

Towards an agenda for Scotland's Parliament

John Digney

HOW SCOTLAND IS OWNED

Robin Callander
Canongate Books, £9.99

ARCANE and archaic are two words commonly used to describe Scotland's system of land tenure. The absence of a Scottish Parliament for nearly 300 years has inevitably led to neglect in the revision and updating of some elements of Scottish legislation, including the land laws. Interpretation has had to rely heavily on legal precedents established long ago. The result is an anachronistic muddle largely unexplored by anyone without the formal legal qualifications.

While Robin Callander readily admits to having no such qualifications, few people reading this book would challenge his credentials for writing it. His research has been meticulous and enormously wide-ranging, covering even the most obscure aspects of land tenure. Yet, despite the complexity of the subject, his language is clear, precise and mercifully free of unnecessary jargon.

It is not coincidence, Callander observes, that as the only country in the world with a feudal system of land tenure, Scotland has the most concentrated pattern of private land ownership. Pressure for reform is not new, notably for the abolition of feudal superiorities, whereby one citizen can still regulate the activities of another merely on the strength of terms imposed when land changed hands, perhaps in the distant past. In sweeping this away, however, he warns against sacrificing the essential conditionality inherent in feudal tenure in favour of a system of absolute ownership as proposed by the Scottish Law Commission, which could leave the public interest worse off than at present. We must not "throw out the public interest baby with the very dirty feudal bath water".

The balance between the public and private interests in land is a theme which runs through much of the book. Crucial to this debate is the role of the Crown, and Callander examines the differences between the Crown's sovereignty in Scotland and England, and its status in Scotland as Paramount Superior. In contrast to the English position, sovereignty in Scotland still derives from the people, with the Crown's status as representative of the people, or the "Community of the Realm". The Crown's role in Scotland is as ultimate owner, holding all land on behalf of the public. There is indeed a legal and technical basis, Callander argues, for the view that "the land belongs to the people of Scotland".

To anyone familiar with Henry George's

proposals for land value taxation, it might appear that Callander is preparing to examine the relevance of those arguments to Scotland's requirements, particularly when he notes that historically, charges on land were central to national revenues and might figure in a reformed land tenure system. However, he stops short of prescribing specific policies and the ensuing mention of Henry George is only to observe that land value taxation would provide an incentive to appropriate land use.

Such a brief reference gives little insight into the scope of George's proposals and the vital link he made between land reform and fiscal reform. George deplored the iniquity of unconditional private monopoly of a common resource; at the same time, he recognised the social and economic damage caused by taxation levied on the labour and capital markets. He proposed the shift in the burden of taxation away from active production and on to land values, by obliging every land holder to pay annually in accordance with the unimproved value of the land held. Publicly created land rental values would then form the basis of public revenues, rather than being captured by private landowner. The private benefits enjoyed through the ownership of land would be accurately balanced by a reciprocal fiscal obligation to the rest of the community.

Callander states that the purpose of his book is to provide a framework for discussion. He does not attempt to force-feed us with any detailed proposals for reform. Along the way, he makes suggestions as to which aspects ought to be re-examined, but even when he pulls these together in the final section, he emphasises that they are not intended as a blueprint.

With the formation of the new Scottish Parliament now imminent, and with land reform due to feature among its priorities, the debate is intensifying. Anyone wishing to make an informed contribution to that debate ought to buy this excellent book.

Eco-tax reformers need to adopt land-value tax

Geoffrey Lee

PROGRAMME FOR A SUSTAINABLE ECONOMY

Forum for the Future
Sustainable Economy Unit, £5.50

APUBLICATION that has a diagram showing wealth production and yet does not have land on it clearly underestimates its importance. It is true that the diagram includes land under the heading of ecological capital but treats it in an unnecessarily complex manner. Land and labour are the two factors we need to focus upon. It is the conditions at their point of interaction that determine what is produced and more importantly the quality of what is produced and its sustainability.

This pamphlet quite rightly says that renewable resources must be perpetuated through the maintenance of soil fertility and that sustainable harvesting must be rigorously enforced. It has excellent proposals for preventing the unrestrained consumption that could (and is) leading to catastrophic outcomes for the global environment. The problem is how to enforce them.

Ecological tax reform could be the major tool in the battle and the pamphlet points out that a shift of taxation away from labour and profits onto the use of environmental resources could increase investment and employment and reduce environmental damage. In his 1994 budget the UK Chancellor accepted the principle of eco-tax reform: a land-value tax would be the most effective policy.

Melbourne □ Prize-winners

Two split A\$25,000 essay prize

A PRIZE OF A\$25,000 has been split between two winners who offered critiques of the submission to the 1996 ACCI-ACOSS Tax Summit by Philip Day, the Hon Rae Else-Mitchell, Bryan Kavanagh and JD Tucker.

Mr Michael Plumb, 26, an econometrician lecturing at Nuffield College, Oxford, and Ms Julie Smith of the Australian National University, Canberra, beat 15 others to the prize.

Most authors agreed with many of the weaknesses of Australia's tax system, which were identified in *Tax Reform: A Rational Solution*, which advocated a radical shift to resource rents taxation, and with the broad objective of making greater use of land value taxation.

According to the judges, Professors Russell

Mathews and Rod Jensen, the strength of Ms Smith's entry lay in its historical account of the difficulties which have confronted Australian government attempts to tax land values in the face of powerful opposition from vested interest groups.

The strength of Mr Plumb's entry was in its theoretical analysis. He challenged the assumption that the supply of land is fixed and that the removal of improvements from the property tax base would provide incentives for more productive and intensive development.

The competition was organised by the Land Values Research Group, Melbourne, which publishes monographs exploring the proposal to rebase public finance on the income from land.