

Diagnosis Bold: Prescriptions Mixed

THE terrifying rise in the cost of land" and the part it had played in causing local rates to rise was mentioned by Mr. Michael Stewart, Labour M.P. for Fulham in the Commons on May 2. Opening an Opposition debate on housing and local government, he said that the price of land was becoming "an acute social problem". It placed an "enormous burden" on local authorities whenever they built for housing or any other necessary social purpose. "One county is faced with the situation in which the land it requires for education, health or welfare purposes has trebled in price in the last few years". Despite the "immense amount of work that has been done" on the Cromwell Road extension, to date this has cost less than the price paid for the land.

Mr. Stewart said that this problem would become ever more acute so long as population continued to increase and a rising standard of life caused people to wish to live more spaciouly. "When we want more of certain things mankind, by skill and energy, can produce more, but land is not one of those things. We are in the position of constantly requiring more land to meet the needs of a growing population and the rising standard of life, but no skill, wit or energy can increase the supply of land. Inevitably therefore, without any effort on the part of the landowner, its value rises."

At this point Mr. Stewart's radicalism noticeably weakened. One does not expect from anybody now in Parliament an impassioned plea for the Single Tax but a simple request that the local authorities should be required to raise their rate revenue exclusively from land values would not have been too bold. Instead, however, Mr. Stewart continued:—

"The case we urge from these benches is that where the value of land increases, and that increase is not due to any constructive effort by the owner of the land, that increased value ought to accrue to the community and not to the owner of the land. There is a variety of financial methods by which that result can be achieved. Many have been suggested at one time or another, such as that some form of capital gains tax should apply to sales of land, or that local authorities should draw part of their revenues from the rating of site values. I do not press the Minister to choose one particular method rather than another. I say to him that if he is concerned to help local authorities in solving their housing problem at reasonable cost, the Government, sooner or later, must select one or other method for getting for the community some part of this increased value which is not the result of any constructive effort by the owner of land."

Next speaker was the Minister of Housing and Local Government. For nearly fifty minutes punctuated by inter-

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ruptions, Mr. Henry Broke answered most of Mr. Stewart's charges. Remarkably, however, though he ranged over questions of slum clearance, interest rates, multiple occupation of dwellings ("a very tough nut to crack"), local government finance, and so on, he said never a word about the rating of land values. He ignored all that Mr. Stewart had said about the problem of costly land and his specific question as to how much public money had been dispensed to local authorities in the form of "expensive site subsidy" under section 7 of the Housing Act, 1958. Mr. Stewart had been unable to discover the figure in his study of the Estimates. It is one which taxpayers are entitled to know.

There were many references in the 6½ hour debate to the alleged scarcity of building land but none to its price except for a brief exchange between Mr. Stewart and the Secretary of State for Scotland, who wound up. Mr. John Maclay asked whether the Opposition wanted to make inroads into the Green Belt or to allow local authorities to buy land compulsorily at less than market value. "What we are asking," Mr. Stewart retorted, "is whether we are to continue indefinitely with the position in which increases in the value of land for which the owner has made no constructive effort are to accrue entirely to the owner and not to the community?" "That," said Mr. Maclay, "is a matter which has been debated time and time again and it would be going outside the scope of the debate to deal with it now." Land speculators slept blissfully that night.

Postscript. Fulham Metropolitan Borough Council (in Mr. Michael Stewart's constituency) on June 22 reaffirmed its support for an appeal to be made to Parliament to introduce legislation whereby Local Authority rates shall be levied exclusively upon the site value of land. The Town Clerk has informed Mr. Henry Brooke.

MR. GAITSKELL ECHOES MR. STEWART

THE taxation of land has crossed the threshold of Mr. Gaitskell's mind but has yet to gain a firm foothold. This conclusion is reached after reading *The Guardian's* report of his address to the Oxford Preservation Trust on June 10.

The Labour Party leader remarked that a situation in which land prices rocketed on either side of a green belt and large private fortunes were made with extraordinary ease, while local authorities were hard put to it to find the cost of compensation involved in preserving amenities, seemed all wrong. Why not a new look at development finance? He would not plump for any one solution, but whether it was a single tax or public ownership of land for development on a much wider scale, the idea of the

community asserting itself in this field was neither new nor disreputable.

It will be interesting to see what, if any, reaction there is from the Labour Party to this cautious kite-flying. Since the last Election Mr. Gaitskell has shown himself anxious to retreat from nationalisation as far as is decently and politically possible. His reference to public ownership of land may be discounted as a sop to his frothy left.

Mr. Gaitskell could profitably ponder what his predecessor, Earl (then Mr. C. R.) Attlee, wrote in 1938: "It is easy to condemn the people who make extravagant profits by holding the nation to ransom, but the real condemnation should be on the people of this country who allow the exploitation to go on . . . Every day the people of this country pay hundreds of thousands of pounds in rates and taxes because of the lack of foresight by successive Governments."

That was in a forward to *Why Rents And Rates Are High*, by the late A. W. Madsden. It is even more true in these days of runaway land prices and strangulating rates. The Labour Party squandered its opportunity from 1945 to 1951 to tackle this vital problem. It ought now to resolve that if ever it returns to office this problem will receive attention before all else.

Postscript. The *Railway Review*, June 24, reporting Mr. Gaitskell's Oxford speech, quoted him verbatim as having said: "*Maybe the Uthwatt Committee proposals embodied in the 1947 Act were too complex and even unfair, but their repeal has left a glaring gap which ought to be closed.*"

Those words "*too complex and even maybe unfair*" refer to the Development Charge which we fought tooth and nail. They deserve to be remembered. They should be read in conjunction with *The Times* editorial reflections (page 93) on the Simes Committee Majority.

HIGHER PRICES PLEASE!

MR. DOUGLAS JAY, the Labour Party's spokesman on economic affairs, said recently that slightly rising prices and production would be preferable to stable prices and stagnant production. Whether to be burned is preferable to being scalded he did not say. An "either or" ruling on the latter point would have been scarcely more ridiculous.

In fact a rise in price means a fall in sales. In turn this cuts back production. This is true even of "necessities" and products of monopolies although the response may be more tardy and less marked.

Generally rising prices are one of the surest signs of economic sickness in the modern world. Mr. Jay ought to address himself to this problem. As the labour content of articles constantly falls within the improvement of machines and technicians, goods should get progressively cheaper. Inflation, monstrous taxation, restrictions on imports and those practised by "masters and men," governmental interference, and, of course, the land monopoly are among the causes of rising prices.

In Canada—as everywhere

IDLE LAND MEANS IDLE MEN

But...

CANADIAN SENATE WILL PROBE CAUSES OF UNEMPLOYMENT

THE causes of the heavy and widespread unemployment in Canada are to be investigated by a special committee of the Canadian Senate. Among its 32 members is the distinguished vice-president of the International Union for Land Value Taxation and Free Trade, Senator Arthur W. Roebuck, Q.C. The Committee will study and report on trends in "manpower requirements and utilisation with the object of maintaining and extending a high level of employment"—surely a euphemism? — and will pay particular attention to the effect of technological changes. Its formation was announced on May 10 by the Leader of the Government, Senator W. M. Aseltine.

Welcoming the announcement, Senator Roebuck said that all his adult life he had studied the great problem of unemployment. As a young man he had read a great deal of classical political economy, and some radical political economy as well, and ever since he had supported efforts to have the subject considered on its merits and a solution found for its disastrous effects. The Senate resolution, as he saw it, raised the whole question of the ownership of the earth and the right of mankind to live on it, and without having to pay tribute to others for the privilege of doing so. Goldsmith had spoken about conditions in which "wealth accumulates and men decay". That was the position today. There was the accumulation of wealth on the one hand, and the continuance of poverty, on the other. He hoped that members of the Committee would not spend time on secondary factors with their eyes closed to the fundamentals of the situation because privilege might be offended.

Natural resources—land, both rural and urban, mines and forests, and so forth—were the greatest factor in employment. Their development meant employment and their misuse and neglect meant unemployment. There lay the problem. It was not the value of natural resources that counted in this equation but the price at which they were held. For instance, the building industry provided employment for very large numbers of men and women and houses were much in demand but they could not be built if land was not available at a suitable price. There was the notorious example of a farm on the outskirts of the city of Toronto which was sold for \$2 million by a