

NATIONAL SECULAR SOCIETY

LOCAL TAXATION,

ESPECIALLY IN

ENGLISH CITIES AND TOWNS.

A Speech

Delivered in the House of Commons, on March 23rd, 1886,

BY

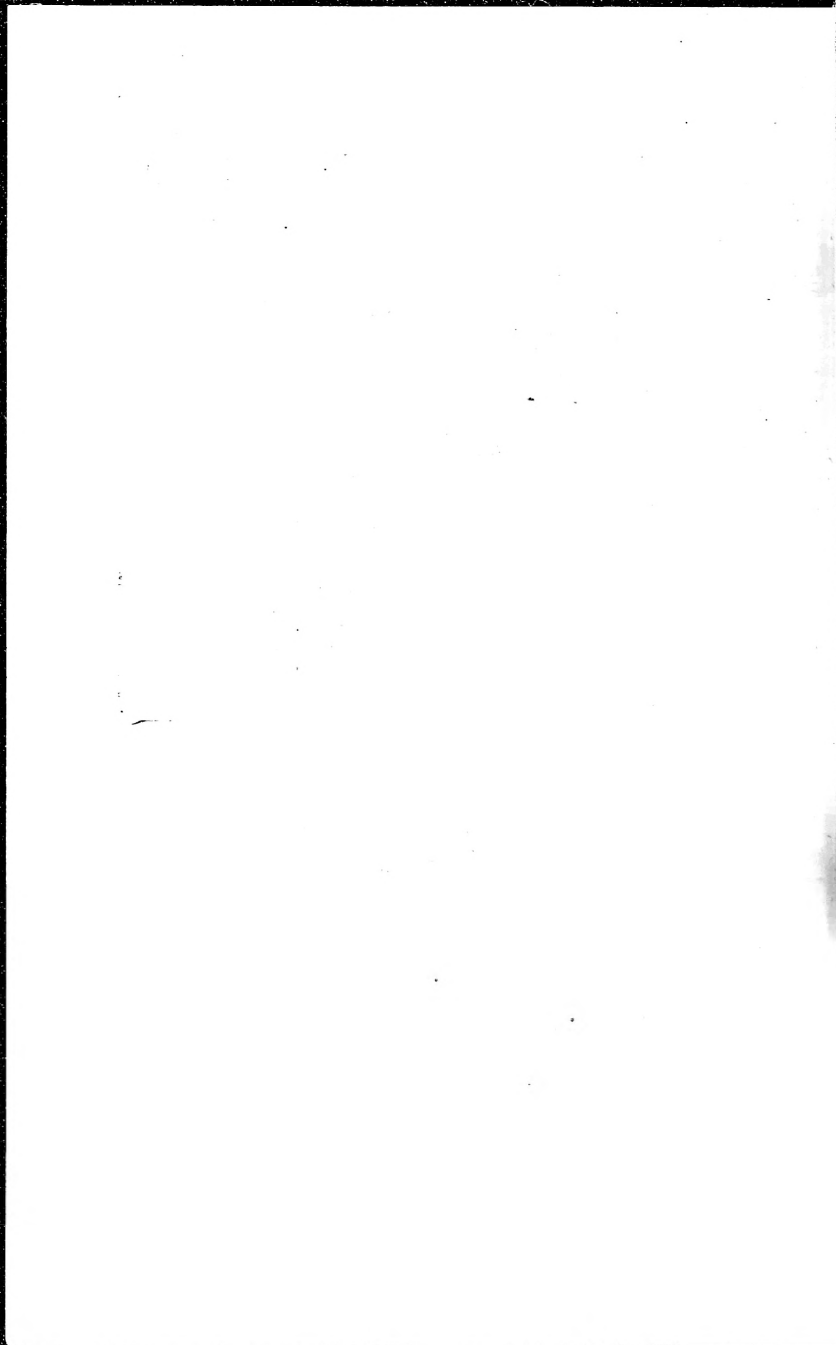
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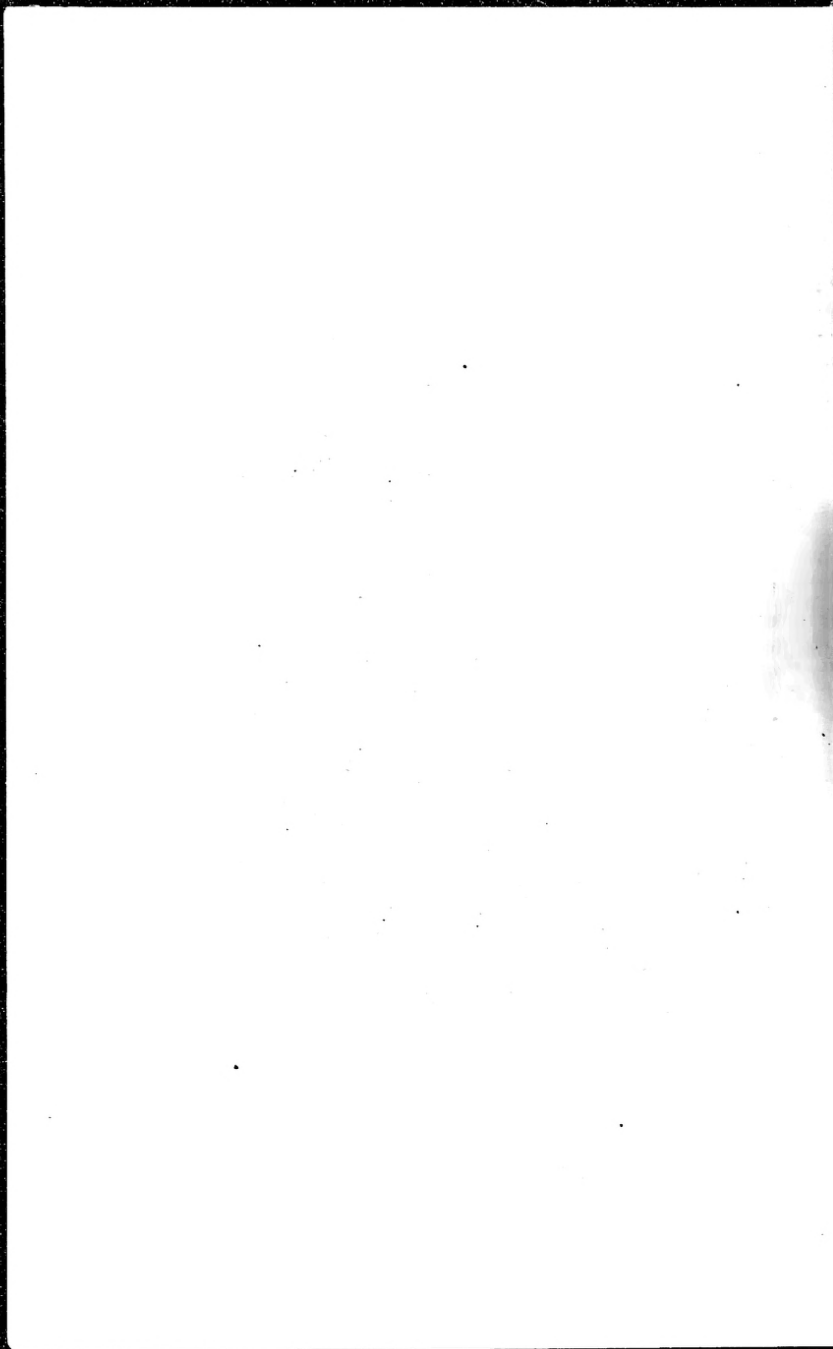
P R E F A C E .

THE following speech was made in the House of Commons on March 23rd, 1886. For fifteen years the country party had succeeded, at the instance of several Conservative country gentlemen who have been members of the House, and have been assisted by gentlemen on the Liberal side, in putting Liberal Governments in a minority on the subject of local taxation, and thereby of transferring taxation, levied from the beginning on landowners or their tenants, to the Consolidated Fund, and, consequently, of burdening the general public and increasing the annual expenditure of Government.

As the burden of local taxation in towns is growing heavier and heavier on occupiers, and as in Scotland and Ireland half the local taxation is paid by owners, I determined as early as possible to bring the subject before the new Parliament, and I did so with success, carrying my motion by a majority of *forty*. This, the first defeat which the country party has sustained on the subject of local taxation for years, is of great interest to townspeople, especially to shopkeepers, and with the view of attracting their attention, the speech has been published.

JAMES E. THOROLD ROGERS.

*House of Commons,
June 1st, 1886.*



LOCAL TAXATION,

ESPECIALLY IN ENGLISH CITIES AND TOWNS.



SIR,—Since the year 1831, down to the last session of the late Parliament, scarcely a single year has passed in which some Act bearing upon Local Taxation has not been added to the Statute Book ; while during the last fifty years there have been constant debates in this House on the same subject, generally indeed from one aspect of the question, the relief of the landed interest at the expense of the Consolidated Fund, *i.e.* of the general body of taxpayers. As a consequence of these debates, and the votes taken on them, very considerable changes in the liability to local taxation have been made during the last fifteen years, and very considerable charges have been transferred from the local taxpayer to the general public. I do not, indeed, in introducing this motion to the House, intend to discuss the merits of these proposals, or the policy which has effected the transference ; but I trust that, with the indulgence of the House, I may be able to substantiate the four propositions which are contained in my motion. I am aware, indeed, that to deal exhaustively with the subject would require a speech of ten or twenty hours, and, though I shall not trespass long on the patience of the House, I trust that it will not believe that the subject is concluded in the brief remarks to which I venture on inviting its attention.

Attention given in Parliament to the subject.

Practically, local taxation, as we now understand it, *i.e.* a charge levied on defined localities for local purposes, commenced with the poor law of Queen Elizabeth (43 Eliz.,

Origin of Local Taxation.

cap. 2), and since that time, with only a short interruption, on which I shall comment hereafter, it has been the invariable practice to levy the whole of local taxation on what is commonly called real estate only: in England and Wales on the occupier only of real estate; while in Scotland and Ireland, under Acts of a much more recent date, such local taxation has been shared by the owner and occupier, *i.e.* has been divided into nearly equal moieties between the parties interested. Originally, the whole of the local taxation in Scotland was levied on the owner, and it was only when a more extensive system of Poor Law relief was rendered necessary in Scotland, owing mainly to the disruption of the Scottish Church, that the division of liability was made between the two principal parties, the landowner and the occupier.

Transfer-
ence from
owners to
occupiers.

Now, sir, in the latter part of Elizabeth's reign such an imposition of local taxation on occupancy was not only obvious but was generally equitable. At that time, and indeed for a long time afterwards, the number of occupying owners was very large, and the tenant farmer was comparatively rare. Besides, there is good reason to believe that the owner paid his tenant's rates, though I cannot venture on troubling the House with the somewhat antiquarian evidence by which I am convinced that I could prove my statement. The property of these occupying owners was therefore obviously the natural object for local levies, the division between owner and occupier being naturally disregarded in view of the comparative rarity of occupying tenants at will. In course of time the ranks of these occupying freeholders were sadly thinned, especially during the latter half of the seventeenth century. Lawyers, or at least legal antiquaries, are aware of the fact that at this time the strict settlement was invented, under which nothing which had been purchased by any landowner under a settlement could be reft from the estate; but few are aware of what was the process by which thousands of these freeholds were violently extinguished. For several sessions the House of Lords passed an Act, the object of which was to confiscate certain freeholds, and at last the Commons accepted the Act. Any one can see how,

under the first clause of the Statute of Frauds (29 Par. ii, cap. 3), the great landowners contrived to effect this purpose; for this famous clause provides, without any reference to the antiquity of the tenancy, that persons who were not possessed of documentary evidence of title in the lands which they occupied should, unless the rent reserved were two-thirds the rack rent, be treated as tenants at will. This, and not, as some persons fancy, a honest purchase of the small freeholder's tenement, is the true explanation of that sudden disappearance of freeholders which so many historians have noticed.

A generation or two later another system began, which Inclosures still more limited the number of occupying owners, because it narrowed the opportunities of their agricultural industry. I am alluding to the appropriation and enclosure of common lands under numerous and incessant Private Acts of Parliament. The first of these Inclosure Acts was in 1709, and between that date and 1852 it is well known that at least nine millions of statute acres have been appropriated by private owners under those Acts, to say nothing of what has been confiscated since. Now, any one who has studied the history of the poor, especially of the agricultural poor, knows how severely these inclosures pressed on them, how frequent was the complaint of the consequences, and how, the condition of the peasantry having become more hopeless and more miserable, all sorts of expedients were adopted to remedy the mischief which was created. The House knows how pauperism increased, how it threatened to absorb rent, and to swallow up all the gains of the landowners, not only the profits on their ancient estates, but on the additions which the enclosures had made to their estates, and how at last the experiment of Mr. Lowe, of Bingham, the father of a distinguished statesman, once a member of this House, and now of the other, with Mr., afterwards Sir G., Nicholls, became the type on which the New Poor Law was enacted. By this time, however, the occupying owner has become a rarity, and the occupying tenant, now generally a tenant at will, is now made liable to all that local taxation which was levied on the basis of the Poor

Law assessment, and is frequently paid by precept on the guardians.

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axation.

For a long time, local taxation for the relief of destitution was nearly the only charge which was imposed on the occupier. In course of time other charges were imposed on the same persons, and on the same assessment, for different purposes. The House is aware that the repair of roads, the maintenance of bridges, the custody of criminals, and the police of district was a local landowners' liability. But many of these liabilities were discharged by personal service. The repair of roads was a local obligation discharged by Statute labour even after the great Turnpike Act of 1773. Gaols were frequently franchises, and valuable franchises too. It was only by 12 Geo. II., cap. 29 (1739) that the county rate was leviable on occupiers, and made the means for repairing bridges and building prisons. Still more lately has the parish constable been superseded by the police, in the towns first and in country places much later. I don't think, indeed, that the tolls taken on the roads could have been employed for their repair, for the Novels of the eighteenth century complain that travellers had to pay heavy tolls for the use of roads which were no better than quagmires. Of course, however, these local taxes are nothing to what the exigencies of modern society have demanded, and the custom of Parliament has imposed on occupancy. So large have they become that in many places the poor rate, originally almost the only local tax levied, has become only the third or fourth part of that which is exacted from the occupier, and about which the occupier bitterly complains, as I shall hope to show, with reason.

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No doubt in consequence of those complaints, a Committee was appointed in 1870, at the instance of the then President of the Local Government Board (Mr. Goschen), in order to inquire into the whole subject of local taxation. My right hon. friend was Chairman of that Committee, and, apart from the labours which he gave with his colleagues, in the valuable report and evidence which he collected; he published on his own personal authority an excellent summary of the situation. The members of the Committee

were of proved capacity, and were peculiarly familiar with the subject referred to them. They published a Report which, as is the case with many other valuable reports, has not been followed by remedial legislation. In it they recommended that division of rates between owner and occupier which I commend to the House in my motion. It is true that the recommendation was only carried by a bare majority, but this need surprise no one who remembers that our Committees are not, as they should be, a microcosm of the House, but a mere balance of the two great parties. But most of the witnesses, and certainly the best informed, who were examined before the Committee, recommended the division, not because they thought, as I do, that the change would materially and justly modify the incidence of local taxation, but because they thought that it was likely to result in a more careful and economical administration of the rates, since in the event of the change all who paid rates would be represented on the board. But I am disposed to think that the witnesses exaggerated this result of the change. I am sure indeed that it would be often an advantage and an economy, to say nothing of the obstacle to scandals, if *ex officio* guardians did not frequent their board, and I well know that an admixture of such gentlemen as are entirely free from personal bias has often purged a board of guardians ; but I am bound to say that the administration of public funds by county magistrates has been characterised by unquestionable integrity and economy. They are not an elected body, but I very much doubt whether, when in time to come we have elected boards, the new men will exceed the old hands in public spirit, integrity and thrift. Sometimes indeed they go too far in this praiseworthy direction. I well remember that an old friend of mine, the late Mr. Joseph Henby, carried his economies to excess ; for he took upon himself in constructing some new cells in Oxford County goal to disregard the requirements of the Home Office, and he found out that the money he wished to save had to be spent, and that which he had been niggard in spending had been wasted.

Now, Sir, I have thought it necessary to give this brief and very imperfect sketch of a subject, the full history of

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which would be beyond my physical powers and the patience of the House. I now come to the more controversial part of my motion. And here I cannot help regretting that most of those gentlemen who, in past years and in other parliaments, have brought forward diverse motions, are absent from the present House. Sir Massey Lopes, Mr. Pell, Mr. Clare Read and Sir Baldwin Leighton have often spoken, and at length, on this topic, and have made the subject of local taxation their peculiar study. I regret it the more because I am constrained to differ greatly from their conclusions, though I should gladly have had the benefit of their criticisms. They have certainly been successful with the last three Parliaments, for during the last fifteen years the efforts of the landowning interests have been incessant in the direction of the transference of local burdens from the occupier to the Consolidated Fund, and with marked success, especially in the Parliament of 1874, when they pushed their opportunities vigorously. Sir Massey Lopes, in one remarkable speech, put forward the doctrine that all local taxation was an imperial concern, and even alleged that the maintenance of the poor should justly be derived from the national exchequer. The result of these efforts has been that local rates have been relieved, without, I am afraid, much resultant economy, from the charges of prisons and criminals, of lunatics, to a large extent from the maintenance of public roads; while increasingly larger subventions, as we see from the swollen Civil Service Estimates, have been granted for similar local purposes. Now, I gather from the last Report of the Local Government Board that nearly two and a-half millions were paid from the Consolidated Fund in aid of local taxation.

Mr. CHAMBERLAIN (President Local Government Board): I can assure my hon. friend that two and a-half millions are far below the amount which is paid for the objects to which he refers. He will find that the total of the contribution amounted to a far larger sum.

Mr. THOROLD ROGERS: I named the sum of two and a-half millions, which was all that I could find in the Report of the Local Government Board, and I have been

consulting with Mr. Howard, the librarian, who referred me to the figures which I have quoted. I fear that my opportunities and intelligence have been limited.

Mr. CHAMBERLAIN (handing the summary of the Civil Service Estimates) : My hon. friend will find the particulars in this page, and may see that in the United Kingdom the amount paid under the head he describes amounts to near six millions.

Mr. THOROLD ROGERS : I beg to thank my Right Hon. friend for the information. It is a little unfortunate that Parliamentary papers are not drawn up in a manner which enables one to make immediate and conclusive use of them. I have been looking through these papers, as I said, the whole afternoon, in hope of getting the information which would enable me to state what has been the course of events for the last fifteen years, and nothing can be conceived more hopelessly puzzling and confusing than the Estimates are. I am quite convinced that the criticism of Supply would be infinitely easier, if the process under which the Estimates are presented was revised and amended. I hope, however, that I may be excused for having understated the charge transferred from the occupiers to the Consolidated Fund. The House will see that my Right Hon. friend has strengthened my position. Now, as the money has to be paid, for local expenditure increases in spite of these subventions, where does the money come from? Who pays it? It is quite certain that it comes out of the Income-tax.

The CHANCELLOR OF THE EXCHEQUER : It comes out of all the taxes. The persons who pay grants in aid to Local Taxation.

Mr. THOROLD ROGERS : No doubt it nominally comes out of all the taxes, because the proceeds of all taxes go to the Consolidated Fund. But I do not modify my statement. It is perfectly well known that the proceeds of these taxes are not progressive, but the reverse, as I am afraid the Chancellor of the Exchequer is already aware. The only tax which is progressive is the Income-tax, and this only, unluckily, because those who pay it are visited with an increased percentage. As a matter of fact, it is not the

custom, at any rate, it is not the wisdom or experience of gentlemen on the Treasury Bench to put on new taxes, and it has not been for the last fifteen years. The gentlemen of the Treasury Bench had a pretty rough experience last June of such attempts. They find it dangerous to them and to their stability on their seats, but they always have the remedy of screwing up Income-tax by a penny or two, in order to meet the deficiencies, whether they are due to a declining revenue, to an increased expenditure, or to the relief of opulent landowners. Now, I have no doubt that the greater part of the subventions of which I complain have been taken from those who pay Income-tax. I wonder whether Hon. members reflect on the singular severity with which the Income-tax presses on such persons as work for their living, and out of that work earn incomes between £150 and £1,000, and who cannot in any way escape from the tax-gatherer. I believe there is no class of persons in the United Kingdom who contribute more to the Exchequer, in proportion to their resources, and with such serious sacrifices to themselves and their families. Can my Right Hon. friend point out to me any source, during the last fifteen years, from which any additional revenue has been derived except from the Income-tax? I think I have shown who it is that has been forced to pay.

Who pays
local
taxation?

I now, Sir, pass to the question as to who really pays those local taxes which are put upon occupancy, that is, upon whom the ultimate incidence falls of that which the occupier is forced to contribute. The whole force of my argument depends on my proof of this part of my case. Here I can claim the authority and support of my Right Hon. friend the member for Edinburgh (Mr. Goschen), who said very truly, as indeed every man of sense must say, that the burden of a tax has a tendency to remain upon those on whom the tax is first imposed. Of course there are callings or industries in which the tax is mechanically and immediately transferred, as in the case of those who deal in excisable and duty-paying articles. Such traders could not exist unless the transference were understood. But it is

an economical law that in order to enable a person to transfer a tax, he must effect a subsequent operation with some other party, whom he is able to make ultimately the contributor of the tax, and that, of course generally, with a profit to himself on the tax which he has primarily paid. This is the reason why certain shopkeepers and tradesmen are able to impose on their customers, not only the taxes they pay on the materials of their trade, but even the large rents they pay, and the local taxation which is heaped on them; but even the Income-tax. This was curiously illustrated by the complaint of the traders against the Civil Service Stores. They came to my noble friend Lord Sherbrooke, then Mr. Lowe, and Chancellor of the Exchequer, and told him that they could not compete against the Stores because they had to pay Income-tax and the Stores had not. He was talking to me about this, and I said to him, "Of course, you see that this can only mean, that the traders make their customers pay a double Income-tax, their own and their tradesmen's; in short, they transfer their taxes to their customers by raising the price of their goods."

Now, Sir, I do not blame these tradesmen. They are simply carrying out a familiar economical law. Their action has no taint in it, for every person who has the wit to transfer a tax from himself to his neighbour must have the sympathy of every right-minded citizen, for he is educating himself in what we are told is the business of life, *i.e.* the Survival of the fittest. But with such exceptions, and they could be multiplied in number and degree, taxes have always a tendency to stay upon those upon whom they are first imposed. This is a statement which I believe no fair-minded economist would ever pretend to dispute. And as this is the case, it is quite certain that many of these taxes, even though levied locally, will remain where they are imposed, and that even where they are transferred, it requires a very vigorous effort, and very exceptional circumstances of freedom, to get rid of them. But as a matter of fact, very few occupiers are free agents from the moment they enter into their contract of occupancy. Some

members of the House will recollect that this matter was pretty fully argued in the last Parliament in relation to the Sitting tenant. An occupier in agriculture can never surrender his holding without losing from 10 to 15 per cent. of his capital. This is equally true, sometimes still more cogently true, in the case of professional men and tradesmen, and it is by the screw which this loss suggests to the landlords that they are able not only to raise their rents enormously, as I shall presently show, but impose the whole burden of local taxation on the occupier. Those members of the House who are familiar with these facts know that my statement has been confirmed as regards agriculture by such competent persons as Sir James Caird and Mr. James Howard, and I could give from my experience as a metropolitan member of some years' standing proofs of how cogent is the machinery in the case of traders. I do not find fault with those who take advantage of their opportunities. I never heard of any man who was so bad as the creed he professed, and I never have found any man who was better than the law he lives under. I find fault with the law which gives them the opportunities; and it is with only one of these opportunities that I am dealing now. I do not, for instance, dwell on the power which the settlement of estates in great towns, and the existence of opulent corporations, give to landowners to exact hard terms from their tenants. These people have neither character or conscience.

local
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the end.

Now, Sir, I shall probably be treated to the time-honoured generality that local taxes are always paid ultimately by the landlords. I hope I have shown already that this is not true, and I shall say a little more on this subject. But assuming it for the moment to be the case, if it be true that the landowner pays them all at the end, what can be the hardship of putting them entirely on the owners at the beginning. I have sometimes suggested this change to the advocates of the theory I have quoted; but I have always found them intensely reluctant to make the experiment. They are reluctant with reason, for the statement is only plausible to a landowner or his agent, and

unreal to the occupier or tenant. I have not the smallest doubt that if a thousand occupiers were asked who it was who paid local taxes, 999 would reply that the whole, or the greater part, fell on their shoulders. Now, if the landlords are right, there could be no harm in their paying a moiety as I suggest; and it is quite certain that their tenants, however wrong their theories might be, would be very glad of the temporary, and as I believe, of the permanent relief. And I venture upon urging that it would be very expedient to do so at the present time. Very awkward opinions are gaining ground, opinions which I deprecate as unsound, unfair, and dangerous; but if the contention of the landlords is correct, that local taxation presses upon them, they cannot possibly lose by my proposal, because they simply have to put into operation the process of transferring that which they have paid to the tenant immediately, after they have paid that which they have to pay in the end, according to their own assertion. At any rate, I am pretty certain that the adoption of the provision which I have proposed will be a great concession to popular sentiment, which is entirely on my side of the argument now, and must be a very useful means for stifling popular discontent.

The opinion, Sir, that a landlord pays the tax in the end, is merely derived from the facts of a single transaction, and that only at the instant of its completion. When a farmer takes a farm he always calculates or discovers its average outgoings in local taxation, and now, at least, whatever he did in past times, he deducts these outgoings from the rent he offers. But as I have already said, the freedom of his action ceases with the beginning of his occupancy. In the case of other occupiers, who are constrained by the exigencies of business to reside within defined localities, the freedom of choice hardly exists at the beginning of the contract, as every trader or merchant who occupies premises would tell you. In the case of the poor in great towns there is even less freedom still. Everybody knows how enormous is the proportion of their rent to their income. I have housed, in connection with the company

of which I am a director, many thousands of London artisans and their families in model dwellings, and I am glad that I have been able to give my time and attention to this work. I could have housed them at thirty per cent. less if the local taxation which enhances their rent, and which I think they pay, had been put on the persons whose land has profited by their presence.

The taxation of personal property for local purposes.

Now, Sir, I do not mean to say that our system of local taxation is fair. As an occupier, I should have no objection to adopt the American system and to have my chattels taxed. You must not, indeed, tax stock-in-trade, as was attempted between 1790 and 1800. Lord Mansfield, a wise judge, always refused to accept the contention of those who alleged that personal property, that is, manufacturing stock, was taxable under the statute of Elizabeth. Lord Kenyon, a foolish judge, permitted the taxation of this property, with the result, as you may see in the report of 1834, of ruining the West of England cloth trade, of giving a bounty to the better placed Yorkshire industry, and of impoverishing the midland and southern counties. I am sorry to say that I am old enough to remember the comments on this process, and the ruin that followed it in my own district of England. But if you are going to tax chattels, my books and chairs, etc., you cannot allow great houses, splendid pictures, and vast libraries, to altogether escape this taxation. You must levy these taxes on Chatsworth, Blenheim, Althorpe, and a thousand other ostentatious and splendid personalities. I do not know what price the founder of the House of Churchill gave for the Raphael for which we paid £75,000, probably not more than £750, even if he paid that. Now, why should these, and a million other pictures escape taxation, if you are to charge personal property with local taxation, as the landowners always claim we should? I doubt very much whether they would be glad to acquiesce in that which they demand.

Much Local Taxation a beneficial outlay on land.

Now, Sir, what are the great local burdens, as they are called, in country places? The principal charges are those for the maintenance of the poor and the repair of highways. Now, I contend that these are both beneficial outlays. The

poor rate in the country, as every economist will allow, is an insurance against the inevitable certainty of destitution—a certainty which has been heightened by the eviction of the peasant from the soil, a certainty which will become a remote risk when he is restored to it, as I hope this Parliament will restore him. If this insurance fund were not paid his wages would inevitably rise. I know that I contribute, and have for many years, not only to the pauperism which I do not create, but aid the miserable wages which farmers pay by the wages of my domestic servants, for their relations, mainly peasants, know pretty clearly when quarter day comes to them, and have generally paid them a visit shortly after that event. My experience is that of thousands.

And, with regard to roads, the beneficial outlay is even more obvious. Without roads, land is only of prairie value. The cost of creating and maintaining these roads is absolutely necessary to the landlord for the enjoyment of his property or his rent. I live in a town, and I pay for the roads which give value to the ground landlord's property. I ought not to do it, but I do not grudge it. I do, however, grudge paying out of my income-tax to the roads which are necessary for my opulent and meritorious neighbours, the country gentlemen. I hope my Right Hon. friend the Secretary for the Treasury (Mr. Henry Fowler) will not consider me inconsistent. I voted the other day for paying the charges of the Chester and Holyhead Road out of the Consolidated Fund. The road was made for strictly Imperial purposes, for the maintenance of law and order in Ireland, or, as hon. gentlemen opposite might say, for its coercion. That road, therefore, like the highway to the North, was a matter of national importance, ought to be maintained by the nation, and ought not to be paid by the inhabitants of those poor and barren counties through which it passes. I admit a public duty; I deprecate the affectation of public spirit in a direction which would be unjust economy. I hope, Sir, that I have now made out a good case for the division of local taxation between the owner and the occupier, and have supported the contention of the

Committee of 1870, that landowners ought in equity to bear at least a moiety of these charges.

The argu-
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against dis-
turbing
existing
contracts.

Now, Sir, I shall be told that what I have proposed will disturb existing arrangements—perhaps that freedom of contract which some well-to-do people believe to be the centre of the Constitution, but which those who struggle for their living look upon with very different feelings. I shall be told that it is an ancient custom for the occupier to pay the rates, as it is a modern theory that the landlord pays them. I shall be instructed that it is an indelible part of the Constitution, or the latest phrase, “a fundamental law.” Sir, these phrases remind me of a story of my youth. An early friend of mine, the late Dr. Buckland, geologist, and Dean of Westminster, was being shown over an ancient cathedral. The verger pointed out to him a spot which was indelibly marked with the blood of a mediæval saint and martyr. The mark was washed out from time to time, but the sanguine stain always reappeared. Now, Dr. Buckland was a naturalist of an inquiring, not to say sceptical, mind. He determined to inquire. He wetted his finger, stooped down, rubbed the mark, applied his finger to his tongue, and replied conclusively, “Bat’s dung!” (Loud laughter.) Now, Sir, there is a deal of “bat’s dung” in the British Constitution, and for my part, having discovered by some study the cause of many of these indelible stains, I am quite prepared, with the assistance of my friends here, to get up to the roof and dislodge the bats.

The assess-
ment of
country
mansions.

I now proceed to what is practically the second clause of my motion—I mean the low values for rating purposes at which country mansions are assessed. The House must be perfectly well aware of the soreness and discontent which the present system excites. Men who live in towns, and carry on business there, complain that their premises are assessed at amounts which are in excess of the rate imposed on huge country mansions and vast parks. Now, we know well how these assessments are settled. The valuation is fixed by the Justices in Quarter Sessions—that is, by the inhabitants of these mansions—and in accordance with the provisions of 5 and 6 Will. IV. Now, I am far from saying

that these mansions ought to be rated at their full building value, and I am far from finding fault with the Justices for rating them, in accordance with the terms of the Act, on a hypothetical letting value. In point of fact, if the Quarter Sessions interpreted the clause strictly, it would justify the Justices in putting a still lower nominal assessment. I do not think that they would break the law if in many cases they put no value on them whatever, for many of them could hardly be let to any persons at all. But the practice of England is not the practice of other countries. In the United States local taxation visits all house property with an assessment on its building value. They do not give owners such advantages as they get in England, for they tax empty houses on the ground that the State ought not to assist or excuse a man when he keeps his goods out of the market. Now, though I admit that these assessments are in accordance with the existing law, I think it is high time that the law should be materially modified. It is policy to do so, for I venture on again reminding the House that there is an awkward spirit in the air. There are thousands of persons who argue thus: "I, with my wife and family, live in one room, for which I have to pay 3s. 6d. or 4s. a-week. I pay it with difficulty, all the more because the rates are so heavy, and which I know come upon me in the rent, and which I am forced to pay. And I know that Lord So-and-so, and others like him, have houses with 150 rooms, and large grounds about the house, for which they are rated at next to nothing." It is a bad thing that this sort of spirit should get abroad, and that these comments should be justly made. They who profit by the present system and escape liabilities would do well not to accentuate the distinction between the poor and the rich by any feeling that gross injustice exists. I desire to raise no prejudice against the opulent. I have always, to the best of my powers, attacked the theories of Socialism; but unless something is done, and that speedily, in the direction of my motion, there will be a growing and dangerous feeling of grudge and dissatisfaction at the escape of wealthy men from local contributions. It has always been held to be a sound principle of finance to

tax luxuries when you can get at them. And if a person thinks proper to have half-a-dozen fine houses, when he lives only in one, he ought to be equitably assessed on the whole.

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The last part of my motion refers to the estate of the ground landlord. The House will remember that latterly there has been a debate upon ground-rents, and at first I thought that as the matter had been already discussed I had better not press this clause; but I determined to retain it, because I shall treat it in a totally different way from that in which it was handled in the late debate. I have no special grudge against ground-rents. I see no more reason for specially taxing the lucky purchaser of land than for taxing exceptionally the gains of a successful lawyer or physician. All these are various forms of fertility in the economical sense, and all of them have an equal right to be protected against rapine. I am no believer in the doctrine that the State should appropriate the unearned increment, and that for reasons which I will not trouble the House with, though I have over and over again stated them in print.

What I do complain of is, that the property of the ground landlord is constantly being swollen in value by the contributions of the tenant under our system of local taxation. Let me illustrate my position by my own experience. I live in a city seven-tenths of the building land of which at least is the property of Corporations. The inhabitants of the city were very properly restrained from polluting the Thames with sewage, and works had to be undertaken at the cost of some £150,000, with a view of putting a final stop to the nuisance. But the whole cost of paying the interest and extinguishing the principal is put upon the occupiers, who are thus engaged in improving the estate of the ground landlord at their own expense, and of course, in time to come, to their own detriment, as they may have to pay an enhanced rent on the improved estate. But when you come to the metropolis the burden is still more unfair and crushing. London occupiers are engaged in improving the estates of the ground landlords, and paying increased rents upon their own unexhausted improvements at a rate

which, if it were exhibited in Ireland, would make the hair of Irish members stand on end and very effectually loosen their tongues. I find from the latest reports that the whole amount of local debts for local improvements, and for the most part on unproductive expenditure, is no less, in England and Wales, than £159,000,000. The whole of this, interest and principal—for most of it has been raised in a terminable stock—is liquidated by the occupier; that is, he is engaged in England to the extent of £159,000,000 in making valuable estates, the whole value of which, by the way, his presence has created still more valuable. This is particularly the case with the great settled estates, many of which came into the hands of the ancestors of their present owners by Heaven knows what means. I will take an example: the Covent Garden estate was originally the home-farm of Westminster Abbey. It was squeezed out of that corporation by the founder of the house of Bedford, who was a favourite of Henry VIII. Now, in the course of my researches I have come across a lease of this estate granted by the Earl of Bedford in the reign of Elizabeth. The whole estate was, I believe, about 300 acres, and it was let for a term of thirty years for about £40 per annum. I do not quite know what it is let for now, but I am pretty sure that it is a multiple of six figures. Now, this estate has been improved by the tenants without the Duke having been called upon to lay out a single shilling upon it, and everything which is necessary in order to make the estate possess any market value whatever is constantly being paid by the occupier. This is what people see is grossly unfair; it is what they resent. And it is what, at an early date, the Legislature will, I trust, thoroughly remedy. What, I should like to ask, is necessary towards making a locality habitable? Roads must be made and repaired; water must be supplied; and sewage must be carried off. If justice were done I contend that the highway rate, the water rate, and the sewage rate should be paid by the ground landlord, and that they should be deducted from the stipulated rent just in the same way as income-tax is. They would then be paid by the landlord, for I suppose that the landowner would hardly

contend that he makes his tenant pay the income-tax, as he is accustomed to say his tenant would have to pay an enhanced rent if he, the landlord, paid any part of the local taxation.

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tion.

I cannot help thinking that this question ought not only to be debated but decided. The early solution of it appears to be imperatively necessary. There is a great deal of discontent abroad. People come to me from poor districts, and from rich ones too, complaining of the ever-increasing rates which they have to pay on property which has been enhanced in value by the previous outlay of occupiers. And, as the House knows, this ever-growing assessment affects every form of local taxation and service. The present burden of rates is such, and its incidence is so obviously unfair, that public bodies do not dare to undertake many useful and even necessary works because they dread the indignation of the occupiers at the increased rate which would be involved in the operation. I will illustrate what I mean. The House is aware that the Royal Commission on the state of the Thames condemned the sewage outfalls at Barking Creek and Crossness, and called on the Metropolitan Board of Works to purify the Thames. The Board of Works prepared a scheme for carrying the sewage down from these two points to Canvey Island, where there was ample space for desiccating the sewage so completely as to send out nothing but pure water into the Thames. Why has it not been done? The scheme would have cost £4,000,000, and the Board of Works hardly dared to put this charge on the ratepayers, who would be compelled, under the existing law, to meet the whole expense, principal and interest. Now, I submit that a very considerable part of the expense to be incurred in carrying out these permanent works should be borne by the ground landlords, in proportion to the extent and value of their estates—seeing that they reap the benefit of these improvements.

This, Sir, is my contention. I have not stated the case as fully as it might be stated. I hope I have dealt with it temperately. Some alteration of the law, in respect of the matters I have referred to, is, I am convinced, imperatively

necessary. It is wise and politic to palliate or remove that galling sense of injustice which the public feel so keenly when they see and know that they are improving the estates of their neighbours out of their own hard-earned incomes. The struggle of life is hard enough now, and discontent at unmerited wrongs may grow into a danger. At any rate, it is high time that this most important subject of local taxation, and particularly of its incidence and distribution, should not only be considered by Parliament but dealt with. I have trespassed long enough on the patience of the House, and shall conclude by moving the resolution of which I have given notice, and of which, I may add, I gave notice in the late Parliament.

The following was the motion :—

“That the present system under which, in England and Wales, the first Incidence of Local Taxation (with some slight exceptions) falls on the occupier and not on the owner of lands and tenements, is unjust; that such owners ought in equity to bear at least a moiety of these charges; that the system under which country mansions are rated is unfair; and that the owners of ground rents in towns are liable to no part of those charges, the outlay of which is essential in order that the property may possess any marketable value whatever.”

Sir RICHARD PAGET moved the following amendment :—

“That, while the apportionment of the payment of Rates between landlord and tenant may be desirable, as part of a complete scheme for remedying the admitted inequalities of the Incidence of Local Taxation, this House is of opinion that the financial injustice complained of can only be removed by a comprehensive measure, and that an equitable readjustment of taxation as between real and personal property, is urgently required.”

On a division, Sir R. Paget's amendment was negatived by 207—188, including tellers. And on the main question being put, it was affirmed by 218—178, including tellers.

The division was a strictly party one. It is noteworthy that all the Metropolitan Tories who were present voted against the resolution.

