

NEWS AND COMMENT



“AN APPALLING PROSPECT”

AS THE Land Commission Bill fights its way through both Houses of Parliament, probably to emerge in early 1967 as one of the most complicated administrative Acts ever passed, the debate continues in a foggy sea of legal interpretation. Even the Lord Chancellor made little attempt to defend the complexity of the Bill in the House of Lords debate on second reading. He said: “I agree, of course, that this is a Bill of 102 clauses with sixteen schedules, but, as I have said, I am afraid that this is the consequence of the state into which we have allowed our land law to get.”

While the Conservative peers made many attacks on specific clauses in the Bill, many of them went out of their way to emphasise that they were not opposed to the principle of a levy on realised land transactions. Lord Brooke of Cumnor even went as far as to give retrospective support for the financial provisions of the notorious 1947 Town and Country Planning Act—the development charge which was repealed by the Conservatives in 1953. He said: “One might have had a workable tax or levy a good many years ago had it not been for that disastrous decision of the Labour Government to impose the development charge at 100 per cent., which halted development just at the time when the national interest called for development to be encouraged.”

It was left to Lord Wade (Liberal) to look further into the principles of the Bill in the hope of finding a practicable, efficient, working alternative to the measures proposed by the Government. This he did in no uncertain terms: “The Liberal aim is to reform our town planning procedures and the procedure for land acquisition; to simplify it in certain ways to ensure that the collection of part of the values created by the community was done in such a way that it would not deter development. I do not see how that can be achieved under this Bill. The Bill has a number of objectionable features as well as tending to discourage development . . . I suggest that this levy is, in effect, a capital gains tax . . . There will be the corporation tax, the existing capital gains tax and the levy. This three-tier taxation is unnecessarily cumbersome . . .

“In March of this year there was a conference in London (see footnote) which discussed the whole subject of land values . . . there was a very impressive gathering of experts . . . I came away from the conference con-

The Conference to which Lord Wade referred was organised by the Acton Society Trust. The proceedings have been published by Sweet and Maxwell in a book, *Land Values*, edited by Dr. Peter Hall. Price 18s. 6d.

vinced that the only way to collect land values without deterring development would be *by way of a ground rent, payable annually, based on site value and rising and falling as the site value rose or fell, with the rent re-calculated, say, every five years.* That would be fundamentally different from this levy, which is, in effect, a capital gains tax, imposed on certain specific events . . .”

Referring again to the Land Commission Bill, Lord Wade said: “It is an appalling prospect. It is legislation run riot. I do not think that the objectives will be achieved, and I believe the people of this country will live to regret this Bill”

In the whole of the lengthy debate (recorded in one hundred columns of *Hansard*) no other glimmer of real understanding of the problem is to be found.

IMPROVEMENT TAX REJECTED

A COMMITTEE OF INQUIRY in Queensland, Australia, which rejected suggestions for changes in the property tax system to bring improvements within the scope of local taxation, stated in its report that practically all the evidence given before the Committee was to the effect that the unimproved value system had obvious merits and advantages over other systems. Included in the evidence given to the Committee was the following view: “The land tax system was neither borrowed by their legislators nor accepted by the people of Queensland ready made from others. It was simply educated, as legislation proves, more or less subconsciously from the germ of an idea, which in its integrity is an excellent belief—i.e., that a premium should be held out, or at most, no discouragement offered, to the improvement of the unexploited lands of a new country.”

And that goes for the unexploited or not fully exploited lands of an old country too.

TARIFFS ABOLISHED—TRADE DOUBLED

AT MIDNIGHT, December 30, the last tariffs on industrial goods traded between EFTA countries disappeared. In just seven years the seven states have accomplished their aim to remove trade barriers while leaving members free to develop their own trade with other countries. Members still keep their main objective in mind: to free trade progressively between all countries, especially in Europe. In the short period of the Association's life, trade between member countries has increased by 95 per cent.—an annual growth rate of nearly 12 per cent.

A preliminary study of the effects of the Association's policy confirms that: