GEORGIST JOURNAL
AUTUMN 1976

EFFECTIVE PROPAGANDA FROM GRONDVEST

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This is a further report on the activities of the Stichting Grondvest (Land Chartist Foundation) in the Netherlands, previously reported in GJ Nos. 6 and 11.

Grondvest specializes in down-to-earth propaganda to the members of local authorities about the raising of revenue and concentrates on the effect of inflation and of real rises in land values upon rents received by local authorities for land that they have leased. When the lease is granted, the rent received represents the current value of the land, so that nobody would pay a capital sum at that time to take over the land subject to the liability to pay the agreed rent. Before the lease expires, however (the normal term being about 75 years), the rent comes to represent only a small fraction of the annual value of the land, and the sale value of the land may exceed that of the improvements upon it.

Grondvest has developed some original ideas for dealing with the problem and, in January 1976, invited local councillors to a conference on the subject. This was over-subscribed, all 250 places being taken up, and a second conference with an attendance of about 100 was therefore held in February. Two further conferences have been arranged for this Autumn. That the earlier conferences were effective is shown by the fact that some local councillors and burgomasters have joined the speakers' panels for the later ones.

Grondvest has paid special attention to the situation in the Hague where about one-fifth of the land is let on lease by the local authority. As mentioned in GJ No. 6, the City Council has decided to lease this land in perpetuity with provision for periodic revaluation. They published draft regulations on the subject and invited discussion.

The comments of Grondvest for this discussion are presented in a pamphlet which begins with a letter addressed to members of the Council, then follows with an explanation of the proposals. An example is given of the rise in value of a particular plot between 1925, when it was leased, and 1970, when it was sold for a price which indicated that the annual money value had risen to 20 times what it was in 1925. The loss to the municipal treasury is calculated and the councillors are plainly told that Grondvest considers it their duty to see that the community gets the whole of this value. Elsewhere in the pamphlet it is suggested that annual adjustment should be as normal for rents as it is for prices and wages. The point is also made that the value of the four-fifths of the land for which the Council does not get a rent was also created by the community.

Grondvest proposals for revaluation are developed. They say that the agreement between the Council and a tenant in a given year for the leasing of a plot of land provides a valuation of that plot. If a similar plot is leased the following year for a rent x% higher, that provides an automatic indication that land values have risen by x%. In deciding what are "similar" plots, the isoval maps (mentioned in GJ No. 11) are clearly important. Grondvest suggests that a "tariff factor" should be calculated annually by the local authority on the basis of leases concluded during the year in comparison with those of the previous year and applied to the rents charged under all existing leases. It claims that this would take care of all factors affecting land value, avoid complicated discussions on inflation indexes, changes in interest rates, real rise in value, etc., and would make formal revaluations largely unnecessary.

This proposal presupposes that the values of the great majority of plots in the city will rise by the same percentage in a given year. Genuine variations from this rule could be dealt with by an appeals system and, Grondvest suggests, if appellants had to pay the costs of their appeals, this would ensure that appeals would be made only where there were genuine grounds for them.

Sample calculations are given to show how the "tariff factor" could be applied and also to show how the initial rents would be fixed when a new district was developed. Tables are also given to show two alternative methods by which the Council could finance the purchase of land for leasing. One of these is the one discussed briefly in GJ No. 11.

Altogether this is a well-presented and well-argued case and we shall look forward to hearing to what extent the Grondvest proposals are incorporated in the regulations ultimately adopted in The Hague.

(Also from the Netherlands comes a 95-page booklet issued by Dutch Georgists, entitled De Profeet van San Francisco (The Prophet of San Francisco) by G.H. Andes. It is a much-abridged and highly-spiced version of Progress and Poverty.)