

THE worldwide ecology movement represents one of the greatest prospects for changing the structure of ownership in land and restoring the traditional emphasis on communal rights within which the interests of all individuals would be protected.

Since the Industrial Revolution, priority has been given to the role of capital in the productive process, at the expense of sound land-use policies (aided by people like Marx, who labelled his famous book *Capital*). In 200 years, only Henry George managed to temporarily correct the wrong emphasis.

The philosophical outlook, the public debates and policies, have been heavily conditioned by the seemingly inexorable processes of urbanisation and industrialisation. The ecology movement is important because it is demanding a reversal of these trends, and a return to the land. Angered by the visible pollution of the earth and the pathologies of modern living, people are being driven to return to older philosophies which demanded that the resources of nature should be nurtured and conserved. Thousands of them are even practising what they preach: they are setting up land-based communes, growing their own food and striving to re-establish relationships based on empathy with their fellow human beings.

In America, 10,000 farmers now grow food organically rather than chemically, in the belief that wholesome food is vital to a wholesome spiritual and physical life. In the UK, by far the most important experiment in what is called post-industrial living is associated with a vigorous magazine, *The Ecologist*. Its editor, Edward Goldsmith, leads a team of writers whose critiques of industrial society are profound and well-documented. On the reasonable assumption that one's case is enhanced by personal example, Goldsmith and some of his friends moved from London in 1972 to Wadebridge, Cornwall, where they bought a cluster of farms.

Back to the land is the cornerstone of their philosophy. But back to *whose* land? This is the question which the ecologists have failed to subject to one of those devastating analyses of which they are capable. In the main, they have retained the ethos and concepts of individual ownership. While rejecting large-scale factory farming (whether based on socialist or capitalist models) their horizons are limited to endorsing privately owned farms based on the family unit.

This is a fatal flaw in their philosophy. Traditional societies were able to exercise sound ecological control over the use of resources precisely because rights to land were diffused—motivated by the knowledge that failure to do so would jeopardise the very existence of society. Since the Industrial Revolution, such controls have been destroyed by the structure of property rights: outright individual ownership meant the right to prevent interference by others, no matter what (hence the slag heaps which blight the land from Cornwall to the Clyde).

Since the Second World War, bureaucrats have

Ecologists Back to Whose Land?

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attempted to implement land-use policies—an imperfect substitute for an alternative system in which all individuals, expressing their preferences collectively in the market, could direct the way in which land was used.

The ecologists—who are hostile to market forces, which they associate with industrialisation and the rape of the earth—would argue that the market has singularly failed to efficiently allocate land. They would be right. The corrective which was needed to ensure an efficient market system was a tax on land values (which would have penalised those who held land idle when others needed it for homes and jobs). The ecologist who has come closest to endorsing land-value taxation is E. F. Schumacher, a distinguished economist and author of the famous *Small is Beautiful*. He sees private ownership of land as being at the root of the housing problem; and he expresses an urgent desire to see an end to land speculation. How? He draws up his proposals in a pamphlet called *Think About Land* (published by the Catholic Housing Aid Society) and in *Resurgence*, September 1974. Unfortunately, Schumacher's scheme would not yield the results he wants.

He proposes that all land should be valued on a given date, and these valuations should be entered on to a register. If plots are then sold at higher values, the difference is paid to a Local Authority Land Fund and spent for the benefit of the community. Let me illustrate: on the appointed date, my five acres on the edge of Richmond Park, with planning permission for development, are worth £1m. Six months later I sell the land; Schumacher says that if the local authority wants it, it ought to have preference (why?). Anyway, the land fetches £1.3m. I keep £1m., and the Land Fund gets £300,000. Then, as a result of the sale, the new registered value is £1.3m, and should the new owner resell at a higher price, he retains only the registered value.

Defective, for at least three reasons:

(1) I sell my five acres *not* for what it is worth, but for £1m. Question: why should I bother to charge the higher rate, if the difference merely ends up in the hands of tax authorities? It makes no difference to me! I get my million, and that's it. But how do I select the new owner? This could be by a toss of the coin. On the other hand, if the building firm which wanted to buy the land off me for £1m. (saving to them: £300,000) were to offer me a

lucrative directorship for a fixed term of years. . . .

(2) My land, which I rent out, is worth £1m. on the appointed day. The £1m., of course, is the capitalised value of the annual rents. Over the next two years, the value of the land goes up: so do my rents! In other words, I am financially benefitting from land on the basis of a capitalised value which is higher than the registered value. Under Schumacher's scheme, nothing could be done about it. For, he states: "The new dispensation would become active only as and when the landowner wishes to get rid of his land—in other words, when he wishes to cease being a landowner."

(3) Schumacher's tax does nothing to deal with the problem of landowners sitting on idle land. His answer is that existing compulsory purchase powers exercised by local authorities could still be used against anti-social landowners. Well, this would partially deal with the problem: it helps the public sector. But what of the farmers, the industrialists, the families needing homes—all of whose needs ought not to be determined by plans and procedures drawn up by bureaucracies? Using Schumacher's solution, the power of the state would be reinforced—a prospect which he does not find attractive: ". . . there is reason to fear that state ownership of land would automatically and inevitably mean some type of bureaucratic administration — a daunting prospect indeed."

In sum, we may doubt Schumacher's bold claim that his scheme produces "a total solution to the problem of land speculation." And because his scheme does nothing about appropriating part of *existing* land values for the public good, we must assume that he does not wish to raise fundamental questions about the ethics of landownership *per se*.

At the end of his *Resurgence* article, Schumacher challenges potential critics by stating: "All right, if you don't like this scheme, will you kindly propose something else?" My answer would be one with which he was presumably familiar (since he refers to Henry George by name): an annual tax on the value of all land, levied irrespective of whether it was being economically used or not.

But this *ad valorem* tax vaguely worries ecologists. Some of them have expressed the fear that it would lead to over-exploitation of land (and their business is conservation). This anxiety is unwarranted, on grounds of both theory and practice (e.g., the Austra-

lian experience).

Over-exploitation can take either or both of two forms: intensive and extensive usage. Before examining these, let us be clear that a land tax determines neither use nor value of land; these are determined by the demands of the community living on the land. The tax simply slices away a part of income from the productive process (the part not produced by labour and capital) for use by the whole community.

The allegation that land-value taxation leads to intensity of use which injures the soil focuses on the farming sector. Let's assume that Joe Bloggs the tenant farmer pays £500 a year rent for his land. Along comes the Government and imposes a 50 per cent land tax. What happens? If the tax could be passed on by the landowner, it might force the farmer to try and coax that little bit extra out of the soil. But a land tax cannot be passed on. So the rent is simply divided up equally between the landowner and tax authorities: who gets it is of no concern to the farmer.

Under a land-value tax regime, why should the farmer suddenly alter his good farming practices in order to over-exploit the soil? Abuse of the soil for short-term gains would only make life tougher for him in the medium and long term future. LVT, then, would not alter sound farming practices.

The belief that LVT would lead to extensive exploitation of land is relevant to the urban, capital development sector. The argument would go something like this: people who owned undeveloped rural land would have to build on it, to earn money with which to pay the land tax; this would lead to sprawl and the loss of valuable farm land.

This is a groundless anxiety. For development would only occur where there was an effective demand for it. Once that demand had been met, who would dream of sticking up office blocks and houses which could not be sold or rented? Once the demand for constructions had been satisfied, the demand for development land switches off—which has a concomitant effect on the demand for, and therefore the value of (and so tax on) the land!

In fact, what would happen is this. Land in and near the urban centres—where most people prefer to live—would be used efficiently. Derelict sites in and near town centres would be used instead of con-



tinuing to stand idle. As a result, there would be a tightening up of settlements—thus, a land tax would act as a brake on urban sprawl (thereby con-

serving green land for agricultural and recreational use). As a result of efficient land use, more land would become economically marginal (i.e., yielding no rent): it would therefore entail no taxes, and so would not be over-exploited to yield both adequate wages and interest on capital investment *and* a surplus with which to pay the land tax.

Ecologists, if they sat down to think about it, would find land-value taxation wholly consonant with their objectives. Their problem is not an economic one—it is philosophical, and centres on the question of *whose* land they say we should return to.

As I understand it, the burden of their case is that nature belongs to all the future generations and not just to those of us who happen to have access rights to it today. Their problem, then, is this: does mother earth belong to *all* members of future generations—or just a minority with the power to monopolise land and live off the labours of others? If not—if land belongs to *everyone*—then what mechanism can they devise which would ensure a fair and equal share of the land, given that there is no possibility of us all having a plot of equal fertility to ourselves?