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F. HARRISON



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THE LABOUR Government has been converted to the need for action to deal with the decaying inner areas of Britain's cities. Plans to spend hundreds of millions of pounds to renew the physical environment and restore community life to the dead hearts of cities are being developed.

The politicians are sincere in their motives. Belatedly, they recognise that something needs to be done to restore health to the centres of our urban civilisation, based on the realisation that when the main organs seize up, the body dies. . . .

Yet the policies selected to deal with the problem are designed to deepen the problem and reinforce the socio-economic structure which has brought about the present decay.

TAKE, for example, the proposal to spend over £200m. of taxpayers' money. The need for public sector involvement is deemed to be unavoidable because the free market has failed: witness the accumulated neglect of two centuries of industrial society.

And so 43 districts have been pin-pointed for special attention. One of the key indicators of these special areas is the amount of idle, derelict land within them.¹ The exploitative misuse of land, and the consequent sub-optimal performance of the economy and of the living environment, is a fact beyond doubt, the result of wilful abuse and neglect. This behaviour has been in the financial interest of landowners. For the absence of a fiscal penalty has removed the costs of maintaining the quality and use of land, and the potential for large speculative gains has encouraged owners to leave land idle while waiting for the opportune moment to sell.

The Inner Urban Areas Act will reinforce historical trends. For the money to be spent by the Government and councils will ultimately end up in the pockets of landowners. The Act will enable councils to make loans, free of interest for up to two years, to assist the development of inner city sites. And as the editors of a publication which tips off the property owners put it:

Inner city plans threaten major backlash

ANALYSIS BY FRED HARRISON

"Don't expect much, or indeed any, of this Government money to come directly to you. But it could reach you indirectly, if you have sites or premises in deprived inner city areas that are suitable for what the Department of the Environment calls 'the Urban Programme'."²

THUS, new buildings may rise in the place of rubbish dumps, but will rents be realistic enough to attract tenants? The Government thinks it has taken care of this problem, too.

In his Budget broadcast on April 11 the Chancellor of the Exchequer, Denis Healey, declared that "We think that small businesses can make a special contribution because they can provide jobs faster than the big corporations—and they've always been a seedbed for new techniques and new ideas."

To encourage small firms, the Act empowers councils to make grants to prospective tenants towards the rents they would have to pay. Thus, landlords will be able to keep rents at speculatively high rates, and still attract tenants. But what happens when the subsidies run out? As the editors of *The Property Letter* observe laconically: "... the message is that things seem to be looking up as far as prospects for investing in industrial property are concerned."³

Designated industrial improvement areas (IIAs) will provide a bonanza for the people who in the past have systematically wasted land and consequently retarded the symbiotic development of cities. The IIA, then, "is going to have

major potential as a source of opportunities for small investors and developers to acquire a stake in industrial property in the inner city areas."⁴

The thrust of this strategy, allied with a rating system which encourages the retention of land in an idle state—a system which the Government wants to encourage (see p. 55)—will perpetuate the misuse of land and exploitation of the community.

The value of the land on which public money is spent will rise, along with that of neighbouring land. (Within the GLC area, for example, 100% grants will be payable for derelict land clearance.) The money will go into the pockets of landowners, instead of being taxed back into the public coffers. And the tax system will continue to penalise those who want to spend money on capital improvements (on which taxes and rates have to be paid).

BUT IT would be a mistake to assume that only private landowners are culpable. Public authorities must assume a growing responsibility for the present state of urban decay.

In major cities like Liverpool and Birmingham the councils have—in an almost mindless fashion—acquired the ownership of a large proportion of inner city land on which they continue to sit, unable to develop it for lack of ideas and/or money.

The presence of local authorities as "buyers of last resort" has encouraged landowners—private in-

dividuals and statutory bodies—to hold out for speculatively high prices for their land. "Public purchase is setting a floor to prices in such cases, and this is self-sustaining because the transactions themselves become recorded and used in subsequent valuations."⁵

So firms wanting to provide industrial or housing amenities in the cities are deterred; and bearing in mind the costs of treating much of the derelict land before it can be used, it becomes cheaper to buy green fields for development: so the cities sprawl. . . .

The Government, in its White Paper on the inner cities,⁶ recognised that the presence of 250,000 acres of vacant land is a serious problem. The waste on this scale amounts to a scandal. Timothy Cantell, a consultant planner to the Civic Trust, estimates that about 25m. tons of potatoes or 4m. tons of carrots could be grown on idle urban land.⁷ (The waiting list for allotments is now over 100,000 long.)

Yet the Government is not intending to force local authorities to release this vacant land. In April, Anthony Steen MP, sought to bring in an Inner City (Disposal of Vacant Public Land) Bill which would compel public owners to end their hoarding. But under questioning in the Commons, Environment Minister Peter Shore said that he would not compel local authorities to publish their holdings in a register, let alone *force* them to release the land. The most he is willing to do is *request* public owners to bring their land into use.⁸

The Government's overall strategy is in practise designed to deter the effective use of land. The Development Land Tax is encouraging owners to hold onto land⁹ both because it does not pay them to sell, and because they can painlessly sit out the lifetime of the Labour Government until the Tories take power and come to their rescue.

Nor does the Community Land Act hold out hope. For as Cambridge land economist Jeffery Switzer recently declared: "I am not convinced that local authorities necessarily behave any better than other developers, when they

◆Cont. on page 63

PONTIUS PILATE was not the first nor the last of many to find himself unable to define truth; and an even greater number of eminent people have found it just as difficult, if not impossible, to define fairness, especially in rent. If you are a landowner you will think it fair to collect the maximum in rent for your land regardless of what you paid for it and whether or not your tenant thinks as you do. If you build a house and let it, you will consider a rent something like a point or two above the bank minimum lending rate a fair interest on your capital expenditure, while if you are a Marxist you will probably say that no rent at all can be fair.

Dr. Piers Beirne of the University of Connecticut spells out this dilemma insofar as it affects the many and varied attempts to solve the housing problem in *Fair Rent and Legal Fiction** (Macmillan £3.95). His first part is called The Sociology of Law which is a philosophical discussion about sociologists and lawyers and their differing bases for reform arising out of the peculiar language used by each and not fully understood by the other.

There were three million slums in the UK in 1914. In spite of the large increase in council housing and private building since then, the same number of slums existed just prior to the Housing Finance Act 1972, the main purpose of which was to embrace council house units in the "fair rent" scheme.

It seems that the housing problem arises from two main causes. First, as Dr. Beirne points out, "Under a feudal mode of production prosperity and sovereignty were one; both ensured dominion over persons and things. The history of the large estates and of peasant holdings was to be the gradual transition from a mode of production based on service (and security—my parenthesis) to one based on land and house rent (and freedom with insecurity—my parenthesis again)." Second, with the Industrial Revolution came the exploitation of labour, overcrowding, insanitary conditions, and in short the housing problem.

Rent control was first introduced in 1915 and numerous other Acts have followed it, among them

BOB MILLER

FAIR RENTS AS AN ILLUSION



several whose main object was to establish fair rents. As a result of all this legislation, landlords have not been abolished; they have merely changed their form. In place of the fast disappearing breed of private landlords we now have an increasing army of property companies largely financed by banks and insurance companies who are the lessors of 99-year leases. The majority of people left seeking a home have but two choices: to buy a freehold house of their own or apply for a council flat. More and more find that the former is quite out of the question because of the ever rising cost of land, and the latter becomes more and more difficult as local authorities are hit by rising land prices and hamstrung by government restrictions on their finances.

As to fair rent, how can it ever really be established? The mere fact that either landlord or tenant has to apply to an arbitrator—the rent officer—to determine the "fair rent" indicates that he is not satisfied with it; and even when the rent officer has established the fair rent, this may not please either of them. So how do we solve the problem without discouraging private building for letting to the point of extinction, or lifting all controls and allowing rampant land prices to destroy for ever the last chance of the next generation of young couples to obtain a house of their own? Dr. Beirne does not tell us. His book is an excel-

lent exposition of sociological and legal problems but it points no way out of the dilemma. His only reference to Henry George states: "The Labour Party approach had been christened with Henry George's *Progress and Poverty* in 1871 (*sic*) where George had tried to show that the laws of the universe do not deny the natural aspirations of the human heart; he urged that land be given to communal ownership." But he does not go on to say how. It seems a pity that Marx gets so much more attention and is quoted so often—not necessarily that Dr. Beirne agrees with him, of course—but I suppose this has to be since so many people today still believe him to have been the one and only economic genius of the nineteenth century. It is high time his contemporary Henry George had a fair share of the spotlight and his theories of land tenure and taxation got a fair hearing!

INNER CITIES

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find that there is a profit to be made from land speculation."¹⁰

For a permanent solution to the crying problem of our dying inner cities a completely new strategy will eventually have to be formulated.

1. *Hansard*, 13.6.78.
2. *The Property Letter*, No. 271, Feb. 1978, p. 16.
3. No. 274, May 1978, p. 12.
4. *Ibid.*, p. 9.
5. G. Smart and R. Nabarro, 'Land values and the inner city,' *The Planner*, May 1978.
6. *Policy for The Inner Cities*, Cmnd. 6845, HMSO.
7. *The Times*, 21.6.78.
8. *Ibid.*, 11.5.78.
9. See, e.g., 'Development Land Tax,' RICS, 1978.
10. J. Switzer, 'Planning and ethics,' RTPI annual conference, May 1978.