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## THE GOVERNMENT'S WORST EXPLOIT

FOLLOWING the passage into law of the Town and Country Planning Bill, the Government contemplates legislation to spread the burden of local taxation more uniformly over the country. The taxpayer is to come to the aid of the ratepayer by means of increased subventions from the Treasury to the local authorities, but without any precaution against the increase in rents which will result. Two other forms of this spurious relief are heralded. The new National Health Act will take over, at the cost of the taxpayers, the upkeep of hospital services and thus relieve burdens which the ratepayers have heretofore borne; and an ingenious Chancellor of the Exchequer applies his cheap money policy to force down the rate of interest on municipal loans, allowing inflation to perform the trick of apparently helping the local authorities out of their financial difficulties. Meanwhile, the Minister of Health, by his Housing Acts, provides the housing subsidies which are graded to meet the price of sites. The higher cost of land, the greater the subsidy, and capitalising those gifts to the land monopoly there is added to the National debt anything from £600 to £1,200 or more for every house or flat built under these schemes.

Another Minister, he that has charge of agriculture, administers Acts which confer special privilege upon landholders, endorsing the vicious tax-exemptions of Tory policy; and by new forms of protection and endowment, by rigged markets and rigged prices, sacrificing consumers to the farming interests. The wealth so stolen and transferred, a continuous day-to-day process and now "guaranteed" as a long-term Tory-Socialist policy, is crystallised in rent. The landholders sit pretty on their boosted land values paying not a penny in local taxation, and now our Socialist Government promises them that when any of their land is acquired for public purposes, the people, the taxpayers, shall be compelled to pay the full market value, which the false and wicked policies have so enormously enhanced. The individual aspirant to the use of land, the man who would seek independence and alternative employment in that field (by which alone the general rate of wages can be raised) is at the mercy of the same tribute. The door may not be barred and bolted against him, but the price of admission mortgages the fruits of his labour long years ahead and forbids any hope of the bettering of his condition.

Blindness and folly reach their pitch in the Town and Country Planning Bill. The keystone of its structure is a general prohibition forbidding any building develop-

ment or change in the use of land which has not official approval. All such enterprise is to be rigidly controlled by the planning authorities and a Central Land Board is established with power to exact a price for the permission to develop. By these means it is proposed to capture for the State that part of the value of land (*and only so much*) which represents the difference between what a person would pay for a piece of land if it were permanently condemned to its existing use, and what he would pay if he was free to develop it in the usual way. This so-called "development value," or difference in the prices of land restricted and unrestricted as to its use, becomes the property of the State. The new monopolist, the Central Land Board, holds it for sale to the would-be developer. The landowner is not dispossessed of the land. He is free to appropriate whatever price it will fetch or rent it will command at any time and in its then existing state. The Central Land Board is now the monopoliser and speculator in the "development value," holding it for sale to the would-be developer who may be the landowner himself or a person to whom he has sold the land; and the Board sells the "development value" by exaction of its "development charge." The Bill also embraces mineral-bearing land, applying to it similar provisions with regard to development.

The Bill proceeds to grant £300,000,000 of public money for sharing among those landowners who can show that their land has a "development value" which, but for the Bill, they could have cashed. Whatever the total of those claims may be proved to be (on a valuation undertaken for the purpose) whether the total is more or less, that sum of money will be apportioned, but with special priorities as will be noted and with exclusion of the "small men." The fund is destined for the bigger fry.

Consider this "something for nothing" transaction in terms of real wealth, which is the only way it should be examined. Consider it in terms of coal which this country desperately needs in its financial distress. How much would of it would £300,000,000 buy? Looked at in that way, in terms of coal or any exchangeable labour products, and in the light of the cry for increased production, working men are being urged to sweat not for the "salvation of the country," but for the advantage of those who make no contribution to the community's wealth. When working men begin to see the true meaning and the economic implications of these land trans-

actions, whether it be the continuing appropriation in the form of land rent or in rent capitalised by purchase from the landowners, we will be nearer the solution of our social problems. The Labour Government with its grandiose nationalization schemes has brought it no nearer but has rather diverted thought from the great wrong that matters, in its course meeting the landlord interests at the cross roads and compounding with them.

The Bill is full of examples of that surrender. There is the "dead ripe" land under a definition which the Tories have done their best to widen, and they have in some degree succeeded. The owners of such land will not participate in the compensation fund and they will be exempt from payment of any development charge. As land monopolists and speculators in land value they will be in precisely the same position as they ever were, providing the most extreme examples of the injustice of the present rating system. The Tory argument for widening the definition of "dead ripe" land was from their point of view perfectly rational. The greater the number of owners that could be brought within it (for direct enjoyment of the whole land value) the fewer would be the number to scramble for the £300,000,000 fund and the greater would be their share of it. In any case, the Tories said, consider the difficulty of trying to demark any land for distinctive treatment (only too true as so much past legislation has shown!) The Minister met those gentlemen by taking sides in favour of the owners of what he called "near ripe" land. Mr. Silkin said it would be the aim of the Government to give the owners of the "near ripe" land priority in the distribution of the £300,000,000 so that their share of it would be little less (or might be more) than the amount they would have to pay in development charges. Incidentally he admitted that pressure groups had been at him to bring about that arrangement. Priority in the distribution of the compensation fund will also be given to the owners of mineral-bearing land; for them also, the account balances. They and the "near ripe" line up with the "dead ripe" undisturbed in their privileges. The Bill falsely acclaimed as a "land value tax" measure, but creates a pool for division among landowners. In effect it takes nothing from them for passing on to the community. It leaves the burden of local taxation resting as heavily as ever on building and improvements. It leaves for landlord appropriation the steadily increasing value of all land now restricted in its use and the future increase in the value of land developed under its provisions.

The Bill's "development charge" can be varied at the discretion of the collecting authority, the Central Land Board, and against its decision there is no appeal. Moreover the Board can receive instructions, even secret instructions, from the Ministry, to put the charge high enough to prevent development at one spot or low enough to subsidise it at another spot, and it can thus be the instrument of Government policy at higher level. The dangers attaching to the arbitrary use of such powers may well be imagined.

Government spokesmen have contended that the charge is not a tax controllable by the rules of tax assessments. They maintain that the Central Land Board in the exercise of its functions is in the same position as any private monopolistic landowner who is negotiating with a prospective purchaser or tenant and who says—these are my terms, take them or leave them. This is a left-handed compliment to the Board, to be sure; but as to the descrip-

tion of its charge, names are no matter. It is its incidence which counts. Falling as it does only at the moment when development takes place and by the measure of that development (necessarily roping in the building by the false assumption that the value of land depends on the building it carries) the charge is a burden and penalty upon improvement as indefensible as that which the present local rating system imposes.

The would-be developer faced by the landowner exacting his price and by the Central Land Board exacting its development charge is in a cleft stick. He is not likely to go to all the trouble of applying to the Board to buy the land compulsorily and sell it to him plus the development charge—the compulsory purchase being the fatuous proposal in the Bill for dealing with obdurate or "grasping" landowners. In the House of Lords debate, the Lord Chancellor going over that ground gave examples of the speculation that will prevail, of the developer faced by the double demand, and he concluded with the brutally blunt remark that *the object of the Bill is not really that the purchaser should get the land any cheaper*. Therein is its complete condemnation.

The Chancellor of the Exchequer has repeatedly spoken of an enquiry being made into the "feasibility" as he termed it of embodying a scheme for the rating of land values in the legislation the Government will introduce relating to local government finance. He has been studiously non-committal in the matter. The enquiry he has said "is primarily the responsibility of the Minister of Health and I cannot say in advance what line he will take." Perhaps we can supply some evidence. Our Portsmouth correspondent reliably informs us of an intervention at the public meeting which Mr. Bevan addressed there on the 23rd May. After his speech, which dealt largely with the housing problem, he was asked whether he agreed that the best way to promote house-building was to derate houses and levy the rates on the value of the land; and he replied that when the Town and Country Planning Bill became an Act of Parliament, the Taxation of Land Values would cease to be a necessary measure. These were words of serious moment and for our better assurance that they were used, we wrote to the Minister receiving the reply from his secretary that "Mr. Bevan asks me to thank you for your letter of 5th June. As you surmise, this question [of land value rating] is still under review. But Mr. Bevan can say that the effect of the Town and Country Planning Bill has, in his opinion, been under-estimated in many quarters and is deserving of close study."

The reply is evasive, but the implication is there. Let the Ministers and their departments pursue the further study which is indicated. Impartially conducted it will lead them to the conclusion not only that the Taxation of Land Values with remission of repressive taxation is necessary, but that it *must* displace all the land policies the Government has been following. This involves the withdrawal of the Town and Country Planning Bill or the indefinite postponement of its "appointed day."

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"We would simply take for the community what belongs to the community, the value which attaches to the land by the presence of the community; leave sacred to the individual all that belongs to the individual; and, treating necessary monopolies as functions of the State, abolish all restrictions and prohibitions save those required for public health, safety, morals and convenience."—HENRY GEORGE, *The Condition of Labour*.