

Perpetuating Folly and Injustice

Debate in House of Commons on July 29 and 30.

THE following exchange between Labour M.P's occurred during the two day debate in the Commons (July 29 and 30) on the Government's proposals for reforming local Government:

MR. F. BLACKBURN (Stalybridge and Hyde): The Minister suggested no new source of revenue, but said that improvement must come from improvement of the system of local taxation, whatever that may mean.

MR. C. W. GIBSON (Clapham): Rating of site values.

MR. BLACKBURN: My hon. Friend says "rating of site values," but I hardly think that the Minister is interested in that.

MR. ARTHUR SKEFFINGTON (Hayes and Harlington): Why not?

MR. BLACKBURN: I do not know why not, but I do not think that he would be interested.

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We agree with Mr. Gibson. His succinct interjection should have set the tone of the whole debate. As we have repeatedly pointed out, the present local taxation system inhibits and penalises development of every kind, and is flagrantly unjust in its incidence. The importance and urgency of taking taxes off buildings, etc., and levying them on the site value of land transcends all else in the sphere of local government. The impressive overseas experience of the benefits conferred on every useful section of society when the selling price of land is reduced by this means and the tax brake is taken off enterprise should capture the imagination and command the enthusiastic support of every true Conservative. The rating of site values is an essential prerequisite of a "property owning democracy." However the Minister, Mr. Henry Brooke, and his colleagues studiously avoided any mention of the matter.

Most Labour speakers were equally reticent. They spoke to the official Opposition amendment which criticised the Government's policy on the grounds that it "fails to meet the increasing financial difficulties of local authorities, does not fully rerate industry or give local authorities the full benefit of partial rerating and which, by the substitution of a general grant for existing grants, hampers the development of essential social services, particularly those of education and health." However a few Labour M.P's put in a lukewarm word for the policy which figured boldly in their party's programme before the War and which takes some of the "profit" out of the ownership—as distinct from the *use*—of land.

The only Liberal who spoke—Mr. Clement Davies—rightly condemned the present British local taxation system as an "absurd anachronism." But he offered divided

counsel, speaking in favour of both a local income tax and the rating of land values. It would have been better had he kept silent.

The debate took place on a Government motion, moved by Henry Brooke, Minister of Housing and Local Government, that the House "take note" of the four recently published White Papers. One of them, *Local Government Finance* (Cmd. 209) was reviewed in our previous issue. The others relate to the areas, status and functions of the local authorities in England and Wales (Cmd. 9831 and 161) and local government finance in Scotland (Cmd. 208).

IT LIES AT HIS FEET!

MR. BROOKE said: "I wish we could propose a new source of revenue which would enable local authorities to finance their services with substantially less reliance on Exchequer aid. No doubt my right hon. Friend the Chancellor wishes it even more than I do. But most hon. Members will not be surprised when I say that it is simply not practicable." The Royal Institute of Public Administration had made an exhaustive study of alternative sources and had recommended adoption of a local personal income tax and the transfer of entertainments duties and perhaps also the motor duty. "A local income tax has its own technical difficulties. Even apart from those difficulties it is not a prospect to attract one. The suggestion is that it should be limited to 3d. in the £, but the House knows what can happen to an income tax once it is started. As for switching to local authorities the product of some of the taxes now collected nationally, this could only be of real assistance to local government if local authorities were free to alter the level locally. That, again, is not a prospect which attracts one." The main sources of finance for local authorities must therefore remain the rates, their rents and the Exchequer grants. Accordingly, the Government's chief proposal was to "re-rate" industry and freight transport. They would pay rates on 50 per cent instead of on the present 25 per cent of their assessments. "The Government have thoroughly considered this and have come to the conclusion that in the economic circumstances, and keeping in mind export costs, that is as heavy an addition to overheads as industry can safely bear."

Mr. Brooke said that Local Government was not what it was. The local authorities were receiving more from the taxpayer than they received in rates and were in danger of getting assistance as a dependent gets assistance—on dictated terms. "The Government Departments seeking to watch the taxpayer's interest inevitably have to 'keep tabs' on each local authority's spending, not just when the spending is planned, but, even more, when the

WHY SOME WERE SILENT

To the Editor, Land & Liberty

Dear Sir,

I notice that in the August issue you refer to the "scant attention" which the subject of Land Values taxation received during the debate on Local Government in the House of Commons on July 29 and 30.

This was because some of us, who had determined to raise this matter, were unfortunate in not catching the Speaker's eye. This was very sad because the rating of site values seemed to me to be the most practical proposal for raising Local Government revenues which would keep them more free from central Government meticulous, and irritating, controls, besides lifting great burdens from the shoulders of productive people in shops, industry and homes.

However, other opportunities will arise to expound the ideas which the late Richard Stokes did so much to spread in the House and in the country. His death is a great loss to the cause of Land Value taxation and personal freedom.

Yours sincerely,

C. W. GIBSON.*

**Labour M.P. for Clapham, Mr. Gibson is a trade union official and, since 1928, a member of the L.C.C. For four years he served on the Central Housing Advisory Committee.*

accounts are reckoned up." There were 60 specific grants for particular services which accounted for 85 per cent of Exchequer aid. There was an astonishing number, range and complexity of accounts which had to be scrutinised each year. "The Government now propose that the cornerstone of the structure of Exchequer aid should be a general grant. Percentage grants will only be retained when the general grant cannot be made to fit the needs. It is a big step towards increasing the financial freedom of local authorities." The Opposition would be on weak ground in arguing that this would hamper the development of social services like health and education. "I simply do not accept that Councillors are so reckless towards their responsibilities, so indifferent to the next council elections, and so careless of every consideration except the rates, that unless they are compelled by Whitehall to spend their money they are certain to let their children, their sick people and their old people suffer. Locally elected people do not need to be told all the time by some Minister or other what they ought to do and how they ought to do it. They need powers, resources and freedom to exercise some initiative of their own, and these are what the Government intend to give them."

THINKING OF THEIR FRIENDS?

The Labour amendment—that the Government's proposals were unacceptable—was moved by MR. G. R. MITCHISON. He found the financial proposals "absolutely indefensible" and suggested that their real object was "to

limit expenditure on some necessary services, particularly education, and to put the blame on to the local authorities, doing it in such a way that most of the trouble will come after the next General Election." He simply did not accept that industry could not afford to pay full rates. The rate increases they were to pay would not amount to "a row of beans in most cases . . . the reason why the Government will not face up to (fully) rating industry is that they have too many friends in industry to do it and it is the local authorities who are being made to suffer."

CHURCHILL AND MACMILLAN QUOTED

To double industry's rate contribution seemed folly to MR. S. STOREY, the Conservative Member for Stretford. "Even if we allow that industry can pay more, I believe that we should not extract the money by taxing the tools of production but by taking it from the profits of industry." Embarrassingly for the Government, he reminded the House that in his 1928 Budget speech SIR WINSTON CHURCHILL had said: "The practice of levying local taxes on the tools and plants of production is, in its nature and essence, economically unsound and even vicious." And, said Mr. Storey, the present Prime Minister (MR. MACMILLAN), had hailed the original proposal to derate industry as the most important, the most comprehensive, the most daring and the most progressive to be put forward by a Conservative Government in office.

A NOSTALGIC NOTE

MR. HERBERT MORRISON (Labour, Lewisham South) said: "I want local authorities to have new independent sources of revenue of their own. There have been suggestions about Income Tax. I once advocated the use of Income Tax, abolishing rates and having a London Income Tax. It did not happen and Poplar warned me that it did not have enough people and wealth to provide a sufficient income. However, I am not convinced that rating of land values is impossible. The London County Council once drafted a Bill about it which I introduced to Parliament. It was ruled out of order as a Private Bill, and was rejected when I brought it in under the Ten Minutes Rule as a Public Bill. If we could get a revenue of their own for local authorities, we should contribute to their freedom and independence. That is the best remedy, if it is possible."

CONDEMNATION AND CONFUSION

MR. CLEMENT DAVIES (Liberal, Montgomery) said: "How much longer is the country to suffer from the absurd anachronism of rating? I do not think any other country in the world has such a system. It was created hurriedly in 1601 to provide a poor rate. At that time it was a fair way of assessing what was the annual income of people; but the moment we had the great changes in population, and the Industrial Revolution, it was made nonsense. What an absurdity it is. The more

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a man improves his property and thereby increases the amenities, not only for himself and his family but for the whole neighbourhood, the more he is punished. On the other hand, if he neglects his property, he gets a premium on it; and that is to be the basis on which the Government are to see that local administration is carried on. We may say that we will not trouble about a local income tax, but other countries have found that that is the best way of raising income. Surely instead of being based upon the assessable rateable value of a house the tax should depend upon a man's income. In that way we should get nearer to what is fair for us all. Incidentally, a far better way than choosing the rateable value of property would be to consider again what this House at one time accepted, namely that the rate should be levied upon the site value and not upon the improved, built-up property. I should like to see that principle applied."

MR. ARTHUR SKEFFINGTON (Labour, Hayes and Harlington) said: "If local government must be reformed—the sort of reform which I and everyone else have been

advocating—it must be on a sound, simple financial basis. It is disquieting and discouraging that the Government have not brought forward alternative rating proposals. I agree with the right hon. and learned Gentleman the Member for Montgomery (Mr. C. Davies) and with the right hon. Gentleman the Member for Lewisham, South (Mr. H. Morrison) that at any rate one ought to examine as an alternative or additional source of income the rating of site values. That system, as the right hon. Member said, at any rate does not have the feature of our present rating system of penalising the thrifty and encouraging the profligate. If a man adds a garage or small room to his house, the valuation of the house is increased, but if he allows it to deteriorate as, in extreme cases, a slum landlord does, the valuation goes down. That system is crazy. I had hoped that if the Government really intended to make local administration more independent, they would have found a new source of independent revenue, and the rating of site values is at least worthy of examination."

Richard R. Stokes, M.P.

The Cause for Land Value Taxation has lost a great political champion in Richard Stokes whose death was reported in the National Press on 4th August, 1957. He was aged 60. Thought to be recovering after a car accident he had a relapse which proved fatal.

The son of a barrister, R. R. Stokes was educated at Trinity College, Cambridge. He saw active service in the 1914-1918 War, and was then Chairman of Ransomes & Raper Limited for 27 years.

Labour Member for Ipswich since 1938 he was made Minister of Works in the last Labour Government and Lord Privy Seal.

He was a close associate of the United Committee, consulting them many times when he was engaged in propaganda for the rating of site values which was foremost of his political interests. The apathy in his own Party for this reform did not prevent him from using every opportunity to drive it home in the House of Commons, particularly at Question Time.

A valuable addition to the literature of the Movement was the *Rating of Site Values*, a pamphlet he wrote in 1955 and which the Labour Party published. In forthright and unequivocal terms he marshalled his arguments, and by anticipating the many stock objections of opponents presented a comprehensive statement of the case suitable as an introduction to those of any or no political persuasion. On the justice of the proposal Mr. Stokes had this to say, "Everything we do to improve the social order, every increase in production, puts up the value of land. Unless we tackle the land question first, we shall create a growing obstruction to our own efforts by having to pay ever-increasing rents to owners. The longer the delay, the more we shall have to pay each time before we

can get on with the next move. Meanwhile, we pour more and more wealth into their pockets.

"We talk loosely about nationalising the land, but do those who do so really understand what they mean or what would be involved? For instance, it would be crazy to pay the landlords for something which the community created and the landlords did not. There is all the difference in the world between compensating owners of created wealth, when for example nationalising the railways, and compensating the land owners for land values which the community created."

Our condolences go out to his relatives and close friends.

V.H.B.

From Lord Douglas of Barloch.

Dick Stokes earned for himself a distinctive position in the House of Commons by his persistency in advocating the causes to which he was devoted and his unfailing good humour and absence of self-seeking. These qualities won him the regard even of those who disagreed with him.

By contact with Charles Crompton, for many years Treasurer of the United Committee for the Taxation of Land Values, with whom he was associated in business, he became convinced in the early nineteen-twenties of the truth of Henry George's proposals. He became and remained a sincere and devoted advocate of his plan throughout his life. It was for the sake of this principle that he espoused political life and ultimately became a Member of Parliament.

He immediately became a member of the Land Values Group of the Parliamentary Labour Party and soon became its secretary. He was indefatigable in seeking for opportunities to advance this policy, and his cheerful optimism in face of disappointment or discouragement was an inspiration to his colleagues by whom he will be deeply missed.