ANOTHER ACT OF FOLLY

THE Incorporated Association of Rating and Valuation Officers held their annual Conference in the large Central Hall, Westminster, June 24th and 25th. There was also the annual dinner on the 24th, to which we make reference elsewhere. At the Conference, as is customary on all these occasions, papers of information and instruction to the faculty were presented, but in our estimation the most opportune was that submitted by Mr. J. D. Trustram Eve, an ex-President of the Association. He dealt with Part IV of the Local Government Act, 1948.

By way of preface it should be explained that in the local taxation system obtaining in England and Wales, the "rateable value" on which the rates are levied on occupiers is derived from the "gross annual value" after deducting from it given statutory percentage allowances for repairs and maintenance, the gross annual value being itself measured by the annual rent which the premises could reasonably be expected to command if they were let from year to year in their existing state.

The Local Government Act provides, among other things (such as its new formula for distributing Treasury subventions to the local authorities), for the re-assessment of all rateable properties which comes into effect in 1952—no general revision of assessments in England and Wales having been made since 1933. And in entrusting that task in England and Wales to the valuation office of the Inland Revenue, the Act introduces new codes and standards for determining the gross annual value of certain types of dwelling houses. Mercifully, however, although for some unaccountable reason, this Part IV does not apply to Scotland. If it was good to invent those strange devices so that small houses should be rated at a lower figure than heretofore under English rating law, it is surprising that Scotland must retain unsullied its no less objectionable rating system of assessing all houses as well as other buildings and improvements on their actual rental. The entertainment of seeing the new Heath Robinson machinery at work is reserved for England and Wales. It will not appear on the Scottish stage.

Part IV of the Act establishes an elaborate and intricate concoction for assessing dwelling houses according as they are (*a*) houses, flats and maisonettes built since April 2nd, 1919, by local authorities and housing associations; (*b*) private enterprise "small" houses, not being flats or maisonettes, built since that date, and (*c*) all other dwellings, i.e., large houses and flats and maisonettes built any time by private enterprise.

For dwellings in class (*a*) the gross annual value will be 5 per cent. of the cost of structure and site—the "cost" to be the hypothetical 1938 cost of both structure and land; and in the case of flats and maisonettes which are parts of a building these costs are to be apportioned according as they are "properly attributable" to the parts.

For dwellings in class (*b*) the gross annual value will be 5 per cent. of the sum made up of the 1938 hypothetical cost of structure and the value of the site as on April 1st, 1949. Notice that for (*a*) it is the 1938 *cost* of the site, whereas for (*b*) it is the 1949 *value* of the site, requiring in the latter case an *ad hoc* specific valuation of each site.

For dwellings in class (*c*) there will be no separate costing of structure and site. They will be assessed as heretofore on their composite rental, with the proviso that rentals as they were in 1938 shall be the standard.

For all other premises which are not "wholly or mainly" used for dwelling purposes or are offices, shops, warehouses, factories, etc., the gross annual value is to be determined as heretofore and without any "pegging" at 1938 levels.

And this, save the mark, is what is called a rating "system" putting furious problems in front of those who must try to operate it. But it does not end there. All sorts of arbitrary provisions, distinctions, rules and regulations intervene; contradictions, too, and possibilities of conflicting interpretations.

The "small" houses, for example, have a definition. They are houses with a rateable value not exceeding £100 in the Metropolis and £75 outside the Metropolis. These limits are of considerable importance in view of the Rent Restriction Acts and £101 or £76 will make all the difference to interested parties. There can be a battle royal to press for a two-fold assessment, one on the cost method and the other on the annual value method, to see which shall protect the tenant or release the owner, as the case may be.

The 1938 hypothetical costs of structures and sites (i.e., what such costs may be guessed to have been in 1938) are to be "specified" by "statements" issued by the Minister, and the valuers of the Inland Revenue will have to take them for their cue. There will be specifications of many types of private enterprise houses as well as of Council houses, and of hypothetical houses into the bargain. As for cost of sites, there will have to be an immense range of considerations to meet all possible cases, and in some respects certain factors will simply be brushed aside, as by the rule that if the actual cost of the site was more than £1,500 per acre, the excess over that figure must be disregarded. Sheaves and sheaves of ministerial "statements" to guide the valuers, and they in the leading strings of caprice and hypothesis. Could anything more preposterous be conceived?

Assessments made by these extraordinary cost methods have to be diminished by such amount as may be just where the state of repair or where the amenities of a house are not as good as those of comparable houses. In this comparison private enterprise and Council houses cannot be set side by side; and if all comparable houses are out of repair, no reduction is to be allowed. If, on the other hand, a house, by its special construction or adaptation, can be used for any trade, business or profession, then the 1939 hypothetical cost of structure and site can be *increased* by any "amount as may be just," having regard to any additional rental that may be so conferred on the house.

We need not go into all the harrowing and (for the responsible valuers) the baffling details of this amazing Act. It must be studied for itself. Mr. Trustram Eve, in his paper, played havoc with it. One could sense the impression he made on that gathering of Rating and Valuation officers as of men who stood aghast that Parliament would commit itself to such a monstrosity. But what Mr. Eve himself did not or could not see, or at any rate give no hint of perception, was that this new and fantastic scheme is only another and inevitable step on the road where the devil drives. Over and over again it is seen and admitted that the rating system breaks down

as the rates rise and lash against the housing of the people. So we have, one after another, these fanciful expedients which do everything but look in the right direction—namely, to abolish all taxation of houses and other buildings, to cease assessing them at all, and to obtain the public revenue by rates and taxes assessed upon the value of the land alone. Listening to Mr. Eve, any really knowledgeable person, admiring his forthrightness as he issued his challenge, "*This Act will not work*," could say in all sincerity—surely, if the land-value policy were a dog it would bite him! Perhaps something of the sort may even have happened and Mr. Eve, as a member of a certain Interdepartmental Enquiry Committee, may be near to the conclusion, by such hostages as he has lately given, that the "practicability and desirability" of Site Value Rating is not quite so disputable as some people seem to think.

The present writer attended the Conference as representative of the United Committee for the Taxation of Land Values and had the opportunity of entering the discussion with a statement which may have helped a little toward that conviction, at least in some quarters of that body of trained specialists.

But whatever may be Mr. Eve's hesitation in crossing the stream, the paper in his hands was an excellent passport. We hope it may be published in pamphlet form and gain a wider publicity, for (to vary our metaphor) it will be grist to the mill of those who do see and do preach the true alternative to the present rating system.

A. W. M.

COMPULSORY INSURANCE AND THE INDIVIDUAL

THE general attitude towards the National Insurance Act, now brought into operation, seems to be that of accepting the inevitable. There is little or no enthusiasm, much indifference, some criticism; the deep misgivings felt by a considerable minority do not get beyond private conversation. The Opposition Press is mainly concerned with partisan criticism of details, scarcely with principles or ultimate consequences. Yet this Act marks a great stage in the drift towards the totalitarianism against which we were asked to fight in 1939, and which we are told now threatens us from the Kremlin. More than twenty million people not previously regimented in this way will now be brought within the Minister's stupendous power. Many of these had been previously regimented by Big Business, with its atmosphere of time-sheets, clockings-in and clockings-out, and the extra regimentation will be no novelty; but to the three million or so "self-employed" and "non-employed" the close grip of the State machine will represent a new element in the factors governing their daily lives. The very rich, secure in the advantages a monopolist society always offers to their kind, will remain undisturbed by the obligation to pay a tribute no higher than that imposed on the comparatively poor; experienced State-scroungers will, of course, make their dispositions to secure the lion's share of the £264 millions of public money allocated to subsidise the scheme; but all those who have striven to maintain some measure of independence on small or moderate incomes will encounter physical difficulty as well as suffer moral defeat.

In these circumstances any reflecting person will not be misled into discussion about mere details of administration. Any centralised coercive system must propose to classify men and women into groups according to income, occupation or physical and mental capacity, and the directors of the system must assume these distinctions to be clearly decided. In practice everyone knows that the divisions between these categories are no more distinct than the colours in Turner's picture of *A Sea Serpent in a Fog*, but it would be a mistake to suppose that this difficulty would cause any scheme to break down. For this reason the Individualists' reiterated claim that "The State can't do it" seems a dangerous form of argument. Any group in possession of enough power to coerce must also have enough power over propaganda to do much persuasion. Given sufficient power on one side and sufficient compliance on the other almost any coercive system can be made to work well enough to enable propaganda to assure the masses that it is a success. Bribery always accompanies State coercion and contemporary democracies seem disposed to believe almost anything they are bribed to believe—especially, as in the present instance, when the propaganda of the Opposition never challenges the principle of the measure. If immediate success is to be the only criterion of coercive administration the bureaucrats need not worry.

Earlier measures of State paternalism have been in operation long enough to enable the organisers to gain experience, and it is not impossible for them to have discovered that the very anomalies of the system can be made to assist their designs. "I don't mind very much if they tell me lies," said Doctor Keate, the notorious headmaster of Eton. "After all, it's a sign of respect." To reduce boys to lying, he found, enabled him to discipline them more easily. Can we be sure adults are quite different?

Under the new Act a self-employed person earning less than £104 per annum is exempt from contributions. Above that income he must pay 6s. 2d. per week. Thus every self-employed person earning between £104 and £120 will be worse off than if he earned £104 only. It is ridiculous to suppose that such people will not conceal their gains, just as it is preposterous to expect every smallholder, street trader and window cleaner to keep accurate accounts and to be able to forecast his income exactly. The same open deception is to be practised regarding pensioners who earn over twenty shillings by working in any one week; they are supposed to report this "crime" in order that their State pension may be proportionately reduced. We do not cite these particulars as censuring the designers of the scheme, we cite these—and no doubt many others could be found—as illustrating the anomalies that must inevitably occur when the State departs from its true sphere of maintaining justice and instead endeavours to usurp the functions of natural law and the voluntary sympathy and co-operation of men and women. The deceptions we have mentioned will be tolerated by the administrators of the Act, although they may find it necessary to "make examples" of some who, in their arbitrary judgment, abuse this toleration. For the same reasons the National Socialists and Communists found concentration camps unavoidable. The vast majority of deceivers will remain undisturbed physically. They will not remain undisturbed mentally and morally, however. Whatever propensity they may have had for lying and deception will be intensified, and their example will affect the general standard. More important still,