

GREAT BRITAIN

The first English league to advocate the taxation of land values was formed in London in 1883 by men inspired by the teaching of Henry George. Its title was "The Land Reform Union," and in 1884 Mr. Frederick Verinder, who is now the General Secretary of "The English League for the Taxation of Land Values," became its secretary, the title of the society having meanwhile been changed to that of "The English Land Restoration League." Also in 1883 was founded in Glasgow "The Scottish Land Reform League," now known as "The Scottish League for the Taxation of Land Values."

The first official endorsement of the taxation of land values proceeded (perhaps unknowingly as to its importance) from "The Royal Commission on the Housing of the Working Classes, 1885." Its report states:

"At present, land available for building in the neighbourhood of our populous centres, though its capital value is very great, is probably producing a small yearly return until it is let for building. The owners of this land are rated, not in relation to the real value, but to the actual annual income. They can thus afford to keep their land out of the market, and to part with only small quantities, so as to raise the price beyond the actual monopoly price which the land would command by its advantages of position. Meantime, the general expenditure of the town on improvements is increasing the value of their property. If this land were rated at, say, 4 per cent on its selling value, the owners would have a more direct incentive to part with it to those who are desirous of building, and a two-fold advantage would result to the community. First, all the valuable property would contribute to the rates, and thus the burden on the occupiers would be diminished by the increase in the rateable property. Secondly, the owners of the building land would be forced to offer their land for sale, and thus their competition with one another would bring down the price of building land, and so diminish the tax in the shape of ground rent, or price paid for land which is now levied on urban enterprise by the adjacent landowners, a tax, be it remembered, which is no recompense for any industry or expenditure on their part, but is the natural result of the industry and activity of the townspeople themselves. Your Majesty's Commissioners

would recommend that these matters should be included in legislation when the law of rating comes to be dealt with by Parliament."

In 1887 the annual meeting of the English Land Restoration League resolved to form a special committee, and to raise a special fund for agitating for the municipal taxation of land values exclusive of improvement values. In cooperation with "The Municipal Reform League," this resulted in the formation of "The United Committee," of which the late Lord Hobhouse, Earl Compton (now Marquis of Northampton) and Lord Monkswell were successive presidents, and which, inter alia, circulated amongst London electors a quarter of a million copies of Mr. (later Lord Justice) Fletcher Moulton's pamphlet, "The Taxation of Land Values."

The activities of this Committee greatly influenced the election of the first London County Council, and to the favourable attitude of this and subsequent County Councils towards the municipal taxation of land values, is primarily due the introduction of the subject into actual politics.

Meanwhile the Scottish League also had succeeded in bringing the taxation of land values into municipal politics. On February 17th, 1890, the Glasgow Town Council, on the motion of Bailie Peter Burt, passed the following resolution, which may be regarded as the starting point of the long drawn-out fight for the municipal taxation of land values in Scotland, which this Council has led so ably and pertinaciously:

"That, considering the general dissatisfaction that exists with the present system of assessing for police and other municipal purposes, a special Committee be appointed to consider the whole question of the Incidence of Local Taxation, and report."

The Committee, of which Mr. Burt was chairman, reported on January 13th, 1891, in favour of assessing the land value alone for local rating and of owners being allowed to deduct from ground rent (feu-duty) payable by them a proportional part of their assessed rates.

This report was rejected by the Council on the casting vote of the Chairman. The question, however, was revived in 1894, the discussion continuing at intervals till June 17th, 1895, when a majority adopted the following motion proposed by Mr. Burt:

"That the Police Commissioners accept the report of the Incidence of Local Taxation Committee presented on 13th January 1891, and further, that the Clerk be instructed to communicate with the various assessing authorities in Scotland, requesting their cooperation to petition Parliament in favour of amending the law in accordance with the said report."

As a result of this resolution the Committee was able to report on October 5th, 1895, that 62 Scottish assessing authorities, consisting of seven Town Councils, eight Police Burghs, one County Council, and forty-six Parish Councils, had approved of making land values the basis of local taxation and of joining the Glasgow Council in a petition to Parliament for legislation to give effect to it, and the Glasgow Council thereupon resolved that such a petition be printed.

This first stage of the movement was followed by a series of public conferences of representatives of rating bodies and others which were jointly organised by the English and Scottish Land Restoration Leagues, and took place at Bradford, Glasgow, Newcastle-on-Tyne and Edinburgh. The Glasgow Conference, held in 1899, was presided over by Mr. Burt and attended by 210 delegates representing 116 Local Rating bodies all over the country.

On the initiative of the late Bailie John Ferguson, of Glasgow, further conferences, solely of municipal bodies, were held under the direct auspices of the Glasgow Corporation. These conferences, presided over by the Lord Provost of Glasgow, and attended by the representatives of nearly all the cities and chief towns of the United Kingdom, not only affirmed the general principle year by year, and without a dissenting voice, but appointed a commission of experts to draft a Bill to be introduced in the House of Commons.

A conference on the Taxation of Land Values, under the auspices of the Municipal Conference Committee, was held at Manchester in November, 1905, three hundred representatives of local rating bodies being present, the Lord Mayor of Manchester presiding. The Conference, after unanimously confirming its opinion that "there is urgent need for legislation to provide for the assessment and rating of land values," and expressing its satisfaction that the second reading of the English Bill for that purpose had been carried in the House of Commons in 1904, and again, in 1905, and the Scotch Bill in 1905, resolved to circulate among the rating bodies of Great Britain and Ireland

a petition to the House of Commons praying for "the passing of a Bill dealing with the provision of the separate assessment and rating of land values," and appointed an Executive Committee.

This petition, signed by 518 Local Councils, was, in the absence through illness of the then Prime Minister, Sir Campbell Bannerman, presented to the then Chancellor of the Exchequer, Mr. Asquith, on February 26th, 1906, by a deputation consisting of 150 gentlemen, representing 115 municipal bodies, the principal speakers being the Lord Provost of Glasgow, and the Lord Mayor of Manchester. Mr. Asquith's favourable reply contained these sentences: "I have always regarded this movement properly understood as being, not a derogation from, but an assertion of the rights of property. It is right and just that the community should reap the benefit of the increased values which are due to its own expenditure and its own growth."

The report of the Select Committee on "The Land Values Taxation, etc. (Scotland) Bill" was drafted by its chairman, Alexander Ure, Esq., K.D., M.P., Solicitor-General for Scotland. It is based on the evidences of thirty-four witnesses, being mainly expert valuers, solicitors, officials engaged in the administration of the Valuations Acts in Scotland and professional gentlemen representing municipalities. Twenty-two memoranda, handed in by persons not called upon to give oral evidence, and reports on the taxation of land values in New Zealand, New South Wales and South Australia were also considered.

The unanimous report of the Committee condemns the Glasgow Bill referred to it on two grounds -- 1, that the application of the provisions of the Bill is limited to Burghs; 2, that land values are not taken as the sole standard of rating. It, therefore, makes recommendations far more radical than the provisions contained in the Bill, viz.:

- "I. That the Bill referred to the Committee be not further proceeded with."
- "II. That a measure be introduced making provision for valuation being made of land in the burghs and counties of Scotland, apart from the buildings and improvements upon it, and that no assessment be determined upon until the amount of the valuation is known and considered."

Thus the Committee proposes that the unimproved value

of the land shall form the sole basis of rating in the rural, as well as in the urban districts of Scotland. It supports these recommendations, inter alia, by the following arguments:

"The justification given for the adoption of the new standard is that land owes the creation and maintenance of its value to the presence, enterprise and expenditure of the surrounding community. The value of the land is not created or maintained by the expenditure or exertion of its owner--except in so far as he is a member of the community. It is well, therefore, to select a standard of rating which will not have the effect of placing a burden upon industry. Hence the proposal to exclude from the standard the value of buildings and erections of all kinds, and fixed machinery. To include these in the standard tends to discourage industry and enterprise. To exclude them has the opposite effect. If, then, the value of bare land, apart from improvements, be chosen as the measure by which to fix contributions to local expenditure, the ratepayer will, it is alleged, be merely restoring to the exchequer of the local authority part of that which he has derived from it. Of this principle, and of the reasoning on which it rests, your Committee approve.

"The direct effect of the adoption of the principle enunciated in the preceding paragraph, will apparently be to effect a complete redistribution of the burden of rating. Owners inter se and occupiers inter se will pay the new rate in very different proportions from those according to which they now pay. Owners of valuable land, either unoccupied or occupied by buildings unsuitable to the site will pay more; owners of highly utilised land will pay less; and owners of land put to ordinary average use will pay the same proportions as at present. The indirect effect of the adoption of the new standard will be to stimulate building and improvements, to bring more building land into the market, to lower rents, and to diminish overcrowding."....

"Site value and building value being of different and even opposite characters in many respects, it appears to us that a system which treats them exactly alike, as our present rating system does, is prima facie unfair and unwise. At the same time, we would not propose, and we find no justification for anything like the spoliation of any particular class. Indeed, while a site value rate would, in our opinion, be a means of securing a somewhat larger contribution from the owners of the swollen site values of the central districts of our cities, it might prove rather advantageous to owners in the outlying districts; for if the rating on site values gives a stimulus to development, as we believe it will, a secondary effect of the reform will be to increase the

"Your Committee desires to place on record its strong opinion that, although the question discussed in the immediately preceding paragraphs is of great interest and importance, there is another aspect of the subject, the importance of which is not always adequately appreciated. The desirability of taking land as the basis of valuation does not depend solely upon the question of the allocation of the burden between parties. The most valuable economic advantages of this reform follow from the change of the basis of rating. We have already referred to the nature of these advantages, which may be thus summarised:

First - Houses and other improvements should be relieved from the burden of rating. This would encourage building, and facilitate industrial developments.

Secondly - As regards the large towns, it would enable land in the outskirts to become ripe for building sooner than at present, and would thus tend very materially to assist the solution of the Housing problem. It would also have a similar effect in regard to Housing in rural districts.

"In our opinion these advantages depend upon the alteration of the basis of rating, and are not dependent upon the question as to what proportion ought to be contributed by the various persons interested in the property. Without seeking to minimise the importance of that question, we think it right to point out that the Taxation of Land Values is advocated equally strongly, by persons who take different views upon this aspect of the question."

"Your Committee will now proceed to summarise the conclusions at which they arrived. They consider that the new standard of rating, based upon the yearly value of land, apart from the buildings and improvements upon it, is sound, and would prove advantageous; that to set it up, by estimating the value of land apart from buildings, is practicable; that in making the valuation regard must be had to all restrictions validly imposed on the land, and to recent expenditure in preparing it for use; that exemptions such as are proposed in clause 6 of the Bill are proper, but that to these exemptions ought to be added railways, canals, docks, piers, and harbours; that, so far as both occupiers and owners are concerned, the new standard of rating should be substituted for the present standard and that within the

category of owners ought to be included owners of feu duties
whensoever created."