

# Oh for a touch of the Con Domesday

By FRED HARRISON

PLANS to revitalise Britain's inner cities are in jeopardy unless the government introduces a tax on the value of vacant sites conclude two leading geographers, Professor Michael Chisholm of Cambridge and Dr. Philip Kivell of Keele University.<sup>1</sup>

Their new book follows hard on the heels of *Why Wasteland?*, in which John Loveless, a lecturer in civil engineering at King's College, London, analyses the urban problems associated with idle land.

The authors of both studies are advocates of the free market, who see that the absence of a tax on vacant land is an obstacle to the efficient allocation of land.

Chisholm and Kivell advocate the radical idea that a law should be introduced so that owners' use-rights would lapse after five years vacancy. "We can see no good reason why established use-rights should continue in perpetuity on vacant land," they say. "On the contrary, were use-rights to lapse after a specified period of vacancy, there would be considerable benefits."

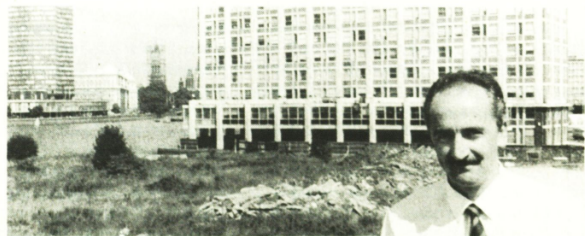
Such a provision would be necessary only if the tax rate was too low to compel the owners to develop their properties. The tax rate causes Chisholm and Kivell some difficulty, for they say that it should be set "high enough to act as a spur to action but not so high as to encourage ill-conceived schemes." That requires value judgments that have little place in decision-making in the marketplace.

Who can select a tax rate that would not encourage "ill-conceived" schemes? Who (apart from the advocates of planning and social engineering) is so confident as to know what is an ill-conceived scheme anyway?

BUT it would be churlish to nit-pick. Chisholm and Kivell are bold in their analysis and prescription, embarrassing the Thatcher government by advocating registers of land ownership, planning status and rateable values which are open to the public.

They commend the Danish system, in which people have access to land value maps which enable them to challenge official valuations. Alas, there is no sign that the British government is willing to limit its taste for secrecy to its futile bid to ban Peter Wright's *Spycatcher*!

Conservative politicians, in fact, while being aware of the need to redevelop derelict urban sites, have advocated bureaucratic structures



● "Land speculation is publicly abhorred by all shades of political opinion, but it goes on unchecked just the same," says John Loveless, pictured on a valuable but long vacant site on the south bank of the Thames, with the Houses of Parliament visible in the distance. "To abate land price

inflation and land speculation, the proven tool for the job is land-value taxation," he adds. A tax on the value of land alone also unlocks the land market by making development more attractive. No other measure would have such a beneficial effect on the urban wasteland problem."

(development corporations) and cash incentives (handing out grants from taxpayers). These are inconsistent with the broad Thatcher philosophy which allegedly favours the individual entrepreneur, as deficit financing is supposed to be inconsistent with President Reagan's budget-balancing strictures. But words, as we know, do not always match deeds!

Loveless emphasises that a tax on land values is the instrument consistent with the operations of a free market. He draws on empirical evidence (for example, Pittsburgh taxes land values at a higher rate than the assessed value of buildings) to support the theory that land value taxation is the most effective way to stimulate economic growth. He arrives at his policy solution by adopting as his starting point two well-known maxims:

- The greatest happiness of the greatest number is the foundation of morals and legislation; and
- The best government is that which governs least.

A consistent political philosophy, then, has to come up with land value taxation, for this is the instrument which is compatible with minimum government and maximum happiness. As a footnote to his study, Loveless notes:

*It is amusing to reflect that 900 years ago William the Conqueror had a better grasp of the vital importance of land to the economy than many present-day planners, politicians and economists. He had better information, through the Domesday Book, about land ownership and land values than any government since. And, he operated a unitary system of taxation, the geld, which was at once the most efficient, arguably the fairest and the least liable to evasion of any tax system yet devised. Where did we go wrong?*

Where we went wrong is alluded to by Christopher Huhne, who noted that attempts over the years to introduce land value taxation in Britain were repeatedly thwarted by "the Tories' landed interests".<sup>3</sup>

THE paucity of data on the problem exemplifies the need for further research. For example, Loveless cites a figure of 100,000 hectares of vacant land, but other estimates range up to half-a-million. The compromise figure adopted by Chisholm and Kivell is 210,000 hectares in England, which is about the size of Nottinghamshire. One-third of that wasted resource is privately owned.

Chisholm and Kivell found that these strategically-located sites tend to lie idle for between 12 and 20 years. This duration accords with the findings of research in the US, where the favoured period was 15 years.

Fred Harrison suggests<sup>4</sup> that this time-scale is not a coincidence; for he found that trends in land values fitted into 18-year cycles. The inference must be that the shrewdest speculators buy at the bottom of the cycle, hang on to their assets for around 12 years and then sell before the bubble bursts!

This propensity to withhold land from the market even when the price

VACANT

Metropolitan  
Greater London  
Greater Manchester  
Merseyside  
South Yorkshire  
Tyne & Wear  
West Midlands  
West Yorkshire

TOTAL

Urban districts  
200,000 population  
Bristol  
Derby  
Hull  
Leicester  
Nottingham  
Plymouth  
Southampton  
Stoke-on-Trent

TOTAL

\* The figures are  
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Source: Department  
1987.

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London: Institute of  
2. J. Loveless, *Why*  
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