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PLANNING FOR PENURY

THE *American City*, New York, foremost municipal journal in the U.S.A., describes in its February number the provisions of the British Government's Town and Country Planning Bill and prints the comments by four 'British leaders' (so called) who wrote in response to cabled requests from the editor, Mr. Harold S. Bутtenheim. The persons consulted were Mr. A. W. Madsen, Secretary of the United Committee for the Taxation of Land Values; Mr. F. J. Osborn, Secretary of the Town and Country Planning Association; Mr. Arthur Collins, Fellow of the Society of Accountants and Auditors and Mr. J. H. Warren, Secretary of the National Association of Local Government Officers. In the editor's view the Bill blundered badly in its approach to the problem of land-value increment. 'For this reason,' he wrote, 'we commend especially the comments of A. W. Madsen, both to our American readers and to our British friends.' The article referred to follows:

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The bill is said to put a stopper on land speculation, to make land available for use, and to take for the public the increased values of land. This is all preposterous and most misleading.

The Government is committing the enormity of indemnifying, in the sum of £300,000,000 to be shared among them, the owners of just that land which is held speculatively for a rise in price—the land which has provided the most glaring examples of tax exemption and should long ago have been taxed at its real value (1) to bring in public revenue, justly, from this source and (2) to induce the owners to allow it to be used.

'Development value,' for which landowners are to be compensated, has to be understood as the difference between the value of land if unrestricted in its potential use and the value it would have if restricted to its present use. Bought from the landowner will be this 'development value' if a claim to the existence of such a value has been made and substantiated. Incidentally, this will involve two hypothetical valuations, most difficult because they will be isolated assessments, of every piece of land in question. The owner, his development value bought from him, remains in possession of his land and in enjoyment of whatever value attaches to it under the restriction that it is 'condemned' to its present use. He will be free to sell the land for whatever price it will fetch. It is easy to see that, far from land speculation being ended, it will start afresh and be more vicious than ever.

The so-called 'betterment' in this bill takes the form of a 'development charge' presumed to be based on the now-discovered 'development value.' No person will be allowed to develop any land without standing good for the payment of this charge, which will be assessed by the new Central Land Board without appeal against its decision; and the Board has discretion to vary the charge, which may very well lead to sinister influence, collusion, and corruption. It is only on a change in

the use of land for building operations that this charge is levied, and its incidence will be precisely the same as the existing rating system with its increased assessments whenever improvements are made—and incidentally the bill does nothing to amend that.

The developer will thus be subject, not only to the development charge, but to the penalty of higher local taxation. In addition, the price of land for development purposes will not be cheapened, since the developer will have to pay the landowner his price (as diminished, perhaps, by the restriction) besides paying for the development charge, and there will surely be every pressure exerted by the Central Land Board to take as much as possible up to the development value of the land in order to recoup the loss incurred by payment of compensation to the landowners. The standing barrier against the better use of land will remain, and where development is thereby stopped there will be no 'development charge' collectible.

One can imagine the many anomalies and injustices. For example, consider two nearby sections of land, one already developed and the other about to be developed. In the latter case the betterment charge is exacted. In the former case the increased land value which will arise goes absolutely untaxed into the pockets of the landowners. They, benefited by the industry of others, will reap the harvest. And so, over the whole country, where land has already been built upon, and in all the settlements of man, in the hearts of cities and in their suburbs where increases in land value are constantly taking place by community influence of all sorts, the bill deliberately and expressly says that 'increase in land value which accrues without development is left with the owner.'

It is fantastic to allege that this bill will collect for the public the community-created values to which the public is entitled.

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Companion to the Planning Bill is the Agriculture Bill, that Tory-Socialist compact for endowing and protecting the industry. Farmers grasping at the few extra pennies which fixed prices and guaranteed markets might give them, bargain away their independence. The Bill spreads the tentacles of State Control wherever land is being or could be used for food production. These socialistic measures have to employ a huge coercive bureaucratic machine. They speak as if the State and the Individual were at war. They blot the Statute Book with their rules and regulations, preventions and permissions, commands and compulsions, fines and penalties, dispossessions and evictions. They make despots of ministers and officials against whose decisions there is no appeal. The subordination of the individual, restricting his personal freedom and quenching his incentive to produce, can have but one economic result. It will lead to stagnation and the impoverishment of society.

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