

MANCHESTER AND THE RATING PROBLEM

BY ARTHUR H. WELLER

In the year 1920-21 rates of sixteen shillings in the pound were necessary to provide a revenue of £2,933,176 for the upkeep of the local services of Manchester. For the current year 1921-22, £3,609,732 is required, and so the rates had either to be increased from sixteen shillings to considerably more than twenty shillings in the pound, or else the assessments would have to be raised in order to avoid a higher poundage. In either case the ratepayers had to pay far more than before, though in different proportions. The latter alternative was chosen, the whole city being re-valued and the rates fixed at fifteen shillings in the pound on the new valuation. This apparent reduction means an actual increase of about fifty per cent. on the payments of the previous year and in many cases more than 100 per cent. increase on the payments of two or three years ago.

A CHORUS OF COMPLAINTS

It is not surprising that the new rate has produced a chorus of complaints and that protest meetings are being called. These heavy charges are causing genuine alarm to thousands of people who, faced with increased rents and taxes and affected by trade depression, find it increasingly difficult to make both ends meet. But complaints and protests will be unavailing unless some practical alternative to the existing system is put forward. The present deplorable position is due to that characteristically English custom of grumbling and paying, and that process may go on until it becomes impossible to pay and municipal bankruptcy overtakes Manchester, as it has overtaken Poplar, where a rate of thirty-eight shillings and eightpence in the pound is required for local revenue. We shall be wise not to wait for disaster, but to sweep away the present injurious system and replace it by another of proved value.

A SYSTEM GOOD FOR PARASITES

A rating system is required which will provide sufficient revenue without penalising the homes and businesses of the people; a system that will encourage the industrious and enterprising instead of fining them, annually, as though they committed an annual offence in contributing to the city's prosperity. Rates are now levied on the estimated annual value of the use to which each site is put. A well-improved site covered by a good house or business premises pays rates on the rental value of the building and the site (when occupied)—a large total; another site in an equally advantageous position, but carrying a worn-out building, pays much less because put to an inferior use; unused sites and sites unoccupied because of the condition of the premises or the terms demanded by the owners pay no rates. The recent revaluation of the city has aggravated these inequalities. Every modern property worthy of the town has not only to pay more in rates, but more in proportion to worn-out, insanitary and neglected properties. This system is good for monopolists and parasites and bad for the community: the man who benefits the community by putting land to good use is penalized in proportion to the labour and capital expended, while the man who holds a similar opportunity (land) out of use and injures the community thereby is rewarded by being overlooked by the rate-collector.

A SYSTEM TOO BAD TO BE MENDED

What is to be done? If nothing, then a further increase next year is likely to carry us another step nearer to bankruptcy. Very little can be gained from the economy that some people are calling for, and still less from attempts to lower some assessments by raising others. If in addition to the serious efforts of the various committees to cut down their estimates to the lowest figures it were found possible

to reduce the total demand for revenue by £100,000, that would mean a reduction of fourpence in the pound—a difference of only sixteen shillings and eightpence to the man who has to pay fifty pounds, and a saving of a paltry ten shillings to the poor woman who will pay thirty pounds in rates on her boarding house. Something more than economy is necessary if sufficient revenue is to be raised without either crippling the ratepayers or starving the essential public services. A new source of public revenue is required, and that exists in the communally-created values attaching to the land. This public fund—at present privately appropriated in the form of ground rents and royalties—could be used to finance the municipal services in Manchester as is being done in our colonies and elsewhere. In Sydney, N.S.W., the revenue to finance all the local services except water and sewerage is provided by a rate of fivepence in the pound levied on the capital value of the land; buildings and other improvements in Sydney are rate-free. Such a system encourages the making of improvements: it is as expensive to keep a valuable site idle as to put it to good use, and the man who makes improvements pays no more than he who neglects his property.

A MANCHESTER RATE OF 5½D. IN THE £?

It is impossible to say precisely what rate on the land-values of Manchester would be necessary in place of the existing rate of fifteen shillings in the pound on the composite (annual) value of land and improvements, because the land valuation paid for by the public is carefully kept out of sight by the Government. A number of rating authorities, including Manchester, are now demanding access to these records, and when that is conceded very little time and expenditure will be required to bring them up to date and revise the values. With the value of every site in the city before them the assessors will be able to levy the rates either on the capital land-value, as in Sydney, or on the true annual value of the land—i.e., on five per cent. of the capital value—and to exempt houses and all other improvements from the rates. Meanwhile an interesting calculation can be made on a per capita basis. In New York, where the land has been officially valued and the valuation is periodically revised, the land-value works out at an average of £202 per head of the population. If we assume that the land-value of Manchester is also equal to £202 per head and that the population is now 800,000, we get a total land-value of £161,600,000. On that capital value a rate of about fivepence farthing in the pound would provide the £3,609,732 required by the Corporation without any rates falling on houses, workshops, etc.

HOW TO SOLVE THE HOUSING PROBLEM

The effect of unrating buildings would soon be seen in greater activity in building operations. The New York authorities have discovered that rates on dwelling-houses discourage building and cause congestion, and so they decided recently to exempt new houses from local taxes (rates) for ten years. The effect was remarkable. It is reported that within a week of the passing of the Act intense activity was shown by the building trades; a whole page in the *New York World* describes building operations in all parts of the city. After building, or starting to build, a mere fraction of the number of houses urgently needed in this country the Government has called a halt, and Sir Alfred Mond, Minister of Health, does not know whether the housing problem will ever be solved—a confession of failure to redeem the lavish promises to make this a country fit for heroes to live in. The housing problem can only be solved by exempting houses, permanently, from taxation and cheapening land for buildingsites and for the production of building materials. The Sydney system will have the desired results, and if the sufferers from crushing rates and bad housing will take an active interest in the question the public representatives at the Town Hall and at Westminster will take the necessary steps to carry their wishes into effect.