



Whitstable — the Debate Continues

A WIDE RANGE of questions on site-value rating in general and on the Whitstable valuation in particular were discussed at the United Committee's Conference at Church House, London, on April 11.

Three speakers prepared the ground for the discussion.

Mr. V. H. Blundell spoke on the general principles of site-value rating, Lord Douglas of Barloch reviewed the Whitstable Report and Mr. V. G. Saldji, with projector and screen, showed pictorial examples of what the shift of incidence of rates on a number of properties in Whitstable would be under site-value rating.

Among the audience were local councillors, local government officers, valuers, Liberal Party parliamentary and local government candidates and other specially interested persons. In all some eighty people attended, many of them supporters of the United Committee and the Rating Reform Campaign.

Both Mr. Ashley Mitchell and Mr. Lyndon H. Jones were prevented from attending for urgent personal reasons. Councillor John S. Hancock presided at short notice.

The highlight of the conference was undoubtedly the pictorial lecture given by Mr. Saldji. The significance of the shifts in rate liability on individual properties in Whitstable which would be brought about by changing from the present system to that of site-value rating was brought home with vivid and often startling precision.

These practical examples of the incidence of site-value rating underlined the validity of the basic theoretical arguments to great effect.

Examples of private houses, shops, offices, poorly developed properties, well developed properties, derelict houses and idle land were each taken in turn, providing an education in the effects of site-value rating not ordinarily possible without these illustrations.

Questions from members of the audience ranged widely over the field of local rating, and these together with those posed by the United Committee itself, were dealt with by the panel of speakers.

A paraphrase of the main questions and their answers is given below.

Who should be exempt from the site-value rate?

No one. Everybody who occupies land should pay an annual rate according to its value. It would be unwise to exempt certain classes of property whatever the reason. Where individuals or groups had claims on the charity of other taxpayers, these should be dealt with by a system designed for that purpose or made part of our Welfare State arrangements. The method of giving aid

to deserving causes by granting relief from rates is discriminatory among those benefiting. The equally deserving would benefit disproportionately according to the value of the land they held.

Should golf courses and other private open spaces be rated at their full development value?

Yes, if development is permissible under the town plan.

If private open spaces were regarded as providing amenities for all rate-payers then development should be restricted and the land zoned accordingly; the full site-value rate would be payable only upon its restricted use.

How frequently should revaluations take place?

The more often the better. Frequent valuations would involve less work as more values would remain unchanged in the shorter period. Speculation might still be possible if revaluations were widely spaced. If land values were drastically altered at any time, e.g. by a change of planning permission, introduction of a one-way road system, etc., affected plots should be immediately revalued.

Should public open spaces be rated?

Public open spaces need not be rated, but they should definitely be valued for alternative use so that the community is aware of the cost of keeping land as open space.

Should the basis of assessment be annual or capital value?

From the point of view of the valuer, capital value is preferable because there is more evidence of sales than of lettings. However, it is an easy matter to convert capital to annual value. It is essential that the site-value rate be levied on annual value because the capital or selling value of land is decreased by the land-value rate. If these rates were levied on capital value, the rate in the pound would have to be increased at subsequent revaluations in order to offset the falling capital or selling value of land. A vicious circle would be set up. Annual rental value is not affected by the levying of a site-value rate; it is a stable value and this must be the basis of assessment.

Is it right for the government, by imposing the site-value rate upon the owner of land, to override existing contracts where tenants have agreed to pay all rates?

Private contracts should not be allowed to invalidate legislation which specifically lays down who shall pay in matters of taxation. A party cannot be allowed to contract out of any future obligation the Government may specifically place upon him by way of taxation. To permit this would be to encourage contracts to be made which

would make nonsense of future taxation laws and render the government impotent in deciding who shall contribute to the national exchequer.

A large proportion of land assessable for rates in Whitstable is owned by the local authority. Is it fair to include income from this source since these rates would have to be borne by ratepayers themselves?

Rates are already levied on property owned by local authorities. In the case of land not now rateable but in the hands of local authorities, however, it would be fair to discount the rate revenue derived therefrom, but although this would affect the estimated rate poundage it does not affect the principle of site-value rating or the basic shift in incidence. When a valuation of the whole country was made, and the county precepts etc., allowed for, this would alter the rate in the £ arrived at by taking Whitstable in isolation. The general picture however would undoubtedly be very similar.

Would not the site-value rate be an unfair burden upon those who were not able to develop their vacant land immediately?

They may take warning now! In any event, considerable time would elapse between political promise and legislative action. There would then be the various stages of a Bill until it became an Act, the period during which the valuation took place, and finally the period before the actual date of the rate demand. This provides adequate time to develop or to sell—and *caveat emptor!*

Where difficulties of development were outside the developer's control a period of deferment could be arranged.



Should agricultural land be exempted?

Agricultural land above the margin produces a rental value which is the excess over that needed to pay the current rate of interest and wages required to farm it. This rent, in the economic sense, differs in no way from the rent of other land, and should not be exempted from the land-value rate. Farm buildings, equipment and farm houses would of course be exempted.

Would the site-value rate be shifted on to tenants of property in higher rents or on to consumers in higher prices?

Marginal land would bear no site-value rate. Marginal land is land which gives only a return to labour and capital at the general prevailing rates. The return in excess of that needed to pay interest and wages is obtained from land above the margin by virtue of its greater productivity. It is this return (rent) that would bear the site-value rate. From this it must be deduced that to attempt to pass on the rates would be to attempt to lower wages and interest which, however, would be held

at the current level at the margin, where no rates are paid.

Prices do not vary according to the different productive powers of land so that rent of land does not enter into price. From this it must be concluded that taxes upon rents (rates upon land values) leave prices unaffected.

Further questions and answers arising from discussion at the conference and elsewhere will be published in our next issue.

S. J. CLAPP

We regret to report the death on March 22 of S. J. Clapp who died after a short illness. He was a member of the United Committee and an active and generous supporter for many years. A member of the Liberal Party, he did much to further the ideas of land value taxation among his associates.

To his family goes our deepest sympathy.

FLASH BACK TO THE COMMON MARKET

Even the Socialists Complain

THE FACT that the Brussels negotiations were successfully concluded . . . is to be regarded as a new contribution to the Common Market's strength," said Willi Birkelbach, German leader of the European Parliament's Socialist group in a statement in the group's official publication *Courrier Socialiste Europeen*. "The interpretation of national economies in the Common Market is such that one can always count on a minimum level of common interest, sufficient in the final analysis to bring about agreement in even the most critical situations."

Nevertheless, "the decisions of the Council of Ministers are Community laws," Herr Birkelbach continued. "They are directly applicable in each member country, but the way in which they are arrived at is contrary to all the fundamental parliamentary principles: the debates and deliberations are not public, the legislation which results is not the product of popular representation. No one has a clear idea of the political forces which influenced the final state of the deliberations . . ."

"Through the new decisions taken at Brussels, another area formerly in the field of national policy has come under Community control," Herr Birkelbach stated. "If one adds this area to all that has come under Community control during the six years since the establishment of the Common Market, and to all that will be placed under Community control, it becomes more urgent than ever to answer the question: How, in the long run, can we prevent our parliamentary form of government from being emptied of all substance? The Governments cannot continue to evade this question."

—From *European Community*.