

Less rot – and many more jobs!

THERE are two urgent reasons why buildings should be exempt from the property tax.

This partial derating would boost employment in the construction industry.

Property owners could improve their living and working environments without being penalised by the tax system.

This would lead to the creation of badly-needed jobs in a leading sector of the economy, in which there are over 300,000 unemployed workers.

The second reason is that Britain's housing stock is decay-

ing rapidly. Derating would encourage home owners to stem the rot.

The owner-occupied home is old: 37% of the dwelling stock in England was built before 1919. The extent of the dilapidation was restated in the 1981 House Condition Survey. This revealed

that 3m privately owned dwellings needed (in addition to annual up-keep), one-off repairs costing at least £2,500.

Today, owner-occupiers are spending £620 a year on all repair work, including decorations.

The gap between the two figures gives one measure of the state of dilapidation: many homeowners, however, are deterred from investing their savings in house improvements (such as an extra room in the loft) because this would lumber them with higher property taxes.

NO-VOTE BUSINESSMEN CAN STILL BE INFLUENTIAL

STRESS is being placed on the principle of accountability, in the propaganda aimed at abolishing the property tax.

Businessmen, it is loudly proclaimed, do not have the right to vote in the localities where they run their companies.

Commercial companies contribute a major slice of local government revenue, and the implication is that their owners are disenfranchised.

A great deal of spurious reasoning has gone into this argument, as a moment's reflection will reveal.

THERE IS no necessary correspondence between tax liability and a right to be consulted under the accountability principle.

For example, to the extent that the property tax falls on the value of commercial premises, this burden is passed on to customers in higher prices.

In other words, other people – who may live elsewhere in Britain – pay this portion of the tax to the commercial firm's local authority.

The company, in other words, is merely the conduit through which the tax passes. The consumer, however, does not have the right to be consulted by this company's local authority; thus, the company itself can hardly claim the right to be con-

● THE TORY government wants to relieve commercial and industrial companies of part of the property taxes they pay to local authorities. Their payments add up to over 20% of local authority income, compared with under 20% from householders, with the rest coming from charges and the central government. IAN BARRON examines the case for treating non-domestic ratepayers as a special category.

sulted by the local authority on the pure principle of accountability.

BUSINESSMEN, we are told, do not have a right to vote in – and therefore influence – council elections.

Is this really a problem? Consider the reality.

Businessman X lives in area A, but runs his company in area B. He pays domestic rates to A, where he has a vote as a resident, but pays his commercial rates to B, where he has no vote. Is he at a disadvantage?

The current case, as presented by

lobby groups representing industry and commerce, is that entrepreneurs as a class are at a disadvantage with respect to the spending decisions of councils.

But the assumption here is that councils tend to neglect the needs of industry and commerce. Is this true?

Look at the example above. Aren't there businessmen living in area B (where they vote) who pay rates on their commercial assets to area A (where they do not vote)?

Of course there are!

So businessmen, motivated by similar considerations, directly influence the outcome of elections in both areas. No council escapes the influence of people engaged in commerce and industry.

Evidence for this is not hard to find: we only have to recall the strenuous efforts made by councils to attract firms into their localities. They are not, therefore, likely to deliberately make decisions to undermine the confidence of businessmen in their areas.