

# LAND & LIBERTY

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## WRONGFUL AND MISCHIEVOUS PROPOSALS

THE LONG awaited and much heralded Town and Country Planning Bill contains the outrageous proposal that £300,000,000 of public money shall be paid to owners whose land has a speculative value for building purposes. The money is to be shared among those landowners who can substantiate a claim to their land having a 'development value' but the Bill is entirely vague upon the manner in which these claims will be settled. The sum involved has no relation to any valuation or even estimate of what will be required. It is thrown to the wolves for them to scramble after and even if the booty exceeds the total of their proved claims it is still theirs for proportionate division. The tribute falls now to be exacted from the general body of the people and the appalling thing is that a Labour Government is the middleman in this blackmail transaction.

The Bill draws together the conclusions of the Barlow, Scott, and Uthwatt Reports and supersedes the interim Acts of 1932, and 1943. It therefore would appear to represent the Government's final word on the methods to be adopted in the planning of land used for building purposes and towards ensuring orderly development of cities and the country. The Bill was accompanied by an explanatory memorandum (Cmd.7006, price 4d.) and has had a good Press from both Government and Opposition organs, some of which make for it such extravagant claims as that it will end speculation in land, force land into use, and ensure to the public the increased value of land due to development. What are the real facts?

By decree of the Bill, no one may build on any land or materially change its use by structural alterations or otherwise unless he has had the sanction of official authority. Secondly, the sanction will be given only on payment to a new *ad hoc* authority, the Central Land Board, of a special once-for-all tax of such amount (if any) as the Board may determine. This is described in the Bill as a 'development charge' it being provided that in determining the charge the Board 'shall have regard to any increase in the value of land' which arises or is likely to arise on that particular piece of land as the result of the permitted use. But to 'have regard' to something is very different from being bound by it. No provision is made for such assessment or valuation as would enable anyone to confirm the rectitude of the charge. On the contrary, the Bill allows the Board to vary the charge at its discretion on appeal from interested parties, and the Treasury can make regulations to determine its amount 'on different principles in relation to operations or uses of different classes.'

As a fiscal measure nothing more arbitrary or more open to abuse could well be imagined. Nor is this 'development charge' to be imposed on the land in any way related to the 'development value' of the land. That value is based upon the potentially best use which the land would have if free from

restrictions. But when the planning restrictions are applied it may not be possible to develop the land to the degree that would normally have taken place. It is obvious that the intent of the charge is to take from the developer as much as he can reasonably be expected to pay. It will be a tax falling upon land only at the point when it comes into use and in proportion to the use made of it, so that the tax in its incidence and effect will be no different from what happens under the present rating system. The Central Land Board, now in debt to the Treasury for all sums paid in landlord compensation including the £300,000,000 already named, is likely to make the charge as high as possible. And even if the charge did succeed in balancing the compensation by the collection of 'betterment' (which is highly improbable) the allegation that the community thereby obtains a revenue from land value is quite mendacious. The scheme merely makes land values a 'pool' for landowners as their joint property and the community gets none of it.

The Bill contains provision for greatly increased activities by what are termed the 'planning authorities.' It seems to be clearly intended that it is these authorities, and not private enterprise, which shall in the future decide what land shall be developed, and in what manner, for which purpose they are to be armed with powers to acquire land scheduled for development, but not actually being developed to their satisfaction by the owners. Provision is also made for co-operation between the Central Land Board and other Ministries concerned, such as the Board of Trade, and local authorities. Thus it would appear, although the intention is not explicit, that the general responsibility for the location of industry as a whole, as well as subordinate issues, such as Green Belts and Garden Cities, is to rest with the Ministry of Planning.

It is hardly necessary to observe that this measure is not only a travesty upon the principles of land value taxation but is in direct conflict with them, and that the extravagant claims made for the Bill in the Press are utterly wide of the mark. The very concepts in terms of which the present situation is analysed are chaotic. There is no appreciation of the unique position of land and its rent as a factor in production and, equally, the vital distinction between land and capital is lost sight of. This leads in turn to a failure to distinguish land value from the legitimate returns to labour and enterprise.

There are in fact good reasons for anticipating that the Bill makes the situation rather worse than better, for it will be noticed that the developer will be in no better case than he was formerly, inasmuch as he will still have to pay to the landlord the restricted value of his land, plus payment to the Central Land Board of the development charge, plus local rates assessed against all improvements made. The two last items will be

increased to the amount of the development he initiates so that, taking all into consideration, the land will not be cheapened and the barriers to development will remain. These circumstances combined with the delays and inconveniences of applying to the appropriate authority for licences, may well decide the developer against making the proposed improvement. And this in turn will entail that the State will not receive its development charge and hence the instrument will fail of its fiscal purpose as well.

Finally, it is obvious that in one sense these proposals only scratch the surface of the problem in that they claim to deal only with the value of land accruing after the appointed day,

and in areas scheduled for development. The so-called restricted value of his property will remain in the landlord's hands for him to speculate with, and all land outside the scheduled areas is quite unaffected by this legislation. Possibly the most astonishing clause in the whole measure is that which openly concedes that 'increase in land value which accrues without development is left with the owner.'

The foregoing summarises the principal objections in principle to the Bill. It need hardly be added that the Bill also contains provision for setting up a large bureaucratic mechanism to enforce its policy, doubts as to the competence of which are all too likely to prove well founded.

## PLANNED ECONOMY IN BALNIBARBI

It is recorded that on the 16th day of February—it would be in 1708—the famous traveller, Dr. Lemuel Gulliver, left the floating island of Laputa, the residence of the King of Balnibarbi, and made for the metropolis which is called Lagado. There he met Lord Munodi, to whom he had a letter of recommendation from a kinsman of the King. They journeyed over much of the country, Dr. Gulliver observing the immense industry of the people in the streets and in the fields, but he could not discover any good effects they produced. On the contrary, he had never known a soil so unhappily cultivated, houses so ill contrived or a people whose countenances and habit expressed so much misery and want. As they travelled farther they came upon a scene wholly altered, presenting a beautiful and prosperous countryside. Noticing that Dr. Gulliver's countenance had cleared up, Lord Munodi said, with a sigh, that there his estate began and would continue the same till they came to his house; that his countrymen ridiculed and despised him for managing his affairs no better and for setting so ill an example to the Kingdom, which, however, was followed by very few, such as were old and wilful, and weak like himself. After supper, there being no third companion, Lord Munodi could speak more freely. He told his guest, with a very melancholy air, that he doubted he must throw down his houses in town and country, to rebuild them after the present mode; destroy all his plantations, and cast others in such a form as modern usage required; and give the same direction to his tenants, unless he would submit to incur the censure of pride, singularity, affectation, ignorance, caprice; and perhaps increase his Majesty's displeasure.

We continue the story in the traveller's own words as they were written after his return home, the 'Travels' being published in 1726:—

'He informed me of some Particulars, which probably I never heard of at Court, the People there being too much taken up in their own Speculations, to have Regard to what passed here below.

'The Sum of his Discourse was to this Effect. That about Forty Years ago, certain Persons went up to *Laputa*, either upon Business or Diversion; and after five Months Continuance, came back with a very little Smattering in Mathematicks, but full of Volatile Spirits acquired in that Airy Region. That these Persons upon their Return, began to dislike the Management of every Thing below; and fell into Schemes of putting all Arts, Sciences, Languages, and Mechanics upon a new Foot. To this End they procured a Royal Patent for erecting an Academy of PROJECTORS in *Lagado*: And the Humour prevailed so strongly among the People, that there is not a Town of any Consequence in the Kingdom without such an Academy. In these Colleges, the Professors contrive new Rules and Methods of Agriculture and Building, and new Instruments and Tools for all Trades and Manufactures, whereby, as they undertake, one Man shall do the Work of Ten; a Palace may be built in a Week, of Materials so durable as to last for ever without repair-

ing. All the Fruits of the Earth shall come to Maturity at whatever Season we think fit to chuse, and increase an Hundred Fold more than they do at present; with innumerable other happy Proposals. The only Inconvenience is, that none of these Projects are yet brought to Perfection; and in the mean time, the whole Country lies miserably waste, the Houses in Ruins, and the People without Food or Cloaths. By all which, instead of being discouraged, they are Fifty Times more violently bent upon prosecuting their Schemes, driven equally on by Hope and Despair: That, as for himself, being not of an enterprising Spirit, he was content to go on in the old Forms; to live in the Houses his Ancestors had built, and act as they did in every Part of Life without Innovation. That, some few other Persons of Quality and Gentry had done the same, but were looked on with an Eye of Contempt and ill Will, as Enemies to Art, ignorant, and ill Commonwealths-men, preferring their own Ease and Sloth before the general Improvement of their Country.

'His Lordship added, that he would not by any further Particulars prevent the Pleasure I should certainly take in viewing the grand Academy, whither he was resolved I should go. He only desired me to observe a ruined Building upon the Side of a Mountain about three Miles distant, of which he gave me this Account. That he had a very convenient Mill within Half a Mile of his House, turned by a Current from a large River, and sufficient for his own Family as well as a great Number of his Tenants. That, about seven Years ago, a Club of those Projectors came to him with Proposals to destroy this Mill, and build another on the Side of that Mountain, on the long Ridge whereof a long Canal must be cut for a Repository of Water, to be conveyed up by Pipes and Engines to supply the Mill: Because the Wind and Air upon a Height agitated the Water, and thereby made it fitter for Motion: And because the Water descending down a Declivity would turn the Mill with half the Current of a River whose Course is more upon a Level. He said, that being then not very well with the Court, and pressed by many of his Friends, he complied with the Proposal; and after employing an Hundred Men for two Years, the Work miscarried, the Projectors went off, laying the Blame intirely upon him; railing at him ever since, and putting others upon the same Experiment, with equal Assurance of Success, as well as equal Disappointment.'

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IN OUR issue of last month the 'per acre' price of land purchased for London County and Borough housing sites was wrongly given in certain cases. At Boreham Wood £670,000 was spent on 1,200 acres, equivalent to £583 per acre, not £5,583, as stated. At Grays Thurrock the price of 832 acres was £350,000, equivalent to £420 per acre, not £4,206, as stated. In the third case there was a misprint. The area of the St. Pancras site was 4.834 acres (not 4,834), that price working out at £20,700 per acre.