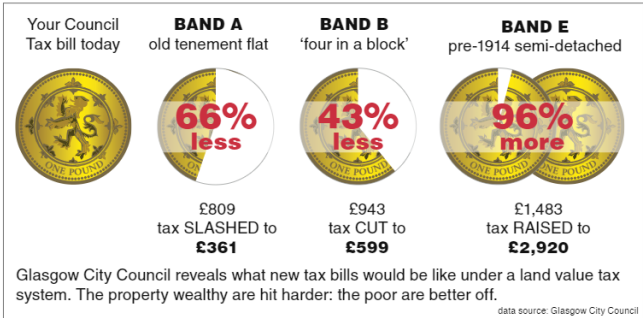


Glasgow goes for land tax



Glasgow, Scotland's biggest city—"the second city of the Empire"—wants to replace the unpopular local Council Tax with a tax based on land values.

The radical proposal was agreed by Glasgow City Council on the 25th of June, and "the idea could become the blueprint for Scotland's future local taxation" says the *Scotsman*.

"Councillors from all parties except the SNP backed the idea to create a fairer property tax based on up-to-date values", according to the paper. "The proposal would draw in elements of the land value tax put forward by the Greens, who played an important role on the city council's working group."

The decision came with publication of a Council report by its Local Taxation Working Group (an initiative trailed in *L&L* winter 2008/9). The report looks at alternative systems for raising local revenue, and assesses options using the criteria of fairness, efficiency, predictability and local democratic accountability. Scorecards gave land value taxation equal top ranking, with fifteen points out of twenty. The tax was seen to fall down on questions of predictability and local accountability.

It is understood that councillors accepted the report's recommendation of a "long term move to a local property tax / land value tax hybrid tax" and that the Council should "start planning for replacement of council tax with a local property tax, incorporating powers to introduce gradually land value tax elements".

The report also states that simple (ie. non-hybrid) LVT should itself "not be discounted as an option for local taxation reform: it potentially holds many benefits and addresses many existing concerns with the council tax. Whilst there are a number of concerns with LVT, these often arise from the ambiguous and unfamiliar nature of the tax, coupled with the absence of UK empirical evidence and practical understanding."

Carriers no pigeons

"The byzantine system of managing landing slots needs reform", according to the Financial Times—and "the logical solution would be to auction off slots in the manner of airwave spectrum and other naturally limited resources." *L&L* and campaigners have been advocating this approach for some time.

Like all of us, airlines are having a hard time in the current crisis. With a view to easing their problems—according to the FT—Antonio Tajani, the European Union transport commissioner, wants to suspend the requirement that airlines use their landing slots at least eighty per cent of the time. Slots are allocated on the basis of 'grandfather rights'. Tajani's proposal would loosen further the duties on airlines to be responsible in their use of scarce public resources.

The FT argues that Tajani's ideas are wrong-headed. What's needed instead, they say, is more competition. "The grandfathered slots hide huge subsidies" the newspaper points out—"evident from trading prices such as the \$209m paid by Continental for four Heathrow slots".

Deloitte recently valued BA's Heathrow slots at £2bn. Reformers have calculated that the total value of Heathrow's slots is in the order of value of Scotland's 1.5m acres of prime agricultural land. Until now these air assets have been left off balance sheet—but, in these economic hard times, carriers would love to augment their asset base with their landing slots.

The Commission's Single European Sky (II) package sets out "the future of European aviation". But the plan does not seriously engage with the thorny issue of landing slot allocation—nor even raise the fiscal and asset aspects. Commentators argue that the Commission is failing to get to grips with a practical problem that will only get worse: some—*L&L* included—argue there is a fundamental point of principle at stake here—as well as a lot of money and public value.

As the FT writes: "A proper overhaul of EU policy would get rid of the old carriers' vestigial privileges altogether".

Belgian overhaul

Bernard Clerfayt, State Secretary to the Minister of Finance, and the mayor of Schaerbeek, is calling for the overhaul of the property tax in the Brussels Region. Cadastral income ('revenu cadastral') is used in Schaerbeek to calculate the property tax. Clerfayt has called for this income to be considered in two parts—an 'rc land' and an 'rc building'—proposing, according to *L'Echo*, a "land value tax". There is no question of increasing the estate tax, he told the newspaper, he simply wanted more tax on the ground value and less on the brick.

The UK housing market

Just as the arrival of the global financial crisis and housing crash found the experts lost in confusion, so, two years later, nothing's changed. Are we seeing the 'green shoots of recovery', or the so-called 'winner's curse'? Are we at a new beginning, with the worst behind us, or in the lull before the storm? The indicators are raising optimism. But the experts' lack of a realistic economic framework within which they can understand what is happening renders their observations unreliable and their advice dubious. So—time to get on the housing carousel and do it all again?—see you at the bottom in 2027? Or time for the experts to learn the key importance of the third dimension—land and natural resources—in the philosophy, science and practice of economics?

Can I look yet? The worst may be over for the UK housing market according to *www.INTRODUCERUK.COM*, the finance industry networking community. They report that average asking prices have risen for the third consecutive month. "The worst of the recession may be past", they think, but still expect "no recovery until spring 2010". The outlook is shared by the CBI: "The UK recession is expected to moderate in the second half of 2009".

Affordability does worst is over The worst is over for first time buyers UK housing market. The National Society publishes a 'First Time Buyer Affordability' index which measures the percentage of take-home pay required to buy a house. The big picture may be bleak, but the national economy, it seems, is at least with silver lining.

Some experts say back on the ladder The housing market is reportedly seen a stream of new mortgage credit. Leading mortgage lender, *LOOK4APROPERTY.COM*, reports that in the month on month in new problem we are now facing, says founder Aaron Turner, "rental market went into the rental market failed to sell—but we are in the time to switch back to the housing market by lower prices and the mortgage credit. Leading mortgage lender, *LOOK4APROPERTY.COM*, reports that in the month on month in new problem we are now facing, says founder Aaron Turner, "rental market went into the rental market failed to sell—but we are in the time to switch back to the housing market by lower prices and the mortgage credit."



'Safe as houses'—a caption you see less often, these days