

## CHAPTER XI

### THE BURDEN OF THE RATES

*"A large number of honourable gentlemen of Conservative opinion have pledged themselves to the taxation of land values . . . as a substitute for our existing system of rating, which is a perfectly easy and rational proposition."*—LORD ROBERT CECIL on Third Reading of Finance Bill, November, 1909.

*"The fact is that it is even more important to levy rates on a fair and equitable basis than it is to reduce them in amount."*—SIR EDGAR HARPER, F.S.I., F.S.S., late Chief Valuer to the Inland Revenue.

THE burden of the rates, in terms of money, is serious enough. The total amount of rates collected by the Local Authorities throughout England and Wales, in the year before the Great War (*i.e.*, the year ended March 31st, 1914) was £71,276,000, an average of 6s. 8 $\frac{3}{4}$ d. in the £ of rateable value. In the year 1932-33, the total collection had risen to £146,250,000, representing an average rate of 10s. 10d. in the £. In 1913-14, the payment per head of population was £1 18s. 11d. (£9 14s. 7d. for a family of 5); in 1932-33, it was £3 12s. 9d. per head (£18 3s. 9d. per family or 7s. per week).

The seriousness of the burden, especially upon poor workers and struggling traders, is shown by the fact that hundreds of householders and small shopkeepers are constantly being brought before the local Courts, and many of them sent to prison, for non-payment of rates.

Mr Kolthammer, in the pamphlet already referred to on p. 44, showed that the poor "not only pay a disproportionate percentage" of the food taxes. . . . "The lower the standard of comfort, the larger the percentage that is taxed"; he also adds that "those areas which find the compulsory local government activities most burdensome, and the optional ones, however desirable, most difficult (*i.e.*, where the rates are heaviest) are also the areas on which" the food taxes "fall most heavily." These injustices

have been greatly aggravated since he made his researches in 1913.

The "De-rating" legislation of recent years has done nothing to ease these burdens upon the poor; rather is the reverse the case. A statement by the Borough Treasurer of Poplar (July, 1931) shows that, in that very poor Borough, houses and shops, on which, in 1928-29, 39.01 per cent of the rates were levied, paid, after the de-rating, 52.7 per cent, and, after Revaluation, 53.87 per cent; while, in the same period, the proportion paid by factories, wharves, sheds, warehouses and hoardings decreased from 33.68 per cent, first to 18.58 and then to 17.37 per cent; The de-rating of industrial properties was so partial in its incidence as to increase instead of lessening a crying injustice. The Chief Valuer to the London County Council, a Special Committee of the Conservative Borough Council of Wandsworth, and the Lord Advocate of a Conservative Government,<sup>1</sup> have agreed in stating that, under the legislation of 1929, the benefit of the partial de-rating of some properties ultimately accrues to the landlord, just as did the "relief to the farmers" under the Agricultural Rating Acts. What is needed is the total de-rating of all buildings, industrial and domestic, accompanied by the assessment and rating of all land on its true value, as nearly as that can be ascertained.

The case against the levying of the rates upon an unjust basis is not merely that they "rob the poor because he is poor," by a direct attack upon his nearly empty pockets. Indirectly, but none the less effectively, our present rating system tends to rob him of many things more valuable than money; to deprive him of necessaries and comforts of life, of health of body and mind, and in some cases possibly of life itself.

The most elementary physical needs of man are food, shelter and warmth. If he is to keep a sound mind in a sound body, he must have also education, recreation and amusement.

In spite of all the talk about the necessity, in case of another great war, of growing as much food as possible in

<sup>1</sup> House of Commons, February 20th, 1929.

the homeland, the Government has, by completely de-rating agricultural land, made it a cheap and easy business to keep land out of cultivation at the will of the owner, while erecting tariff walls to keep out the food products of other countries. Even when such land was assessed only at half-rate, the Sleaford Assessment Committee,<sup>1</sup> on appeal by the Blankney Hunt, reduced the assessment of some of Lord Londesborough's land, which he had converted into fox-coverts, from over £1 an acre to 5s. an acre. Thus it became cheaper, so far as the rates were concerned, to devote the land to the sheltering and breeding of vermin than to put it to any sort of useful purpose. It goes without saying that the farmers in the Sleaford district, besides incurring the risk of having their poultry eaten by the foxes, their gates or fences broken, their crops ridden down, and their meadows torn up by the hunt, had to help in the good work of making up to the rating authority for the relief given to his lordship, who belongs to the class which demands, in the alleged interest of the distressed farmers, that a protective duty be used to keep out the poultry and eggs sent to us from Denmark, in order that this food may be produced at home. Some years ago, the present writer, standing in a foul slum on the edge of Cirencester, saw, over a low wall, a vast stretch of uncultivated land, stretching away to distant hills. On asking why some of this land was not utilized to provide homes and useful employment in growing food, he was told that it was "the meeting-place of three hunts!"

Some hint has been given in Chapter X of the very large amount of land in England and Wales that might, but for our land and taxation systems, be profitably used for food-growing. In Scotland, the case is even worse. It is not necessary to go back to the tragic story of the infamous Sutherland clearances, still unforgotten in Scotland and in the countries to which the peasantry were driven by force of arms and by fire. A Parliamentary Paper [No. 538 of 1913] reported that the area of the deer forests and other lands exclusively devoted to sport was no less than 3,599,744 acres.<sup>2</sup> When the late Leonard Outhwaite

<sup>1</sup> *Yorkshire Post*, April 9th, 1912.

<sup>2</sup> Nearly one-fifth of the total area of Scotland (19,070,466 acres).

visited Scotland,<sup>1</sup> he found almost everywhere, on wide stretches of land devoted to sheep and deer,<sup>2</sup> evidence of former cultivation by the sturdy Highland folk, whose descendants are to be found in Glasgow, in London, in the Dominions and in many other places. The records of the Scottish Land Courts abound in cases of crofters, who still try to get a living from their native soil, appealing for reductions of rent or for remission of arrears on the ground that their crops have been eaten by deer or rabbits or grouse. The crofters could write a moving commentary on the text: "Much food is in the tilled land of the poor; but there is that is destroyed by reason of injustice." (*Prov.* xiii, 23, R.V.).

Attention has already been called<sup>3</sup> to the very large amount of so-called agricultural land within the boundaries of our cities, towns and urban districts, as revealed by Mr Outhwaite's Return. Jakob E. Lange refers to it as an illustration of the bad effect of any growing town on the surrounding land. "Even the casual traveller," he writes, "cannot fail to see how derelict farmsteads, waste land and untidy crops, instead of gardens and flowers, signal the approach of a city."<sup>4</sup>

This condition of things is made easy, and indeed profitable, by our present rating system, under which this suburban land is entirely de-rated if it is kept waste or used for a pretence of agriculture. The owners are withholding it from its best use for speculative reasons, while it is "ripening for building." They know that the housing needs of the town are growing, and with them the building value of this land. If the land were rated on its selling value, and buildings were de-rated, it would no longer "pay" to keep it out of use, and building sites would come earlier

<sup>1</sup> *Deer and Desolation : The Scottish Land Problem.* Daily News penny series, No. 14 (1911).

<sup>2</sup> These lands are assessed at a very low figure. But when Mr Adamson, Secretary for Scotland, was asked why no part of the large quantity of land reported by the Committee on Deer Forests as suitable for Small Holdings had been made available, he replied that the answer simply amounts to this, that it costs too much money. (House of Commons, May 27th, 1924.)

<sup>3</sup> Chapter IX, pp. 101, 102.

<sup>4</sup> *A Danish View of British Farming* (1928), p. 39.

into the market and at cheaper prices. Nor is there any good reason why some of this land should not be used for market gardening or glass-houses, so that food may be produced, as is done by the *maratchers* of the suburbs of Paris, close to the population that needs it and thus within easy reach of a good market. Yet much of it, owing to our rating system, is kept for long periods in a condition which permits neither the production of food nor the provision of houses for the nearby townspeople.

It is necessary to emphasize once more the fact that the rating of land values means the de-rating of houses and all other improvements. The politicians who were eloquent about the horrors of overcrowding in the slums are curiously silent about the one effective proposal which would promote the building of the better houses, so urgently needed, by such a change of the basis of rating, as would make land cheaper by rating it and make buildings cheaper by unrating them. Only thus can the ring of land monopoly, which strangles the orderly development of our towns be broken, and the provision of cheaper and better houses be ensured.

The withholding of all this valuable land from use means widespread unemployment, and unemployment means not only poverty for its victims, but also low wages for those employed in the industries affected by it. It is precisely on the wages of the poorest people, and on the welfare of the poorest districts, that the burden of rent and rates presses most heavily. The workers mostly live in the outskirts of the towns. On the houses in which they live the rates are levied on the basis of the composite value of land and house. In the outskirts, the value of the site is comparatively low, and the value of the house forms by far the larger portion of the composite value. Quite different is the case in the centre of the town where, in the case of a large city, building plots may be so costly that it would often be difficult to erect a building of greater or even equal value with the site. Proportionately, the dwellings of the poor are taxed more highly than the buildings occupied by the wealthy, just as an increase of the price of bread or of bacon, due to tariffs or other governmental

interference with freedom of exchange, falls most heavily upon the poor, for whom these are staple foods.

Attempts were made in London to alleviate this injustice by means of an Equalization of Rates Fund, which levies the wealthier Boroughs for the relief of the poorer ones. Its effect, at the best, could only be to establish an equal pound-rate for the City and all the Metropolitan Boroughs. But, so long as the present unjust basis of assessment persists, that would not mean equal justice all round. The true remedy would be to make the rates everywhere proportional to land value. The "Parishes of the Poor," where municipal services and social amenities are meagre, and the "Cities of the Rich," where every kind of municipal luxury is available, would then in each case pay for what they are actually enjoying. The central areas of the towns with their great business opportunities, and the "West Ends" with their opulent municipal and social advantages would pay more, and the poorer suburban communities and the "East Ends" would have their local burdens reduced at the cost of the central land values which they help to create and maintain.<sup>1</sup> In every area, the bringing in, as contributory to the rates, of the values of waste and agricultural land and minerals and of the sites of unoccupied buildings, would lighten the burdens of the County rates and of every Urban and Rural District within the counties.

It is clear, then, that in respect of food and shelter, and of the wages to pay for them, the workers are gravely prejudiced by our present system of rating.

The capital of the Empire upon which "the sun never sets" has its slums upon which the sun never rises. In many of our large towns thousands of working folk are living in back-to-back houses. Whole districts are overcrowded with houses lining narrow streets, and many of the houses are grievously overcrowded with inmates. Large houses, formerly occupied by well-to-do families, are now slum dwellings, with a family on every floor (including the basement) and sanitary accommodation sufficient for one family only. Houses condemned by the Sanitary

<sup>1</sup> A similar adjustment of inequalities of burden as between the poor agricultural areas and the wealthier towns would be effected by a national tax on land values—a kind of national land value rate.

Authority as unfit for human habitation are still occupied year after year because the unfortunate poor can find no alternative accommodation. Window-boxes sometimes make a pathetic effort to atone for the absence of gardens, and, in spite of all the hostile conditions, heroic women often wear themselves out in the effort to "bring up their families respectably," even in slums. Heavy costs are thrown upon the Sanitary and Education Committees of the municipality and upon the Hospitals by some of the results of compelling men and women to live and to bring up their children under slum conditions. It would require a new calculus to express the full results in terms of human misery, illness of body and mind, waste and crime, for which landlordism and an unjust rating system are responsible. Nor is the evil confined to large towns. There are cottages without a patch of garden ground just outside the walls of Lord Bathurst's Great Park at Cirencester, and people living in slum courts off the High Street of Marlborough.

Sydney, capital of New South Wales, is peopled by men and women of our own blood who took with them to Australia the English rating methods to which they had been accustomed. They have shown us what can be done for housing and means of recreation simply by adopting land values as the basis of rating. Alderman Firth,<sup>1</sup> Mayor of Streathfield, one of the Metropolitan Boroughs of Sydney, told us, when on a visit to England a few years ago, that under the Building Bye Laws which the rating of land values enabled the Borough to make and enforce the normal site for dwelling houses—detached, as terrace houses are not permitted—has a 50-foot frontage, a depth of 140-150 feet, and a 10-foot space separating each house from its neighbours. "Each house," as Mr Firth put it, "has God's fresh air and sunshine all round it," with practically an allotment at its kitchen door. A builder developing an estate is limited to 5 or 6 houses to the acre, and has to set aside a certain proportion of the area as a recreation ground for his tenants; he often exceeds the prescribed proportion, because he finds that it pays him,

<sup>1</sup> *Land Value Taxation in New South Wales.*

in the form of easier lettings or sales, to do so. The density of population in the centre of Sydney has been reduced, and the people have been spread out into the suburban boroughs. If it be objected that this kind of thing would be impossible in London and our older towns, the reply is that the drastic taxation and rating of land values would bring about a redistribution, both of population and of land values, and that there is still an abundance of land upon which the experience of Sydney could be repeated here.

As our towns grow, eating up the surrounding fields, the need of parks, public open spaces, playing fields and open-air swimming pools within or near the towns, becomes more and more urgent. If all land had been rated on its full value Lord Mansfield's trustees would not have been able to hold out for and to get 227 years' purchase of the rateable value of Ken Wood,<sup>1</sup> when it was acquired as an addition to Hampstead Heath. Nor would the Edmonton Urban District Council have had to pay about £1,000 per acre, in 1933, for land at Bury Street which they could have bought a few years earlier, when they did not want it, for £300 an acre<sup>2</sup> (N.B.—In the meantime, a new main road had been made near the site). Hendon, a rapidly growing suburb of London, had to pay £312,000 (over £414 per acre) for 753 acres for an open space in what was till quite recent years an agricultural district.<sup>3</sup>

Indoor as well as open-air facilities for recreation and amusement are necessary in our English climate. The hardest workers, who have the greatest need of rest and change, are usually those who can least afford to pay for them. The cost of a visit to the play-house or "the pictures" is increased by the Entertainment duty, which the *Times* says is "not bad in principle," drawing an amusing letter from Mr A. P. Herbert, who points out that a tax on newspapers would be equally justifiable (*Times*, April 2nd, 1934). The objections to such a tax are recognized by

<sup>1</sup> Assessed at net annual value of £1,498; priced at £340,000 for public open space.

<sup>2</sup> *Tottenham Weekly Herald*, September 1st, 1933. The Council promptly passed a Resolution calling for the Taxation of Land Values.

<sup>3</sup> *Star*, December 24th, 1933.



theatre proprietors and playgoers alike. It is also becoming understood that the landlord and the rate collector are levying a very heavy tax on the producers of plays and films and on the promoters of concerts, who, of course, have to pass it on to those who assist by their presence at the performances. The London County Council, in its wise care for the safety of the audiences, very properly imposes stringent conditions on the builders of places of public amusement. There must be abundant means of exit: so that the building can be very rapidly evacuated in case of an alarm of fire. An island site would, of course, be the ideal one, as it would allow for public exits on three sides. A corner site, with exits into two thoroughfares, is almost imperative. Most of the principal places of amusement in London are found within a short distance of Charing Cross, and within this area such sites are not numerous. The buildings, which again have to meet the reasonable requirements of the L.C.C.'s bye-laws, are costly to erect. So the lessees have to pay enormous rents, and upon these rents the assessments to the rates are based. Mr Hesketh Pearson, some years ago, stated that the rent of a certain West End theatre, the seating capacity of which was £250, was £300 a week. Quite recently, in reply to Mr St. John Ervine's complaint that theatre seats were too dear, Mr Sydney W. Carroll replied<sup>1</sup> that "the problem is not in the least complicated. Whether theatres are old or new, if they are within an easy radius of Charing Cross they are certain to be expensively rented or leased and certain to be heavily rated."

The best friends of the stage and the silver screen deplore the bad effect of these charges upon the character of the entertainments provided. The high standard of the dramas and operas staged at the "Old Vic" and Sadler's Wells in London, and the low prices charged for admission, are only made possible by voluntary subscriptions and grants-in-aid. The rating of land values would give us cheaper theatres, in which better entertainments could be given at cheaper prices, within the reach of hard-working folk, who would be better able to frequent them, because of the general improvement in social conditions.

<sup>1</sup> *Daily Telegraph*, March 8th, 1934.

Education suffers also under the existing conditions. The cost of schools, like the cost of most public buildings, is enhanced by the high price of land. The cost of land for schools has risen greatly in recent years. For instance, the site of the Fox L.C.C. elementary school was required in connection with the widening of Church Street, Kensington.<sup>1</sup> The cost of the new site in Edge Street, was £9,000. So costly is land in some of the overcrowded districts of London that, in some cases, it has been impossible to provide a play "ground" for the children except on the roof of the school, among the chimney pots.

The conditions under which children are forced to live in slum areas unfit them to take advantage of the education provided for them. The present writer had experience many years ago in a Bethnal Green School which drew a considerable proportion of its scholars from the Boundary Street area, which, a few years later, was declared by the newly-created London County Council to be the worst slum in London. These little victims of an unjust system were all but unteachable. Ill-fed, badly clothed, living under crowded conditions in houses unfit for human habitation, never getting healthy sleep, verminous to an almost unbelievable degree, they passed out of the infant school at the age of seven, too hopelessly ignorant to satisfy Standard I requirements. Even if able and willing to profit by their schooling, they had no facilities in their "homes" for home-lessons. It is not the slum children who usually win Scholarships. In the working-class North Camberwell Division there are 13 elementary schools with 8,776 scholars. In the year 1933, eighteen scholarships (1 in 487) were won by children in these schools. In the better-off Dulwich Division nearby there are six elementary schools with 5,292 scholars, and 41 scholarships (1 in 129) were won by children in these six schools.<sup>2</sup>

Every teacher in an elementary school knows by sad experience how large a proportion of the Education rate and of the efforts of the teachers is wasted, not only because of absence through illness, but also through the lowering

<sup>1</sup> *Minutes of the Education Committee, L.C.C.*, July 18th, 1934, p. 305.

<sup>2</sup> *London News*, May, 1934.

of bodily and mental vigour due to the conditions under which so many of the children live. The London County Council has been the London Educational Authority for a third of a century. Dr James Kerr, Medical Officer (Education), told the Council in his Annual Report for 1911 that "during the ten years I have been in charge of the medical supervision of the London elementary schools a third of a million has actually been paid out for the education of children who died of tuberculosis before they were out of their teens" (p. 20). "The causes of most of the debility and ill-health seen among school children are the social conditions arising from sweated land, bad housing and hopeless poverty" (p. 20). The tendency to tubercle, whether inherited or due to infection, he traces to the same causes (p. 23). Thirty per cent of the children suffer from tonsillitis and adenoids (p. 11); 80 to 90 per cent from dental caries (p. 11); scarlet fever (p. 35), measles (p. 41), semi-blindness (p. 66), the ravages of catarrhal germs (p. 10) are all due to or aggravated by the same conditions. Care Committees and School Clinics may do much to help these multitudes of young sufferers, but they do nothing to remove the causes of their sufferings. Dr Kerr is clear and emphatic in his repeated statements as to these causes:—

"The conditions of life imposed by low wages and scanty living rooms." (p. 23.)

"Room to live on the land is the principal need; house room and all that it connotes; school room; free spaces of land for ventilation; pulling down buildings to provide opportunity of free play for children; the provision of chances of cleanliness and the tonic effects of school baths." (p. 11.)

"Want of living room, which when seen in aggravated conditions is called overcrowding." (p. 35.)

"The younger the family, the higher the death-rate is likely to be, and this, as well as contact, is a partial explanation of rates [of deaths from measles] in one, two or three-roomed houses." (p. 41.)

and more to the same effect.

Dr Kerr's report sheds some light on the results to children and their parents, in the forms of misery, sickness, bodily and mental debility, infant mortality and premature death of adults, which flow from land monopoly and an unjust basis of rating. That the victims of long-continued

injustice sometimes make their protest by way of vice and crime is not surprising.

One more instance of the way in which unjust rating may imperil human life must be recorded. It was given by Mr Charles E. Price, then M.P. for one of the divisions of Edinburgh, at a Land Values Conference in London in October, 1912. Mr Price was a member of the well-known firm of McVitie and Price, and was for some years Chairman of the Land Values Parliamentary Group in the House of Commons. He said :—

“ When I first went into business, we inquired as to the value of the land in Edinburgh, and we found that it was then let at £40 an acre. We were at once informed that the value of the land had increased to £60 an acre. . . . We were compelled to take it. The moment we did so, land on the other side of the street became £200. After we had been in business for some years, we had the great misfortune to have our factory burnt down. We took another factory ; we took a factory in Yorkshire ; we took another factory in Edinburgh. The flues fell in at our factory in Malton, and it came to a standstill ; the second factory was burnt down. Within six weeks we had three factories on our hands, idle at the same time. . . . The result was that we decided wherever we had a wall in the factory, we should run it right through the roof ; we should put in double iron doors ; we should put in flues and sprinklers wherever we could in that factory. We spent thousands upon thousands of pounds in making a factory such that it could never again be wholly burnt down. . . . The assessor said to us : ‘ How much money have you spent ? ’ We told him that was our business. ‘ Nothing of the kind. You must tell us what you have spent. ’ We told him : ‘ Five per cent on that is your assessed value. ’ . . . Why, it was a fine on every virtue. It means that everything you are doing to meet the conditions of the people you employ, putting them into a satisfactory condition, was going to be fined. . . . We also held land which was unoccupied, and which was actually rated at less than agricultural value. That experience converted me to the principles of Taxation of Land Value.”<sup>1</sup>

The efforts of Mr Price's firm to safeguard the lives of their employees against danger from fire, were rewarded by a steep increase in their assessment to the rates. This is certainly not the way to encourage other employers to spend large sums on making their factories safe for their workers.

<sup>1</sup> *Land Values*, November, 1912, p. 287.