

Thus, speculation has led to a distortion in the pattern of land use and capital investment – hardly a model to be envied by other countries.

**A**MONG the measures adopted by the government are a heavier tax on capital gains, and the posting of special taxation zones where property has been the target of fierce speculation.

In addition, areas where land prices are escalating rapidly will be designated as "transaction-regulated districts."

Deals have to be reported to the government before contracts are exchanged. Owners will have to disclose the price, the kind of right to be transacted, and the use to which land will be put.

The government will then advise the parties involved of what it considers to be a reasonable price and utilization plan.

Where buyers refuse to accept the advice, provincial governments will have the right to step in and buy the land at what they deem to be reasonable prices.

*Shell-shocked landowners have suddenly found no takers for their over-priced land.*

As Mr. Hong put it: "Together with the vanished motive for greedy land speculation, the land owners have lost the opportunity to change their property assets into liquid assets."

People who had over-borrowed in order to buy land are now faced with a financial crisis – which could bankrupt some companies.

● **Ian Barron** writes: Although intense speculation has been brought to a halt, a frozen land market cannot help a dynamic economy such as Korea's.

The government is being pushed into the direct purchase and development of land, rather than allowing private sector developers to undertake the job at a competitive profit.

Korea is facing a period of financial stringency, and it is unlikely that the government will be able to afford to buy all the land that is needed – even at prices well below the speculative peaks – for public sector development.

The government should now consider a radical reform of land tenure and taxation, in which a free market and an annual *ad valorem* tax on land could combine to produce the best results all round.

#### REFERENCES

1. Kim Chang-young, 'Korea Uses Land Best', *The Korea Times*, Aug. 19, 1982.
2. Hong Tae-hee, 'Land Transactions Frozen to Standstill', *The Korea Times*, July 13, 1983.

# Bureaucratic bungling: report indicts hospitals

By Ian Barron

**B**ITAIN'S health service has been indicted for under-using its property, writes Ian Barron.

The evidence of a government enquiry amounts to a severe attack on the bureaucratic method of controlling the use of land.

The national health service (NHS) owns over 50,000 acres. Last year, 3,325 acres were identified as vacant or under-used.

Now the committee of enquiry recommends that hospital authorities should be forced to justify their possessions.\*

A notional rent – based on current market values – should be imputed to all property. If an authority could not justify its holdings on the basis of its performance, it should be penalised if it did not sell some of its unused assets.

This proposal was welcomed by Mr. Norman Fowler, the Minister for Social Services.

Notional rents, he said, would "bring home to users the value of accommodation they occupy and . . . promote greater efficiency and effectiveness in the use of property."

**T**HE REPORT documents the weaknesses in the bureaucratic ownership and administration of property.

● Hospital authorities displayed a "somewhat casual attitude" to property. The committee offers its explanation:

"We believe that this attitude derives largely from the fact that property in the national health service is a 'free good'. We are convinced that, unless corrected, it will frustrate attempts to achieve greater effectiveness in estate management."

*Many authorities did not even know the size or value of their holdings.*

● A Whitehall interpretation of the planning laws has prevented health authorities from obtaining planning permission to change the use of their land.

A new legal opinion from the Department of the Environment has now reversed their earlier interpretation.

● Bungling between health authorities, planning authorities and District Valuers has meant that a great deal of land was wasted.

The committee illustrates this with the case of a 3-acre site which was allowed to stand idle. The hospital

**I**N THESE times of financial stringency, many of Britain's hospitals are threatened with closure because they cannot meet their costs.

One of these is Tadworth Court Hospital in Surrey, which has had to receive emergency grants of £300,000 from the government to keep its doors open for the treatment of sick children.

Yet £2.1m could be raised from the sale of land and buildings which are not needed. Properly invested in an endowment fund, this capital would yield an annual income of £250,000.

Some of the Tadworth properties have been unused for two years.

But hospital authorities which administer valuable properties are generally reluctant to lose control.

This is the response to the campaign to protect two Richmond (Surrey) hospitals, which are threatened with partial closure.

Councillor John Waller has proposed that part of the 76-acre site belonging to West Middlesex Hospital should be sold to provide funds that would remove the threat against the two hospitals.

But a spokesman for the area health authority declared: "If you sell any assets, that is a once-and-for-all answer to a recurrent cash problem."

"Once that land is gone, you have lost it forever and it has only provided a temporary cash yield. There must be a more permanent solution."

failed to reap the benefit to the tune of £2.7m, and the local authority lost £500,000 which it would have gained if the land had been developed.

**T**HE MISUSE of scarce resources would be undermined by the committee's proposal to make hospital authorities more accountable. The report declares:

"We are convinced that the adoption of a positive NHS property valuation system is essential as being the only realistic way of bringing home to both planners and users the cost of accommodation occupied. It

● Cont. on P.119

cease the foolishness of categorizing people as "tenant farmers" and "farm workers", such as those "committees" had need to feed upon.

Nor will the anachronism of those "estates" exist any more to invite further such false set-ups for the long-suffering soil.

Nor shall we need to embroil ourselves in all those false arguments Labour is currently engaged in, as to what and how much land ought to be nationalized, and in addition all those various viewpoints about whether or not there should be "a pluralist system of ownership".

The land rent system will itself most effectively bring about parity in occupancy of land by the removal of that monopoly hold upon rental power which so thoroughly distorts the land pattern. People will then form their own co-operative ventures, or not, as they wish, in free association with one another and without interference from the State.

**L**ABOUR'S thinking on land reform is stale. Why? A Labour spokesman on agriculture, after admitting that huge estates are unjust in their origins, most earnestly assures us that compensation must be paid to their owners under Labour's land nationalization scheme!

Labour's thinking suffers from viewing land as a capital asset. But this was not the original *people's* view of it. It is a view that grew up with the land-grabbers of history — against the people's idea and will. Surely, then, that view cannot be the starting-point of a radical programme of land reform? Let me recommend "Claim of Landowners to Compensation", in Henry George's book, which was a hundred years ahead of its time.<sup>3</sup>

Labour expresses concern over the question of access to land. This is the all-important question! But the nationalization of rent, not of land, will bring about the maximum public access to our national heritage. For the land rent reform will enable those who wish it to claim their fair share of our national heritage once more — and to possess it on a real living and working basis, thus restoring dignity of work to thousands lacking it in their false urban "confinement", and bringing a true flow of life to the countryside again.

#### REFERENCES

1. Anthony Wiggins, *The Clandestine Farm*, London: Granada, 1981.
2. *Land & Liberty*, Jan.-Feb. 1980.
3. New York: Robert Schalkenbach Foundation, 1979, Bk. VII, Ch.3.

## AROUND AMERICA

### Dallas deal

**D**ALLAS-based developers have bought most of the small town of Buckingham for \$40m. That is twice what a developer offered a year ago.

Said Bob O'Donnell, a former mayor: "People who bought two acres and a home 10 years ago for \$55,000 will end up getting around \$550,000 out of the deal.

The fate of the sleepy rural town was sealed when neighbouring Dallas sprawled towards Buckingham — and pushed up land values in its wake.

★ ★ ★

*WALT DISNEY Productions could one day become ripe for takeover, say business analysts. But investors would be "more interested in its vast land holdings than in Mickey Mouse," reports Thomas Hayes (New York Times, Sept. 25).*

### Breeding ground

**H**IGH LAND values are forcing the ducks from the South Shore waterfront on Long Island. Duck farmers have occupied the stretch of coastal land since the late 18th century, and they now produce more than four million birds annually.

The pressure is now on the farmers to give up their prime sites and move inland. And new techniques which make it possible to breed birds without the need for close proximity to water is also encouraging the farmers to cash-in on their assets.

★ ★ ★

*OKLAHOMA Cherokee Kathy Dalrymple, observing the difference between Indian and European cultures, says: "To sell Manhattan to the Dutch, that was the biggest joke for [the Indians]. How could you possibly sell a piece of the earth? The Indian measures his wealth by how much he could give and share. That's why it was impossible for him to comprehend owning land." (New York Times, Sept. 18).*

### Land Baron

**T**HE NEW York Times (September 25) identifies Howard P. Ronson as "Manhattan's Newest Land Baron".

The British businessman has driven a big wedge into New York's real estate, despite the scepticism of local dealers.

"The old New York families didn't think I would last my first deal," he says. "Now they're saying, 'We didn't want to be as big as you, anyway'."

#### ● HOSPITALS: cont. from P.113

would become a key feature in the annual accountability review process.

The notional rent would not result in annual charges for accommodation. In effect it would be a performance indicator which, when related to other relevant indicators, would show the effectiveness or otherwise of an authority's use of capital assets.

During the annual accountability review, instances of low performance would be identified, for example, where an authority's notional rent was high compared with measures of service delivery and other comparisons.

Failure to reduce the level of notional rent would be a matter for examination at a subsequent annual review. We hope that such cases would be rare and could be resolved by persuasion. If not, a form of financial penalty might be necessary."

Health authorities, says the committee, should be allowed to buy land next to their vacant properties, to enhance the resale value of their assets. But they should not be allowed to acquire land for "purely speculative purposes."

*\*Underused & Surplus Property in the National Health Service, London: HMSO, £3.95.*

## 'DISCLOSE INFORMATION' DEMANDS

**D**EMANDS are mounting for more official information about the British land market.

The Royal Institution of Chartered Surveyors has pointed out that statistics relating to trends in the ownership and occupancy of agricultural land should be treated with "great caution".

The Institution now wants the Ministry of Agriculture to monitor land ownership in its annual census.

*The Economist*, the weekly business newspaper, went further on August 20 and advocated a new Domesday survey of all property.

The survey could be carried out by volunteers at parish level, and the results published by 1986 — the 900th anniversary of William the Conqueror's Domesday.

And the *Estates Times* (August 12) declared in an editorial that rent review negotiations were a farce —

because rental data was unreliable.

Surveyors, said the newspaper, were hampered in their job of establishing rental values by the paucity of data on comparable properties.

In Scotland, rents on first lettings, together with prices from the sale of property, are registered. The same should happen south of the border.

*\*Contractual Relationships in Farming, London: RICS, 1983.*