore, see why they should not contribute to them as well as the leaseholders. I am, of course, assuming that the operations are carried out on a considerable scale ; I am told by those who are better acquainted with London than I that £10,000,000 or £15,000,000 might well be spent in clearing areas in London. But if operations are to be carried out on that scale they would, of course, impose a very heavy burden upon the ratepayers, and in such case it appears to me that the ground landlords ought to contribute their share.

(12,699) (*The Marquess of Salisbury*) : You would not allow the leaseholder to pay, even if he had promised to do so ?—I do not myself think that the State should recognise a contract exempting for all time to come one party to the contract from all burdens which may in future be thrown upon him by the State.

(12,700) Would it not be fairer if the State had said so ?—These are new functions of the State which were never contemplated at the time by either party or by the State.

(12,701) (*Mr. Lyulph Stanley*) : Are you aware that that principle was acted upon when the Mines Rating Act was passed, that the burden was to be divided between the ground landlord and the lessee, any contract to the contrary notwithstanding ?—I was not aware of that. As a matter of public policy, I do not think that two parties ought to be allowed to contract so as to relieve one of them for all time to come of any burden which the State might thereafter think it necessary to impose upon him. In respect of any matter of which the two parties are then fully cognizant, it may very well be that such a contract should be permitted ; but in respect of any new subject not then contemplated, it does not appear to me that a contract ought to be recognized which relieves one of the parties for all time to come of the burden.

## THE RATING ACT, 1874

It may be added that the statute to which Mr. Lyulph Stanley, M.P. (now Lord Sheffield) referred as the Mines Rating Act was the Rating Act, 1874, which—among other extensions of the rating system—extended it to mines other than coal mines, coal mines having been the only mines to which it had previously been applied and the other mines having enjoyed exemption. In making these other mines subject to rating, the Act provided that where the mine had been leased the occupier (by whom the rates were made payable in accordance with the usual practice) should be entitled (Section 8) to recover half the rates from the owner, by deduction from rent or otherwise, “unless he has specifically contracted to pay such rate in the event of the abolition of the said exemption.” The House of Lords has decided that this proviso relates only to specific contracts of the character mentioned, that it does not apply to a general contract by the occupier to

“pay, or cause to be paid, all manner of taxes, rates, assessments, charges and impositions whatever, parliamentary or parochial, which now are, or which shall at any time or times hereafter, during the continuance of this demise, be taxed, rated, charged, assessed or imposed upon the said demised mines and premises, the landlord’s property tax only excepted,”

and that the tenant under an existing lease which contained this general contract was nevertheless entitled to recover from the owner half the rates imposed on the mine under the Act; *Chaloner v. Bolckow*, 1878, 3 A.C. 933. Under modern conditions, if Parliament were to exclude these general contracts, as was clearly the intention in this case, it would exclude them altogether, and would not provide a loophole for contracting out of anticipated legislation.

## MANCHESTER CITY COUNCIL

## New Bill to Contain Clauses for Land Value Rating

In February last the Manchester City Council adopted the Cardiff Resolution in favour of the Rating of Land Values. In the following March the Council adopted a further resolution, moved by Councillor George Jennison and seconded by Councillor Massey, that rates should be levied on any given parcel of land on a sum which should be at a minimum 5 per cent. of the capital value of the land. Both those resolutions were referred to the Finance Committee for report.

The Finance Committee has, so far, failed to take any action, and at a meeting of the Council on 6th October, when a general municipal Bill, promoted by the Council, was being discussed, Councillor George Jennison decided to press the matter of Land Value Rating. He therefore moved, and Councillor Mitchell seconded, a resolution that in the Bill which the Council was promoting a clause should be inserted:—

To give power to the City Council to levy rates on 5 per cent. on the capital value of all the land in the City.

The resolution was adopted.

This is the first practical step that has been taken since the war by any municipality to demand powers to levy rates on land values, and it is one which we hope to see followed by the numerous city and town councils which have adopted resolutions in favour of the principle. Better still, if these corporations would take concerted action to secure an alteration in the rating law, which would apply universally, and give all rating authorities power to rate land values, with the corresponding reduction or abolition of rates levied on rateable value.

The Manchester motion—rates to be levied on 5 per cent. of the value of *all* the land in the City—is somewhat novel, but it is interesting. It means that the assessment of each property would be its rateable value *plus* 5 per cent. of its land value, apart from improvements. So the aggregate assessment of the city would be the rateable value *plus* 5 per cent. of the land value. Thus, if we take the “rateable value” as at present nearly £5,000,000, and if we suppose the aggregate capital or selling value of the land (taking quite a conservative figure for argument) to be £100,000,000, then the aggregate assessment will be £5,000,000 *plus* £5,000,000, or *in toto* £10,000,000. Manchester rates are at present about 16s. in the £. Under the new proposal they would become 8s. in the £, so that rates on “rateable value” would be very much reduced, and in the process a new rate of 8s. in the £ of *annual* site value (corresponding to 4d. in the £ of capital land value) would be imposed.

The proposition involves a revised valuation, bringing the land value of each property up to date, with provisions for appeal, etc., the revision to be made by the Land Valuation Department. We understand that the requisite clauses have been drafted, and will be laid before the Council for approval at an early date.—A. W. M.

## WIMBLEDON

Mr. Andrew Maclaren, candidate for the South Park Ward,

Labour Party’s declaration on the Rating Question, as given in Mr. Maclaren’s address:—I recognize that it is becoming more difficult to carry out the duties and responsibilities of public bodies in an efficient manner with the limited resources to be obtained under the present system of rating. This system is unjust because it levies rates upon houses, shops, and other improvements. The better the house or improvement the higher the rates levied; the poorer the house or building the lower are the rates imposed, while those who own highly valuable land, of which they make no use, practically escape rates altogether. I stand for a complete change in the rating system. Consequently I would urge the granting of powers by Parliament to local authorities to levy rates upon the market value of all land, and at the same time to lighten and ultimately remove the burden of rates which now falls upon people’s houses and improvements. I am confident that this Rating of Land Values policy of the Labour Party is the only solution of the present rating problem.

Why is it that, in spite of their great numbers and large organizations, the workers have not yet succeeded in gaining their freedom? The reason is simple: they do not understand the capitalist system. They always imagine that if they can gain higher wages and shorter hours, all will be well. But they fail to realize the great strength of the capitalists, *which strength lies in their possession of the land and all the raw material from which wealth is produced*. So long as they are allowed to retain possession of these things the workers are helpless.—*Freedom (London), October.*

A deputation representing the Leyton Ratepayers’ Association and the Leytonstone branch of the Middle Classes’ Union last month at the Ministry of Health asked for help in their attempt to secure a reduction in the rates of Leyton, which now stand at 27s. 2d. in the pound for the year. Result: some sympathy and a promise from the second Secretary of reform in the near future.