

"OF THE GREATEST POSSIBLE HUMAN AND PUBLIC INTEREST" —

Sir Keith Joseph, Parliamentary Secretary

## The PRICE and USE of LAND

"SENSATIONAL, SHOCKING, DEPRESSING" — Mr. Hugh Gaitskell, Labour Party Leader

"HIGH LAND PRICES CAUSE GREAT ANXIETY"— Mr. Henry Brooke, Minister of Housing.

*Certain limited aspects of the most important of all domestic questions were debated in the House of Commons on July 18. The Labour Opposition motion to reduce the vote of public funds to the Ministry of Housing and Local Government was defeated by 319 to 235. The Liberals supported the motion but none was called to speak.*

**MR. GAITSKELL** said that even before the war there was concern about some aspects of this problem. "The Barlow Committee was appointed largely because it was realised that the drift, at that time, of the population towards the South and South-East of England was creating tremendous problems not only of a social and economic, but also of a military character . . . The Barlow Commission reported in 1940, and one of its recommendations was that the problem of planning could not be solved unless the problems of finance were also tackled and, in particular, the problem of compensation, on the one side, and betterment, on the other. So we had the appointment, during the war, of the Uthwatt Committee and the Scott Committee, then following their Reports, much debate within the Coalition Government, and later, under the Labour Government, we had the Town and Country Planning Acts, 1947."

When the war ended there were hopes that out of the bombing there would emerge better architecture and more attractive surroundings, that something might be done to preserve the loveliness of the countryside and that "the community, at last, would reap the benefit of the increased land values resulting from its own development, and that with the help of the benefit accruing to the community in this way, the cost of compensation inevitable in any attempt to control development, would be met."

Taking stock, fifteen years later, there was on the credit side the Government action (inadequate though it was) in development areas and in bringing employment to Scotland, to North & South Wales and to the North of England; the granting of quite substantial planning powers of a negative kind to local authorities; a few individual cases of municipal postwar development; the establishment of National Parks; and the fourteen new towns built since the war. The latter were one of the great achievements of the post war period. "Socially, economically and architecturally they have been an outstanding success."

The debit side presented a most depressing picture. "First, despite the efforts that have been made to help the areas of heavy local unemployment in Scotland, Wales, and the North of England, the drift to the South of population and labour undoubtedly continues." Secondly, there was the unchecked red brick sprawl in the Midlands and the South.

"We have green belts around the cities, but the building continues on the other side stretching further and further into the countryside, a slowly mounting tide which seems never-ending. Thirdly, an appalling problem of traffic congestion has arisen in our major cities. Fourthly, the redevelopment of our cities, and the city centres in particular, is not being properly planned and carried out by local councils. It is taking place piecemeal as private developers put up this building or that building, in many cases without serious regard to what a decent, planned development should be. Indeed, for the most part the councils are helpless to stop this nowadays, because the costs of positive planning, or even of negative planning—the cost of acquisition, on the one side, and the cost of compensation for refusal of planning permission, on the other—are so enormous that the councils cannot bear them.

"Finally, there has been especially in the last year or two, a sensational and shocking rise in the price of land, as a result of which huge fortunes have been made overnight for landowners and speculators at the expense of local councils and the public generally, who have to buy land at tremendously inflated prices."

### SOME PRICES PAID

Mr. Gaitskell gave a number of instances to illustrate the recent rapid rise in the price of land, some of which have been noted in our columns earlier. Others were: at *Maidstone*, "A total of 10½ acres were sold for £47,700 on which planning permission for 35 houses had been granted, which meant that the cost of land per house was approximately £1,500; at *Coventry* an acre of land was sold for £14,250; *Walsall*, a site of 40 acres, wanted for a training college would have cost £24,000 before the 1959 Act, it cost £240,000 afterwards . . . I am told of one case where a quarter acre site of agricultural land worth £50 in the ordinary way, was sold for £40,000 when permission was given to build a petrol station on it."

*"In July, 1953, the Middlesex County Council approved the purchase of four acres at Sunbury at a cost of a little over £2,000. The council wanted that land to build a school. The owners were reluctant to sell, and, as the site was not required for early development, compulsory purchase could not be invoked. Negotiations continued, and, in October, 1955 a revised figure of £3,500 was approved, but it was not until the basis of the purchase was changed by the 1959 Act that the vendors were prepared to consider an offer. The county council has now had to pay the full market price of £24,500 for three acres."*

This was happening all over the South of England and the Midlands and to a considerable extent over the country as a whole. Was this in the Minister's mind when he put through the 1959 Act? "Did he himself feel that the 1953 Act—which, of course, was the first and, in a sense, the most damaging Act of all—which threw away the compensation and betterment provisions of the Silkin Act, would bring all this about?" The Financial Memorandum of the Town and Country Planning Bill, 1959, reported that in 1957-58 local authorities spent some £33 million on buying land and suggested that the additional "capital costs" due to Part 1 of the Bill in respect of acquisition at this rate might be of the order of £8 million a year. From talking to a number of local Councillors and officials of local councils all over the country it had been made plain to him that this was a gross underestimate of the cost to the community of what has been done.

#### WHY ONLY THE INCREASE ?

**"Private individuals, owners or speculators, or whatever they may be, need not, and should not, be given free gifts of this kind. The right hon. Gentleman may say that the Ecclesiastical Commission owns the land, or produce examples of trade unions owning land — though I do not think many of them do so — but that does not matter. That is not the point. The point is that the community should have the right to the increase in the value."**

Responsibility for the present situation rested less on Mr. Brooke than on the Prime Minister (Mr. Macmillan) who, when he was Minister of Housing and Local Government threw away the compensation and betterment provisions of the Town and Country Planning Act, 1947.

What was to be done? The Labour Party was emphatically and utterly opposed to any suggestion that the supply of land for building should be increased at the expense of the Green Belts. The Minister had made his position clear on this but did he think that he would be believed? *"Evidently many people do not believe it, because at the moment land is being bought in the green belts by speculators and prices are going up pretty fast. They are moving in."* This was not surprising considering what this and the last Government had done to put money into the pockets of private people.

*"Green Belts should be the start of the countryside, and not ditches between subtopias."* The Minister was not discouraging anybody from building on the other side of the green belts. That was utterly wrong. "The effect is clear enough; it simply means that we have people working in the towns and living on the other side of the green belts, commuting between the two, with all the problems of transport, congestion and the ruin of the countryside."

During the next ten or fifteen years, 600,000 acres would be required for housing—about 2½ per cent. of the existing rural land. That was not an impossible figure. The Minister looked to the building of more high blocks of flats in cities and towns to solve the problem. This would be expensive, many people did not wish to live in flats, and, unless flats were built fairly near the places of work the considerable transport problem would remain. But the biggest criticism was that this solution was totally inadequate—at best perhaps one-fifth of the people concerned would be rehoused.

#### MR. GAITSKELL'S "REAL SOLUTION"

The real solution stared us in the face—it was to build more new towns. One powerful argument was that even under the Minister's present legislation the land acquired for new towns could be bought at existing use value. *"Therefore, we can have an extension of public ownership without vast profits being made by speculators."*

**"Quite apart from this, some action must be taken to deal with the problem of land prices.** I admit that it is much more difficult to deal with today than it was a few years ago, and it will certainly be much more expensive to deal with whatever we do. In essence, if the land remains in private ownership there is the problem of imposing, in some form or other, a tax or charge—call it what you will—on the unearned increment or the capital profit made by the owners of that land as the development takes place, and siphoning off from them and back to the community the profits they make simply as a result of community development.

*"There are many ways of doing this.* We could have a Capital Gains Tax, which, in any case, we believe to be a just and fair tax, generally. But we could not oppose a special arrangement in regard to land. There are certain distinctions to be drawn between the ownership of a site and the ownership of shares.

*"We could introduce a revised development charge.* I am disposed to agree that the procedure laid down by the 1947 Act suffers from various weaknesses, but I do not agree that the principle of that Act was wrong. If the Minister prefers it he could have another look at the Uthwatt Report. That also proposed a periodic betterment levy on all privately owned land as its value went up. Again, the profits would be siphoned back for the benefit of the community.

"But the Uthwatt Report contained another proposal, which, to my mind, still stands out as one of the most important ever made, namely, that public ownership should be automatic as development became due. It proposed that local authorities—and I do not mind if it is the Government instead, or some other authority—should have the right to purchase land at its use value before development takes place.

**I make no bones about it; I have always regarded the case for the public ownership of urban land, or land about to be built upon, as exceptionally strong.**

### COSTLY CITY CENTRES WOULD CRIPPLE RATEPAYERS

*"If, in all our major cities, one hundred years ago, the municipalities had bought up all the land in a belt of 10 miles around, what an immense revenue they would now be receiving. What an addition the rents would be to local government finances. Why should not they have those? Why should we allow all this to go to private individuals? Certainly they can be compensated at the time but FOR THE FUTURE the community should get the rise in value."*

If city centres were to be redeveloped in a proper, harmonious and beautiful way, there must be unified ownership of the sites. The Government should encourage local authorities to buy the sites in the redevelopment areas for otherwise there was very little chance of getting adequate and proper planning carried out. Yet he was told that the Minister frequently refused local authorities permission to borrow for this purpose. It might be, as had been suggested in some quarters, that some planning co-operation should be set up to do this job. There might be advantages in following that course although he believed it was better that elected local councillors should make the plans and carry them out and develop in that way a civic pride interest which an outside body could not.

The Board of Trade would have to actively discourage congestion in all already congested areas as well as encourage employment in development areas. The time had come to establish control over the location of offices as well as of factories. Present machinery for planning must be overhauled.

## Tory Complacency

### THE MINISTER REPLIES

**MR. HENRY BROOKE, Minister of Housing and Local Government:** "It is fortunate indeed that the party whose one contribution so far to land price questions has been the development charge is not in a position now to impose on the country an equally ill-

### SIMPLE JUSTICE NEEDED — NOT UNWORKABLE FOLLY

**This letter from MR. ASHLEY MITCHELL appeared in The Guardian on July 23. The Editor noted: 'Many other readers have written to the same effect.'**

In your leading article on land prices on Wednesday you say: "It is hard to see any halting place short of returning to the Town and Country Planning Act of 1947, with its complex provisions of development charge etc."

I fear that you must have forgotten the way in which the development charge, etc., completely broke down. I remember reading a debate in the House of Lords, when Lord Llewellyn exposed the absurdity of the development charge and gave many glaring cases that showed the thing to be impracticable. It held up development and punished people when they did develop.

There is a simple way of reducing land prices and at the same time recovering the community value for the community — that is by the taxation and rating of land values, which is gradually extending in many countries all over the world, especially English-speaking countries, the latest example of practical application being Jamaica.

The Liberal Party reaffirmed its confidence in this method at the assembly, in a very definite resolution.

judged experiment. Each of the Conservative measures to wipe out the legacy of development charge—the 1953 Act, the 1954 Act, and the 1959 Act—has been thoroughly approved by public opinion. (*Laughter.*) Yes, and the 1959 Act, which the right hon. Gentleman attacked was not opposed by him or his party on Second Reading. I had thought that not even the right hon. Gentleman would say, 'Let us repeat the dose in which the last Labour Government put faith. Let us restore the development charge'. Yet today the right hon. Gentleman actually criticised the Government for getting rid of it. It was completely discredited as a remedy. (Hon. Members: "NO.") If hon. Gentlemen say 'No', let them say it to the country. Let them go round the country and say, 'The Socialist Party stands for restoring the development charge.' Let them see what will happen at by-election after by-election."

**Mr. Sydney Silverman, (Labour, Nelson and Colne):** "I appreciate the force of the Minister's challenge, but may I put a counter challenge to him? Is he prepared, on behalf of the Conservative Party, to go up and down the country saying not merely that the development charge was bad and unworkable and ought not to be replaced, but that the Government and the Conservative Party should make no effort whatever to retain or preserve for the community the land values created by the community?"

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## LAND DEBATE — Continued

**Mr. Brooke:** "The hon. Member knows that his proposition would involve legislation and it is not my doing but the choice of the Opposition, that we are having this debate on land values on the Vote when questions of future legislation would be out of order."

**Mr. Gaitskell:** "Will the right hon. Gentleman then say why he referred to the reimposition of development charge?"

**Mr. Brooke:** "I did so because the right hon. Gentleman did so. I think that he set a very bad example. The truth, of course, is that the Opposition do not know what they really want to offer as an alternative to that discredited remedy. They do not want to commit themselves. Members of the Opposition do not want to say 'Land nationalisation', because they are afraid of what the electorate would reply . . . I am sure that public ownership, municipalisation, and words like that, are an attempt to make nationalisation of the land more palatable. It would, of course, do nothing at all to bring down land prices, but would simply bring into the market another potential buyer. He would have to define how far the purchase would go, where it would stop, what land is suitable for development and redevelopment. It is not only the land allocated in plans which would have to be bought, but land suitable for development and 'white land' not yet allocated."

### THE STATE AS LANDLORD

"In other words, it would come nearer and nearer to general nationalisation, but there was no sign in the speeches that the right hon. Member has made on this subject that he has thought out these matters. It would be a colossal financial transaction. I should have thought that a Leader of the Opposition who is a former Chancellor of the Exchequer would have addressed himself to the effect of that on the economy before advocating it as a means of dealing with this very real problem."

"If the right hon. Gentleman is taking the view that it is possible for public authorities to borrow unlimited sums to buy up unlimited areas of land, I advise him that before he put that before the country he should take the measure of the effect on the monetary and economic position of the country. In any case, I doubt whether public opinion would stand for the vast bureaucratic machine that would be needed for all these miles and miles of land suitable for development and redevelopment. Indeed, I am quite sure that we would not now have so prosperous a country, if years ago, a machine like that had been created to get its grip on this land . . ."

The Uthwatt solution was rejected by the Labour Government in 1947. This was not the time to go back to Uthwatt. *"Of course, values rise in places where people would like to go to live. There is nothing strange about that. There is nothing economically unusual about that."*

*One cannot wave away the market forces."* The theoretical case for a betterment levy might be strong but it ran up against a whole series of practical questions, to which no one had yet seen practical answers. "Any kind of levy on the profits of land sold for development would have its effect in discouraging people from selling, so less and would come on the market. The commonsense remedy for high prices is to try to bring more land on the market, and that is exactly the course which the Government are pursuing. . . ."

### PROSPERITY FOR WHOM?

**"In essence, high land prices are unavoidable in a prosperous country of limited size unless one allows building everywhere. But they cause a great deal of anxiety and difficulty. That makes it all the more important to get down to bedrock and to handle the problem in the right way not the wrong way."**

Ample land was allocated for housing purposes in development plans for years ahead. "It may not necessarily be in the areas most sought after. It may not all be in the market. Some of it may be owned by people who do not want to see it developed at once; they may want to go on farming it for a time. Or it may have been bought up by builders in advance of their immediate needs. (HON. MEMBERS: "Hear, Hear.") I am sure that the Opposition, in their ignorance, believe that it would help the building industry to live from hand to mouth and never to have any land in reserve, but that really is nonsense."

There was no need for some central independent inquiry into future housing and building needs. The problem was essentially local, not national. "In most parts of the country, outside the tentacles of the big prosperous cities and other places along the coast or elsewhere that are particularly attractive to builders, there has been no unusual rise in land values. . . There is no mystery at all why land prices in certain areas have gone high. It is because we are determined to preserve green belts and not to allow any more coastline to be ruined, and

### Rating Of Site Values

From *Rating and Valuation*, July 1960.

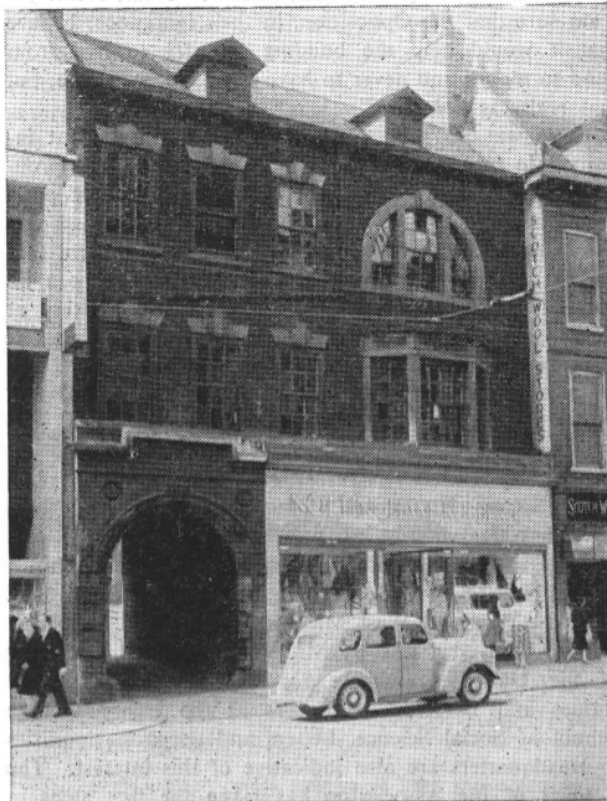
THE wider interest at present being shown in this alternative method of raising local finance is shown in the (Rating & Valuation) association's activities too. Both the East and West Midlands Rating and Valuation Groups enjoyed a talk by Mr. V. H. Blundell, Secretary of the United Committee for the Taxation of Land Values and Director of Studies at the Henry George School of Social Science. Letters and telephone inquiries to Headquarters are also indicative of this interest. The Council of the Association has taken the first steps in what may be a most constructive plan, if the necessary arrangements prove possible, to put in hand a practical inquiry into the rating of site values. If progress is possible an announcement will be made as soon as possible.



it is also because, under a Conservative Government, ordinary people are better off than they have ever been before. . .

"I advise the people who are still trying to detect loopholes or weaknesses in what I have said about the firmness of our green belt policy to give up their faithlessness, because the green belts are to stay. There is no doubt that the existence of a green belt tends to raise land prices on either side of the belt, especially on the inner or urban side. There is no intention, as the right hon. Gentleman suggested, of just repeating urban sprawl on the other side. Any development there will be under close planning control. . . .

"The very essence of a green belt is that it is a stopper. It may not all be very beautiful and it may not be all very green, but without it the town would never stop, and that is the case for preserving the circles of land around the town. Generally speaking, it is not true that values of land beyond the green belt are rising because not enough land there has been allocated to housing, so that there is an artificial scarcity. The land values have been rising because land there which was not interesting



Nottingham. The £100,000 paid in July for the Rubber Supply Co's premises at 18 Wheeler Gate represents £800 per square yard and is 150 times the rateable value of £664. Purchasers are Etams, ladies' fashion wear retailers.

to builders until lately is now becoming interesting, owing to the dwindling of the amount of undeveloped land with development potential nearer to the centre of the city. . . .

### WHY LAND WILL GET DEARER UNLESS LAND VALUES ARE TAXED

*"We must never forget, in all this very difficult problem of land prices and values, that there are 50 million of us living on a small island where we have no land at all to waste. It is true that at present only about one-tenth of the whole land surface of England and Wales is built up or used for roads or railways, or the like. But the increase in population, as well as the inescapable demands of the modern world—wider roads for more cars, more power stations, more industrial plant and more factory space per man employed—mean that before the end of the twentieth century that 10 per cent. of land which is built on may be 12 per cent. if not more. We have to plan ahead to see where that extra land can be found. We need to try to ensure that good agricultural land is kept and that, as far as possible, the land that is taken first is the land least valuable for farming. . . .*

"The supply of open land for building in Westminster and Lambeth ran out years ago. That is what I call natural unavoidable scarcity. What would be culpable would be an artificial scarcity caused by bad or out-of-date planning, or by neglect of suitable land. What the Government are doing, therefore, is not only to make sure that sufficient land is allocated for building in suitable places beyond the green belts, but also to encourage the fullest use of land within urban and suburban areas on the inner side of the green belts."

### CORRUPTION ALLEGED

Mr. Harold Davies, (Labour, Leek) interrupted the Minister's remarks on planning to say that *"in certain areas corruption is taking place. In some instances, there are previews of the maps and planning is breaking down. I know of it, but cannot prove it."* He begged the Minister to devise some kind of safeguard to prevent the corruption which, he said, is taking place in the many parts of the country.

Mr. Brooke replied that every one in central and local government would do everything in their power to exclude corruption of that kind. It was not right to make such a charge in general, vague terms in Parliament, unless the Member was prepared to support it with further evidence. All the influence of all Governmental Departments would be wholly against that kind of thing.

It was easy for Mr. Gaitskell to suggest that building new towns was a complete solution but it was more difficult to find a suitable site. "I understand that the London County Council looked at about 70 sites before settling upon Hook, a site which was, in due course,

bitterly criticised on other grounds." If a suitable site could be found, one where industry and people would go, then, depending upon the merits of the case, the Government would be prepared to consider whether the new town machinery was the right instrument for development.

### CRYSTAL BALL IS CLOUDED

Discussing the re-location of industry, Mr. Brooke said: "If one could foresee all the economic trends and developments for fifty years ahead, no doubt one could work out centrally a tidy national plan showing exactly where all the new houses ought to be rebuilt for the rest of this century. This is precisely what a country like ours, which lives by export trade, cannot do. What the Government can do in influencing regional trends is to hold back further growth of industry in the highly prosperous areas where pressure on land is heaviest. It is prosperity which has raised land values, but it is also prosperity which makes attainable a better distribution of employment throughout the country. That is the sort of remedy we want for overstrain whether it be local or regional."

It was not possible to control offices and office building by the development certificate procedure in the same way as factory building. "Factories are built to the order of the firms which are to occupy them whereas a great many office buildings are not. They are built speculatively to let to tenants. It makes an essential difference and one might have to say that there is to be no more office building in a certain area. Then where should we get with our development of city centres, to which hon. Members on both sides of the Committee attach so much importance? I am doing all I can to get office employment moved out of London so as to cut down travelling, but I must remind the right hon. Gentleman that what he proposes would do nothing at all to reduce the price of land on the periphery. If anything, it would do the opposite . . . ."

There were areas which, on a map, looked ideal for more building yet which should not be further developed until a new sewerage works or a new reservoir or something similar was completed. "That is what wise planning means. It cannot be done by looking vaguely at a map."

### NIMBLE FOOTWORK

Mr. Glenvil Hall (Labour, Clone Valley) interrupted: "This seems to me a most important point which goes right to the root of what the Minister is trying to say. He has been referring to increased amenities and essential planning. Who pays for the amenities, the sewerage, the roads and all the rest of it? And who gets the enhanced price of the land sold because of this?"

As Mr. Brooke ducked the question, Mr. James Calaghan (Labour, Cardiff, S.E.) intervened, inviting him to answer it.



Nottingham. Marriott Bros. property on the corner of Exchange Walk and St. Peter's Gate was bought by the Nottingham Real Estate Co. for £87,000 in July — 119 times the R.V. of £730.

Side-stopping adroitly, Mr. Brooke replied: "Certainly I will answer the question. Every piece of land which has to be bought for the various purposes is bought under the 1959 Act. I have said that land values have been increasing and so, of course, has the wealth of the community that has built up in these areas which are developed. I am not receiving complaints from the county councils."

It was possible that permitted building densities in some places could be revised upwards. "But let us remember that a density increase does not bring down values. Actually, it puts up the price of that land. People will pay more for land if a higher density of development is permitted. What it does is to keep down the need for more land elsewhere. In order to preserve more of the countryside untouched, I am not prepared to approve of urban densities going to excessive heights at which the country lovers would never be willing to live themselves. . . ."

"A high price for under-developed land has its good effects as well as its bad ones. It encourages the best possible use of land, and it discourages the waste of it—and in the outward spread of many towns there has been prodigal waste of land in the past. When builders now find that they cannot get open land for building in the area they want, and at the price they want to pay, that, more than anything else, is likely to turn their thoughts to buying up older property, demolishing it, and re-

## LAND DEBATE — continued

developing the site. **This is one of the crying needs of our time . . . My business is to see that there are no artificial scarcities and that is what I am doing . . .**"

"Even where the sharpest increases in land values have occurred, there is very little sign that prices are holding up development." There was not a land famine at present and the government did not intend to allow one to develop in the future. . . . "That is why I suggest that we do not panic or dash for quack remedies, that we use present trends as evidence, that we must put land to full use and not waste it, and that we press on with careful forecasts and research and make absolutely sure that we keep all our development plans right up to date both regionally and locally. Above all I suggest that we work with the market forces and seek to harness them to serve national purposes, instead of acting like Canute's courtiers and the right hon. Gentleman, vainly telling the tide that it ought to turn and threatening to tax it if it does not."

### BEDEVILLED BY BETTERMENT

**MR. DESMOND DONNELLY (Labour, Pembroke):**  
"When we accept the need for town planning we reject the concept of a free market in land. . . . Town planning confers certain values on certain property and at the same time it restricts the value of other property. If we decide to build on one side of the town in the interests of the community and also decide, in the interests of the community, to preserve the green belt in another part of the town, then by virtue of that decision we confer, by a public decision, large increases in value on the areas designated as probable development areas. At the same time we restrict the values of the areas being sterilised. This is the old classic problem of compensation and betterment. The whole history of our town planning legislation in this country has been bedevilled by our chronic failure to overcome this difficulty."

"The Silkin Act of 1947 accepted much of the analysis of the Uthwatt Committee, but it proposed its own solution as far as the development charges were concerned. The right hon. Gentleman said that we on this side of the Committee would not like to go round suggesting a reimposition of the development charges. The fact is that if those charges failed at that time—and this was recognised by everyone concerned with town planning—then the

**Derbyshire.** Following resolution was recently adopted unanimously: "This meeting of **Loscoe Labour Party**, recognising that the present rating system is unfair and outdated, urges the Government to introduce legislation to abolish the present local rating method and replace it by a rate on land values, so freeing buildings and improvements from burdens that discourage enterprise, and obstruct housing development." This followed a talk by Mr. George Musson on Land Value Rating—An Alternative to Present-day Rating Methods.

next logical step was to implement the Uthwatt Committee's recommendations for the physical acquisition of property." It was not a case of "going back" to development charges but of "going forward" from them.

There should be a new Committee examining with urgency the original Report of Lord Justice Uthwatt to see where it still applied and where it was no longer relevant. Where private land owners were exploiting the need of the community, the Government should, as an interim measure, use the sanction of public acquisition as was promised by Mr. Macmillan, then Minister of Housing and Local Government, in 1952. Control of the location of industry must be extended.

Something like 40 per cent of the population of the British Isles lives on 4 per cent of the land in the Island. "Unless we get away from that situation by an urgent policy of decentralisation, we shall not be able to tackle the problem of rising land values around London and other big cities whether we deal with the compensation and betterment problem or not."

### UNFAIR TO LANDOWNERS

**SIR COLIN THORNTON-KEMSLEY (Cons., North Angus and Mearns)** spoke as a chartered surveyor in daily practice in the City of London. He did not think that land was being hoarded in the Home Counties. "It is not that the speculators are buying up land but that firms of builders, mainly large firms of builders, who have the means with which to do it, are buying land in advance because they must have a stock of land. Because of the shortage of available land they are turning to the 'white land'—that is to say, land which is unallocated in the development plans at the moment for any development plans at the moment for any development. They are buying white land in the hope that in the next review or the review after that it will be made available for building. To that extent, therefore, white land is fetching something like building prices."

What was dangerous was not the level of land prices but the "growing and often immense disparity between the value of land which has planning permission for building and land which is denied permission for development by the fiat of the planner because it happens to be in a green belt." This gave rise to very great injustices between one individual and another and it tended to bring all planning into disrepute. He wanted to see planning respected and effective.

### UNFAIR TO PLANNERS

Sir Colin disliked the word "corruption" used by Mr. Harold Davies "but not to put too fine a point on it, there is a great danger of corruption taking place. . . . I look at the newspaper almost with trepidation every day to see where things are going to break first. **We are putting the most unfair pressure upon young men of my profes-**



sion in planning offices up and down the country. A fortune may be made by a man who can secure the benefit of planning permission, but a fortune may be lost because that benefit is moved one field away from that land....

"If Uthwatt's theory of shifting values is to be accepted—and I think that it is generally accepted in the Committee and in the country—the development value of land which is refused development permission is not destroyed but is shifted to other land, thus enhancing the value of that other land. In my mind, that is basically the justification for suggesting that those who benefit from a shift of value to their land should return some part of that benefit to owners from whom development value has been removed by the decision, I was about to say the arbitrary decision, of the planning authorities.

### TAX LAND SALES, URGES TORY

"Since at the choice of the Opposition this debate is taking place on a Vote, I am prevented, if I understand things correctly, from setting out details of a moderate *ad valorem* duty which I should like to see levied on the vendors in all future sales of undeveloped land, the proceeds of which would reimburse the Exchequer for the compensation paid to owners of land sterilised against building. In view of the present demand for building land and the prices which that building land is fetching where planning permission is available, I do not think that anyone could claim that an *ad valorem* duty of about 10 per cent levied upon vendors would lead to hardship on anyone.... If such a duty were graduated, it would have the advantage that it would help to keep land prices down, but, in any case, it would provide a source from which owners aggrieved by a refusal of planning permission could be compensated in full upon a genuine sale, and only upon a genuine sale, of land for which they had been refused planning permission."

### ENGLAND'S GOLDEN MILE

**MR. DONALD CHAPMAN (Labour, Birmingham, Northfield)** spoke as a director of a firm which is developing in the South-East of England. He was worried that ordinary people who wanted to buy houses had been faced in the last two years with an additional £500 to £1,000 on the price of a modest size house. It was no use Tory Members saying that building was going on. "The fact is that it is not going on for the people who cannot afford this excessive inflation in the price of their houses. They simply stay out of the housing market." That morning he had been offered over the telephone land at £1,750 per plot, plus road charges, making a total of about £1,900, whereas he could have bought this plot at £850 two years ago. "That is £1,000 not to me as a developer, but on the price of modest size house which has to be built on the site." He considered the price ri-

diculous and preferred to stay out of the market rather than to contribute more to the inflationary situation in that locality but somebody else would buy it. People had to go on building and there were so few plots available. The problem would continue.

There was a frightful situation on the South Coast: "This might be called England's golden mile. Everybody in London now seems to have the idea that all they want is a bungalow down at Brighton before they retire, and this is now reaching a pitch of demand which has to be seen to be believed.... If the standard of living is doubled in 20 or 25 years, I hate to think what will happen on the 'golden mile', roughly from Worthing to Eastbourne. This applies to any place in that area within an hour's reach of London, or in any similar area in any other part of the country. Even inland there are similar areas."

"Pressures inside the local planning offices and whims that occur in making decisions are fantastic." In difficult areas the Ministry should employ super-planners. It was too late to restrict prices.

"I do not think that much in the way of taxation would help at this stage. With the present famine in some areas, any tax of that nature would be added to the price and the individual purchaser of a house will end up paying the tax when the house built on the land. I am not really in favour of any of these expedients worthy though they all are. I would agree with a capital gains tax. On the whole, that would catch a lot of profit on land which is really income and is being disguised as capital. That is a small measure of social justice which we can certainly afford."

### NO SPECULATION IN NORTH WEST

**MR. JOHN M. TEMPLE, (Cons., City of Chester)** was unable to support the view that there was a case for a betterment levy. Like the Minister, he wished to have a free market in land. "I believe that questions of compensation and betterment are so very difficult that the sensible solution at present is to ignore solutions along those lines." He could find no real evidence of speculation in building land in North West England. He advocated extending peripheral development rather than what he called "patchworking"—development of new towns with populations of 50,000 to 100,000 — or "pepper-potting" whereby small villages were developed into large villages.

### COUNCILS ON THE RACK

**MR. A. J. IRVINE (Labour, Liverpool, Edge Hill):** "The Minister's speech today must have given relief to the speculators in land. It was not unexpected relief. Their foresight and powers of anticipation are recognised to be considerable, and they probably expected something of the kind which they received." The 1959 provisions marked the final and complete break-away from the 1947 concept, with the 1954 Act representing a kind of half-way house.

"The position now is that an acquiring authority, in the case of compulsory purchase of land, is paying for every single element of value comprised in the land. A local authority does not pay merely for the element of value which is attributable to the communal effort and enterprise put into the land by society, which is the element of value which those who advocate the taxation of land values are after. It pays in addition for the element of value in the land which is attributable to the making of planning decisions and the grant of planning permission. From many points of view a grotesque situation faces a local authority which, in the general interests of the community, seeks, for example, to plan open spaces within its area. It feels all the time, as it were over its shoulder, that the consequence of making a generous allocation of open space in its development plans will inevitably be that it will have to pay a higher price for the compulsory purchase of adjoining land for housing purposes . . ."

Whereas the Labour Party had endeavoured in the 1947 Act — "a splendid Act" — to equate the existing use value of land both to the compulsory purchase price and the open market price, the Conservative Party had achieved another equation, "namely that of the compulsory purchase price with the highest conceivable price including every element of value that any valuer in this world could think of." Mr. Corfield, the Conservative M.P. for South Gloucestershire, was the real nigger in the woodpile. It was he who had fanned this development into flame.

The key to the whole present problem was the compulsory purchase price. "There is a raging inflationary movement of land values. There is need to do something urgently to put it right. The character attaching to any real remedy is that there must be a limitation of the compulsory purchase value of land. That will have an immediate restraining effect upon the market. Without some such endeavour, the situation, which is already bad, will tend to worsen . . . The correct course in arriving at the appropriate price to pay on the compulsory purchase of land is to deduct from the open market value an element for betterment. I strongly plead that the admitted difficulty of calculating that element is not sufficiently great to justify allowing things to continue as they are."

**For the People.** It is like old times having the Labour Party getting hot under the collar about land values. In my day Henry George (1839-1897) was a name to conjure with and the science of economics seemed to be based almost exclusively on Ricardo and Rent, the marginal utility of land and somebody's (I forget which) shirt. Now Mr. Gaitskell brings in the old theme to redress the balance or imbalance of the new, and I applaud. What was that song we used to sing? "The land, the land, the land on which we stand" . . . Wonderful heart-warming stuff, the old economics. —Punch, July, 13.

**MR. A. P. COSTAIN (Cons., Folkestone and Hythe):** "I am a builder. To me, land is a raw material. Any industrialist who sees a raw material appearing to become a speculative province must become apprehensive, but the experience is that speculation in any commodity is generally broken down finally by excess of supply. The rings we have seen in pepper and copper were always broken down when the demand was found to be less than the supply. The ultimate end to this is getting much more land than is being found at present . . ."

"The cost of building an ordinary dwelling-house today is about 40s. per square foot. The cost of building a maisonette is about 45s. per square foot. The cost of building a 8-storey flat is 74s. per square foot, and the cost of building a 12-storey flat is 83s. per square foot. I mention those facts because we must appreciate that if the demand for building more flats is to be considered we have to realise that we shall use more capital of the country to achieve that objective."

"Generally, with the rising standard, the family man wants a house and garden of his own, and who can blame him? Equally, elderly people, those about to retire, and particularly widows, are very anxious to have flats. In the planning organisation we must bear those factors in mind. We must also realise that if we force family men to go into flats, of necessity they will want to get their children out into the country at week-ends. That will increase the road programme problem. I feel strongly that we ought to plan in such a way that family people can get houses . . ."

**FEET AND ACRES**

"There is a great temptation always to look upon the spectacular. The Leader of the Opposition gave details of a series of prices of land today. Of course every one of them was quite accurate, but he picked them out of a tremendous number of individual prices . . . A better picture can be obtained by studying an interesting book by Mr. Denman on *Peak Prices and Planning*. As a practical man, he used his commonsense on this subject. He took a series of prices with 1939 prices as the basis. Taking 1939 as 100, he drew attention to the fact that compared with 1939 the price per acre in 1959 was 792. I do not deny that probably it is 1,000 now. The cost per foot frontage had risen from 100 to 323. What we have to notice is that, while the price per foot frontage has gone up three times—which is about the same as the increase in the cost of other commodities—the price per acre has gone up eight times.

"There are two reasons for that. The main reason is that over that period we have learned to develop land economically. When land is sold on a foot frontage basis at a high price, one cannot afford to buy it, but when it

is sold by the acre the development, planning and experience is such that one can afford to pay that much more without relatively very much altering the price of land."

"I cannot agree . . . that if we tax land we help to get it developed. I do not think we have ever decreased the cost of a commodity by nationalising or taxing it."

**D. BARNET STROSS (Labour, Stoke-on-Trent, Central)** in an interesting and extensive speech confined his attention to the redevelopment of city centres.

#### PLANNING REFORMS NEEDED

**MR. F. V. CORFIELD (Cons., Gloucestershire, South)** said that if high prices induced a greater economy in the use of land and also gave an added financial inducement to the redevelopment of obsolete urban areas, he could not regard them as a wholly unmitigated evil. If, between the time when the builder bought land and used it, the value rose he could not see that the builder had done anything really wrong. He spoke as a great lover of the countryside and one who firmly believed in the principle of planning. However, there was a lot of very bad planning and there were aspects of planning control which could be improved. He offered some suggestions.

*"The price of land emphasises the enormous value of planning permission. It is absolutely essential that any decision which results in conferring or withholding planning permission should be taken objectively, and, with the best will in the world, it simply is not always possible for very local people to divorce from their decisions personalities or even personal interests."*

"Although an enormous amount of thought has been given in the past nobody has been able to produce a sensible way of sorting out what is betterment in a manner which is either accurate or is readily explainable to ordinary people other than lawyers and economists. That is its great snag. As a result of that, one has to face the proposition that probably only two things—the two extremes—can be done with land. We can nationalise it, which people understand—and from the point of view of the Opposition they probably understand it only too well. Alternatively, we can have a free market. I very much doubt, however, whether anybody can devise a satisfactory arrangement to have something in between which will work any better than the 1947 Act. . . . If there is a case for betterment and if a means can be devised, we should look for it in the realms of taxation. For my part, I find it difficult to see where we can find a satisfactory arrangement.

#### SITE VALUE TAXATION

"I used to have considerable liking for the site value basis, but here again the difficulties are enormous. It works in various parts of the world, but as far as I know

it has never been tried in conjunction with planning control. In this country, the value of a site depends upon what planning permission one gets. It is difficult to believe that one could get a sufficiently forward-looking planning system to give a site valuation which would be realistic and would not lead to enormous anomalies. We have already an anomalous tax system operated by the Inland Revenue and we have a great many anomalies in planning. I cannot believe that by marrying them together we should get a healthy child."

#### MORAL AND SOCIAL FACTORS

**MR. ARTHUR SKEFFINGTON (Labour, Hayes & Harlington):** "The Danish system which a number of towns have not only includes site values but very complicated planning provisions. So far as I know, there is no difficulty in applying the site values system of taxation in that country, and I believe, in others."

"I resent having to pay high prices for land to landowners who themselves have produced nothing. If I am buying a valuable machine into which much research and workmanship has gone a reasonable price is obviously justified, but in the case of land, which the whole community has made valuable, I see no justification at all for paying vast sums because society must use a particular piece of land."

It seemed "not only an economic wrong but morally completely unjust" that the price paid for sites for hospitals (or schools or, indeed, residences) had to be equated with the price which could be paid by a greyhound racing promoter, a funfair or whatever might be the profitable commercial use for that land. Large landed interests were an integral and important part of the Conservative Party. Indeed, Disraeli himself gloried in it as some Tory Members still did. "They always approach land problems with a delicacy and tenderness which they would not show to the trade unions or some other interests."

"I cannot see why there cannot be some kind of tax when planning permissions are given. It might also be useful if local authorities had the right to levy taxes on site values, which would be some way in which the inflated value of land could be returned to the whole of the people. Great moral and social factors are involved."

**MR. FREDERICK GOUGH (Cons., Horsham)** said he was a supporter of planning but "unhappily, planning today has got into a welter of bureaucracy." Bureaucratic delay was causing unnecessary shortages.

#### EVERYONE'S RAW MATERIAL

**MR. G. R. MITCHISON (Labour, Kettering):** "What frightens me about the high prices is not merely that they are high, but that they have risen very sharply in recent months. It is like a patient with a temperature. This is an outburst of fever of some sort, and one looks



for the cause and the remedy, and one thinks of the results. What will stop this rise continuing? According to the responsible Minister, high prices are unavoidable. On that process of reasoning it appears unavoidable that they should go higher and higher. That is what has been happening.

**“What is to stop this rise in price? As I see it, it is one of two things. There will either be a general economic crash in which land prices and a great many other things may be involved, or there will be a point when the ultimate consumer jibs. Land is not merely the builders’ raw material. It is the raw material of human beings. We live on land. We dwell and work on it. Many years ago, more than a century now, David Ricardo was inclined to say that the landowner, the property owner, always won. That was very many years ago, but certainly he has been doing remarkably well lately.**

“What about the man who wants to live in a house. At present, unless he can pay a high price for a house, with or without the assistance of a building society, he has nowhere to live. That applies to a great many people in the big towns. He cannot rent a house. He cannot get a council house because it has been the business and policy of the Government to restrict council housing. He is, therefore, driven to do what—go into lodgings? I do not know what happens to him. I wish that I did.

*“The number of people who will be driven to desperate extremities by increases in the price of land will go on increasing with the price. That is one social hardship which rising prices entail, perhaps the main one.”*

## Soothing Syrup

### EVERYTHING UNDER CONTROL

**SIR KEITH JOSEPH**, Parliamentary Secretary, replying said that the subject debated was “of the greatest possible human and public interest.” For housing sufficient land had been or would be allocated without damage to major planning objectives but it would not necessarily cope in the more popular areas. Naturally house builders looked ahead. They wanted to have land in stock for several years’ work. “If they fear a shortage, they will try all the harder to have even more in store, thus creating the very shortage they fear.” It was not possible to ensure that in every area every house builder had his larder full. It might be feared that in some areas all the land allocated for housing would be held undeveloped and, thus, an artificial land shortage would be created. However, local authorities already had power to buy land, compulsorily if need be, for development.

**“Though local authorities now have to pay market value for land, they are helped by a subsidy when they have to acquire land for housing of over a certain cost and they**

## Argentina

*Rev. Mervyn J. Stewart writes from Uxbridge, Middlesex:* “A cheerful bit of news comes from the country of Rivadavia, the Single Tax first President, who found it impossible to get any co-operation from the educated class, and abdicated. The little monthly, *Agraria Reforma* which so well carries on his warfare now holds its third birthday, and a group of his single tax followers “threw a party” to mark the occasion in the Spanish Republican Club on July 29. Guest of honour was Mauricio Birabent; tickets cost 120 depreciated dollars! Reaction of the “Radical” Government—not known yet. One might wish that this pleasant association may be copied, and not least in the promoters’ list of old hands and keen new recruits.

**are helped by means of the general grant towards land purchase connected with education and classified roads.”**

Top prices had been quoted in the debate but “prices in many areas have not even kept pace with the fall in the value of money since 1939 . . . In many parts of the country land prices have not risen.”

**Mr. Manuel:** “Tell us which areas.”

**Sir K. Joseph:** “It is absolutely true, but I will not start a rush to those areas by quoting them.”

**Mr. Manuel:** “That is the best yet.”

In the ‘thirties land had tended to be under-valued. The suddenly increased prices to bring them into line with the real values today and with demand had certainly caused a shock. Even if more land than was needed for the next few years could be released it was unlikely that prices would come down substantially. “Developers and middle men would tend to put the land released into stock.” There was no evidence that either the size or the standard of housing was dropping.

**High prices “persuade us to make full use of the land we have” . . . and . . . “are of great concern to the Government.”** The Minister believed “that the capacity and willingness to pay set the limit to prices.” So far the price of land was not halting or slowing up development. “There has been some evidence that speculators have burnt their fingers.” Those who had bought farm land in the green belt would now find it difficult to dispose of that land at the price they paid for it.

A development charge would not reduce the cost of land. It was most unlikely that a capital gains tax would either. Similarly, “if betterment is to be levied on sale it is one more discouragement to prevent the landowner from bringing his land to market and therefore, has nothing to do with the problem of reducing the price of land.” To go “back to Uthwatt” would be a huge financial task and would create of the State and local authorities a huge landlord spreading steadily outwards as more and more land became ripe for development. The debate had given further proof that there was no magic wand to wave.