

# LAND &

# LIBERTY

JANUARY & FEBRUARY, 1976



Economic Myths  
Financing an Ideal  
U.S. Planning Panaceas  
Farming and Protection  
Morality of Inflation  
Site-Value Rating in  
Johannesburg  
The Do-gooders  
Letters

## Programmed for Failure

THE Government in pushing through its mis-named Community Land Act has, despite various amendments forced upon it, made no real concessions to common sense, the principles of equity, sectional interests (not necessarily anti-social) or the laws of economics; of these the last will ultimately triumph where the others will fail, although not until severe disruption has been caused.

Although economic laws are amoral or impartial, they have had no effect on the Government's

thinking because to them political objectives are more important than economic principles which carry little weight anyway when advanced by their opponents.

The Royal Institution of Chartered Surveyors use sound economic reasoning in condemning the development land tax which is to partner the Community Land Act.

"A tax at an initial rate of 80 per cent (of development gains) is bound to retard development," they say in a memorandum submitted to the Government in Nov-

ember. "We are convinced that the landowner must have some incentive to bring land forward for development if house building and other developments are to be encouraged. If there is no such incentive, it will often be necessary to resort to compulsory acquisition, with all the delays and complications which that involves."

This is, of course, true. How many landowners will invite compulsory purchase by applying for planning permission for development which, if granted leaves

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them with only 20 per cent of the enhanced value not to mention the expenses and bureaucratic delays involved?

But of course the RICS's idea of incentive is to leave the landowner with as much as possible of the development gains due to planning permission which, while it has certain economic advantages, does nothing whatever to meet the very real problem of land price, land speculation and the private appropriation of the rent of land, which makes it necessary to levy taxes on labour, industry and trade nationally, and on building and development improvements locally.

What better incentive for a landowner to offer his land on the market than an annual *ad valorem* tax on it while it is in his possession? What better incentive to development than to release it from local rate charges?

Developers, like other competitive entrepreneurs can survive and prosper without speculative land gains given the right economic climate, and freedom from unnecessary bureaucratic interference.

Although landowners are often developers and *vice versa*, their two functions are essentially different in the economy, and developers as such and those who buy their product, will be the chief sufferers under labour's land legislation, not the landowners who will have every incentive to hang on to their land with the hope of a Tory victory at the next General Election and the consequent repeal of Labour's land legislation.

Confirmation that the Community Land Act is bringing building development to a standstill was given in a report by a specially appointed government study group\* under the chairmanship of Sir Dennis Pilcher. The outlook is such that within three years there is likely to be a virtual cessation in new development. This verdict, says a correspondent in *The Guardian*, December 2, should be sufficient to send shivers down the spine of all but the most avid preservationist as construction tails off with little activity except in rehabilitation of that which already exists.

\*Commercial Property Development. First report. Stationery Office, 95p