



Land Commission Debate

(The Liberals voted with the Conservatives against the Bill)

THE Land Commission Bill was one of several that lapsed automatically when Parliament was dissolved in preparation for the March general election. It was reintroduced in the new Parliament, slightly modified, and received a second reading on May 12. The speeches by the Minister of Land and Natural Resources, Mr. Frederick Willey, and his Parliamentary Secretary may be taken as representing the Government's latest statement on the subject.

The Bill had two objectives, said Mr. Willey. First, to ensure that land was available at the right time for the implementation of national and local planning, and secondly, on the proposition that it is morally unjustifiable that the land owner should be able to profit at the expense of the community, to ensure that a substantial part of the development value created by the community returns to the community.

"Developers have now discovered," said Mr. Willey, "that the simplest way to make a fortune is not to develop the land they acquire but to sit tight and hold on to it, knowing that the price will rise." He complained that large numbers of outstanding planning permissions had not been exercised, and said that the Conservative answer to the land shortage—allocating more and more land for development—ignored the fact that this land, too, might just as likely not come onto the market.

Turning to the Bill itself, Mr. Willey said that it was slightly longer than the previous one and incorporated modifications arising from previous discussions and criticisms.

The Bill was in four parts. Part I dealt with the constitution and finances of the Commission.

Part II set out the Commission's powers of acquisition, management and disposal of land. In general, the Commission would be able to buy, by agreement, any land which in its opinion was suitable for development, but if it wished to make a compulsory purchase, there must be a planning decision indicating that development of the land was appropriate. A new

feature was that to ensure that the Commission would be an effective instrument of government planning and investment policy it could be directed by the Minister to give priority to the acquisition of land in particular areas.

Part III of the Bill provided for a levy at a uniform rate on the development value realised in all land transactions, to be paid by the vendor. When the Land Commission bought land it would deduct the levy from the price it paid. Thus a land owner would receive the same net amount for his land whether he sold to the Land Commission or to an individual.

Although the provisions in the Bill for the levy were unavoidably complex, said Mr. Willey, the basic ideas were quite simple. They were three: first, that the levy would be charged only on development value and not on any increase in the value of the land for its current use; secondly, development value on which the levy had already been paid would not be chargeable again; thirdly, the levy would be payable by the person who realised the development value.

The development value on which the levy would be paid was the difference between a base value and the amount paid for, or the market value of, the land for development. The base value would be one of two alternatives, either the current use value plus ten per cent, or the price actually paid for the land. The vendor could choose which of these would be taken as the base.

The establishment of the Land Commission, said Mr. Willey, was a fair solution to the problem of betterment.

Replying for the Opposition, Mr. Geoffrey Rippon, Q.C., said that he had not been able to find, either in the Bill or in the Minister's speech, one single redeeming feature. The Bill, he said, was a dangerous one, with very far reaching consequences, social as well as economic.

"No one denies," said Mr. Rippon, "the need to see that land is available at the right time for planning purposes. Nor is there any objection in principle to a fresh attempt to devise

a means for securing that a substantial part of the development value created by the community returns to the community, provided that what the Government construe as substantial can also be regarded as reasonable. . . . Nor can it be otherwise than popular to proclaim as a general objective that reductions in the cost of land should be secured. What is depressing about this Bill . . . is that it either pursues those objectives in the wrong way, or is calculated positively to hinder their attainment."

The main reason for "what is now called the hoarding of land" was, in Mr. Rippon's opinion, that sufficient land is not being brought forward under existing planning procedures. He maintained that existing legislative powers would enable the Government to achieve all that it desires in land policy, if only it used those powers wisely. Mr. Rippon did not accept the argument that the Commission's powers of compulsory purchase were necessary to prevent land being held back for development. He considered them as pure doctrinaire socialism, a back door way to the nationalisation of the land.

Mr. Rippon also attacked the powers of "streamlined compulsory purchase" (by which the Commission, under a Ministerial Order, would be able, in Mr. Willey's words, to "act quickly if owners withheld their land on such a scale as seriously to threaten private development," which "neces-



sarily unavoidably involves some curtailment of the land owners opportunity to elaborate upon his objection . . ."). These provisions, said Mr. Rippon, were a threat to individual rights.

Mr. Rippon also questioned the accuracy of the Government's estimate of cost and yield, and added that much of the amount to be collected would have come in any event by



way of capital gains or corporation taxes.

All in all, the measure was "doctrinaire in its conception," "vicious in its provisions" and "futile in its presentation"—a measure that would not provide an extra acre of land, a penny of savings or a single new building.

Mr. John Boyd-Carpenter, Conservative, said that he had set about redrafting the Long Title of the Bill and suggested that it should read as follows: "A Bill to provide for the nationalisation of land, to increase the cost of housing, to diminish the rights of the citizen, to impose complicated taxation, to set up a large and expensive bureaucracy, and for purposes connected thereto."

He said that there were already 1,500 bodies with compulsory purchase powers of one sort or another. Was another one really necessary, particularly in view of the fact that, unlike the Government or local authorities, the Land Commission would be answerable to no-one?

Mr. Boyd-Carpenter also attacked Mr. Willey for his view that a 40 per cent. levy would not increase land prices. "It is absolutely axiomatic," he said, "that the increases in indirect taxation on an article increase the price of the article to the purchaser. There is no miracle at the Minister's disposal to prevent this from happening to land . . . It is only by expediting planning procedures that the Minister could increase the supply as against the demand and therefore cope with the problem of prices."

Dr. Michael Winstanley, Liberal, referred briefly to the various attempts that had been made in Britain over the past sixty years to tax land in one way or another, and said that although the Liberal Party were entirely at one with the Government in what they believed to be its aims, the Liberals felt that the present proposals would not achieve those very desirable aims.

Many land owners would sit tight and wait for a change of government. A levy increasing from 40 to 50 per cent. may induce people to bring their land forward now *if they are going to bring it forward at all*, but if they are not going to do so, the increasing levy is no inducement at all.

Referring to Mr. Arthur Skeffington Parliamentary Secretary to the Ministry of Land and Natural Resources, Dr. Winstanley said that Mr. Skeffington's name appeared on the letterheading as a sponsor of the Rating Reform Campaign*, an organisation that aims "to secure legislation so that local rates are taken off all buildings and improvements and levied solely on the site value of land." He was glad that Mr. Skeffington, and three other Labour MPs also listed as sponsors, held these views and hoped that they would make a start on doing something to implement them.

Winding up for the Government, Mr. Skeffington replied to the points made by Dr. Winstanley and said that the Liberal scheme (the rating of site values) was unfair and uncertain and unlikely to bring land forward. It may have been sufficient fifty years ago but today we had an elaborate system of town and country planning. He did not think that the Liberals had thought their proposals through under modern conditions.

The Government believed, said Mr. Skeffington, that site-value rating would perhaps create even more anomalies than the existing rating system. A tax upon potential development value meant that the land owner would have to pay the tax before he had received any benefit from the development. It would be particularly unfair in cases where development was scheduled for ten, fifteen or twenty years time.

Again, a person who was not the owner of a farm might obtain planning permission for it (under the law it is possible to obtain planning permission in respect of someone else's land) and the farmer would then be faced with a heavy site-value rate. Or an independent shopkeeper who did not wish to sell out to the supermarket would be faced with a site-value rate too great for his volume of business.

Mr. Eric Lubbock, Liberal, intervened to say that the description Mr. Skeffington had given of the Liberal

* Mr. Skeffington has now, with regret, withdrawn his sponsorship of the Rating Reform Campaign, in view of his position as a member of the Government.

proposals was completely distorted and inaccurate. Had he carefully read the Whitstable Report (Mr. Skeffington had said that he had) because what he had said could not possibly have flown from a proper reading of it?

Mr. Skeffington said that what he had said was the position as he and his advisors understood it.

(A reply to the objections raised by Mr. Skeffington is given elsewhere in this issue).

The Bill was given a second reading by 210 votes to 147.



The Dangerous Myth

"THE dynamic in inland transport should be competition, with the consequent encouragement of enterprise, so that the quality of the service of transport is progressively improved at the lowest possible cost," says the Confederation of British Industry.

What is even more important is that the efficiency of all industry is wrapped up in the freedom of any management to decide which form of transport is best fitted to its needs. To tell a company that it must send its goods by rail or road is tantamount to dictating the kinds of machines it may use along its production line, or the conveyor system on the line itself. For transport is virtually an integral link in the production cycle. The vehicle that picks up a component or a finished product as it comes off the conveyor is only carrying on in a more mobile fashion.

The idea that transport can be "integrated" is one of the pet myths of state planners and they will unfortunately inflict their fallacies on the nation regardless of the harm done to it. The only practical integration is the co-operation which is developing by a natural process, by which, if the method suits a particular case, long-distance loads are delivered by lorries to trains, and then collected from them for delivery to their final destination "Centralised planning" of inland transport can have only one result—planned inefficiency.