

ACCORDING to the ancient Mosaic law, land had to be redistributed every Jubilee. Titles were cancelled and land reappportioned among the families of Israel. This prevented accumulation by a minority and the creation of poverty.

The Labour Government has tried a modern version of the Mosaic law. Last year—while Britain was celebrating the Queen's Jubilee—civil servants implemented the Community Land Act, which aims to take land needed for development into public ownership.

Local authorities in England and Wales acquired 1,980 acres in 1976/7, at a cost of £13.9m. But according to an enquiry by the Royal Institute of Chartered Surveyors: "Responses from members of the Association of Local Authority Valuers and Estate Surveyors indicate that there has been no increase in the rate of acquisition, and in many cases they state the acquisition figures are less than for 1975/6." I.e., there has been no advance on existing powers to take land into public ownership!

The RICS announced their findings in *The Land problem reviewed*. The Act "has in practice tended to discourage development," they say—a conclusion which Government ministers are reluctant to accept.

What of the Development Land Tax (DLT)? According to Treasury spokesman Denzil Davies, the annual cost of collecting the tax is £1.6m., and the yield in 1977/8 was £7.2m.

The RICS found that the 80% rate of tax was too high. It was a disincentive to land being brought forward for development. The surveyors believed that the tax should be no more than 60%, and they emphatically state: "If the Community Land Act were to be amended or repealed as we have suggested, and the rate of DLT reduced, it would stimulate development of all kinds, particularly housing."

The economic costs—in terms of wealth and jobs foregone—of these two pieces of socialist legislation were entirely predictable on

---

# The Jubilee lesson for Labour....

BY T. O. EVANS

---

grounds of both theory and historical experience. It only takes superficial reasoning to appreciate that landowners would *and could* sit tight and wait for a Tory Government to reverse the situation: meanwhile, the level of economic growth is curtailed. . . .

THE LABOUR Party, however, having abandoned its original commitment to an *ad valorem* tax on land values, has since 1947 floundered around with all kinds of crack-pot solutions to "the land problem."

Labour's NEC, far from being deterred by the experiences of the 1960s (the debacle of the Land Commission) and their current efforts, are angry that reduced public spending resulted in a cut-back in cash available for buying land (just over £60m. for the current financial year). In *The Community Land Scheme* the NEC says that North Sea oil revenues should be used to acquire development land.

The RICS alternatives, however, are also seriously defective.

Why should landowners be more willing to develop or sell land just because the tax had been reduced to 60% or 50%? Unless they are under pressure (which is only possible, generally speaking, if there is a uniform annual tax on the value of *all* land), they can hold land off the market until it suits them to sell.

The RICS claim that landowners are entitled to keep part of the development value of land. Why? Because they often devise projects which precipitate community action (e.g., the provision of roads) or decisions (the grant of planning permission). So: "His skill, enterprise and risk deserve to be rewarded."

But the developer is rewarded by interest on his capital improvements. And he can draw a wage—like the rest of us—for his entrepreneurial efforts. Why, then, need he retain any part of the value accruing to land as a result of investments or decisions taken by the community?

Nor is it true that "if the community takes, by tax or otherwise, virtually the whole of any betterment gain, it must remove all incentive for the landowners to offer land for development." A tax levied annually on the market value of all land would soon compel owners to develop or pass on their holdings!

In relation to DLT, the RICS recommends that there ought to be "adequate allowance for the cost to a landowner/developer of holding land." A developer who does not make use of land after a certain limited period ought to pass it on to someone who can use it; after that period, he should be penalised—not compensated—for holding a scarce resource idle. Why should the tax system reinforce the existing power to hang on to land to satisfy monopolists?

The RICS report is a useful critique of the new land laws. The Government ought to take note. The surveyors' alternative proposals, however, need to be treated with caution.

## FORTHCOMING in Land & Liberty

### The Confession of a Land Speculator

*John Peacock bought a piece of land in Scotland during the height of the last land boom. He believed the "get-rich-quick" sales talk of an estate agent. He tells what happened in—*