

Letters to the Editor

HOUSE PRICES

SIR, — It has been reported that the Secretary of State for the Environment and a Tory front bencher have been at odds about releasing building society funds to purchasers of older type property.

In the twentieth century, factors in the increase in prices, premiums and rents of landed property include: 1. Abolition of tithes. 2. Agricultural de-rating. 3. Industrial de-rating. 4. The rate support grant. 5. Rate rebates. 6. Rent rebates. 7. Abolition of Schedule A tax on owner-occupied residential property. 8. Rent control, and 9. "Pegging" building society mortgage interest below the economic figure.

In the case of a small freehold Edwardian terraced house in a North London suburb, a price of £13,000 has just been paid and the purchaser has taken up a mortgage of £9,000, so he has bought with a "deposit" of £4,000.

The rateable value is £254, and the rate in the £ is 157.81p, reduced to 55.5p by subsidy out of taxation. The balance of 102.31p in the £ represents about £260, and, capitalised, that is about £3,250, so if the whole general rate were being charged, the purchase price would be reduced to £9,750, and money now going into the pocket of the mortgagee would instead be paid into the rating fund for the public benefit.

The Labour Government brought in the rate support grant out of taxation by means of the Local Government Act 1948, and the Conservative Government abolished Schedule A tax in the early 1960s.

Both these measures were an appeal to the greed and stupidity of the electorate in order to buy votes, and they sent the price of homes shooting upwards, with the result that building societies now have stupendous sums of money locked up in homes which could be much more widely deployed.

In the furnished bed-sitting rooms in Hackney where young couples pay £10 to £12 a week including the landlord's (subsidised) rates and income tax for their accommodation, "the pill" reigns supreme and babies who should

be born are not being born, because these couples can't scrape an enormously-inflated deposit together.

The Conservative Party promises that if elected, it will push up the price of homes still further by extinguishing the domestic rate and will suck their blood by a local income tax.

What one hoped would be recognised as a ray of hope for them has come in the Government's promise to reduce the rate support grant by 15 per cent in the coming financial year, but, because the Government proposed it, of course the Leader of the Opposition has denounced what really is the only measure so far proposed which will effectively reduce the upward pressure upon house prices.

Abolition of the rate support grant would allow £3,000 million a year to be taken off income tax, thus increasing the threshold of taxation and releasing many people from payment of it altogether.

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FREE TRADE

SIR, — All this talk about controlling imports as a cure for unemployment is nonsense. First, imported goods can only be paid for with goods made in our country or traded with other countries.

Secondly, British money does not circulate in Japan, neither does the Yen in our shops. Therefore, the more Japanese goods we import the harder we have to work to manufacture the goods for export to pay for them. Furthermore, the cheaper the imported goods the greater the purchasing power of the consumer to spend on other goods. Thus, increasing employment, not the reverse.

But these protectionist falsehoods are ancient history. Seventy years ago, in 1906, Joseph Chamberlain, the then Tory Prime Minister, fought an election on tariff reform as the solution to foreign competitive imports. The answering battlecry of their opponents, the Liberal Party, "Tariff reform means work for all—work for all in the workhouse"—gave the Liberals the greatest electoral victory of all time.

Of course, free trade on its own

cannot solve unemployment and poverty. The facts are that slumps in the production and exchange of wealth are primarily caused by the excessive speculation in the economic rent of land. A proposal to collect this value in land by means of taxation was in the programme of the Liberal Party during the 1906 election, and it is interesting to reflect that Winston Churchill at the time made many forceful speeches in support.

The Liberal Party is lost in the wilderness of modern economic sophistry and until they return to their traditional policy of free trade and land value taxation as the real alternative to state and private monopoly protectionism, they are never likely to gain the support of the people or bring about a solution to the present economic crisis.

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SITE-VALUE RATING IN REVERSE

BRECKLAND District Council—the local authority responsible for the central area of Norfolk—have embarked on an aggressive and unusual campaign to attract more industry from the U.K. and Europe into the area.

To stimulate industrial growth in the area, the council decided to commission an audiovisual presentation about Breckland for showing to small groups of businessmen and industrialists in the U.K. and in Europe.

The fifteen-minute presentation, made for Breckland District Council by communications consultants sets out to "sell" Breckland as an ideal area in which to live and work.

Fact sheets, printed so that they can be easily and economically updated in the light of changing information, deal with Breckland as a place to expand in. Five main Breckland towns are geared to receive further industry—Thetford, East Dereham, Swaffham, Attleborough and Watton—where nearly 300 acres of land designated for industrial use are available.

If the plan is a success, land values will increase in the area and particularly the 300 acres awaiting development, all by courtesy of the ratepayers who are financing the project.