

# A Jenkins Juggernaut

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**E**VEN THE briefest analysis of British post-war politics reveals that the electorate has shown remarkable ability to decide when it has suffered enough of inept and unsuccessful political policies. Its reaction has instinctively been to "let the others have a go." As a consequence, statutes have been written, repealed, re-written and repealed again. Boards, councils and commissions have been appointed, abolished, re-constituted or ignored as the need seemed to demand. Ministries have grown, been cut down in their prime, amalgamated and divided. Taxes, subsidies, quotas and tariffs have been increased, only rarely reduced and hardly ever abandoned. And the process goes on relentlessly with subtle and not so subtle changes of emphasis with each successive administration. No legislative sea illustrates this point more explicitly than that of land policy. Indeed, in land policy we find the flooding and ebbing water marks of both major parties in every administration. The same is true of rent control.

Since 1945 we have seen the introduction and disappearance of the Development Charge and the introduction and abolition of its cousin the Betterment Levy. At the same time we have seen the birth and death of the Ministry of Town and Country Planning and the birth and death of the Land Commission. But the problem of ever-increasing land values is still with us and the need to solve it effectively grows more urgent as time goes on. Meanwhile politicians of both parties continue to incant their mumbo-jumbo about house building targets, home ownership for all, the need for market incentives, the need to end exploitation, the plight of the small landlord, the developers' lack of social responsibility, the iniquities of rent control, the causes of homelessness, etc., etc. All this and more is a response to the electorate's vociferous concern with the alarming state of the market in land and homes. "Where can we afford to live decently?" ask the newly-weds. "Where can we put our Grandma?" "When are prices coming down?" And the councillors, Members of Parliament, land owners and Building Societies have their answers. "Soon," they say. "Just give us a chance to make our policies work. Vote for us, support us and save! Help is on its way." And so is doomsday. The post-war babies for whom the country was to be built again are now harrassed and disillusioned. Not all of them of course. But far too many of them. There are still about one million unfit homes in England and Wales.

One million unfit homes . . . 25,000 living in temporary local authority sponsored accommodation . . . land prices at one third of the price of a house when they accounted for only a quarter five years ago. The house that cost £2,500 fifteen years ago now sells for £11,000. These are the hard cold facts. But the facts themselves, startling though they are, hide the social consequences. Generations of children have been born in slums and raised in poverty. Family aspirations of a better life have been thwarted by the stark realities of the fight for survival. Who knows how many people have given up the fight, resorted to alcohol, gambling or even crime to escape the sombre surroundings and demoralising atmosphere of tenement buildings, many of which were built a century ago? True, some progress has been made. Younger people with drive and talent have surmounted the millstone of their backgrounds sufficiently to find a home in better neighbourhoods. Others have gratefully accepted the largesse of subsidised public housing when slums have been bulldozed to the ground. The nineteenth century ghetto has been willingly exchanged for a few hundred square feet of floor space in the modern "concrete jungle" which, in spite of very limited amenities, offers the hitherto unexperienced luxury of a bathroom, hot running water and an indoor water closet. But is this good enough? The answer must be no.

And yet a municipalised environment is the best that many people can ever hope for. This, perhaps, is the greatest shame of all - not because the public authorities have fallen down on their job (many of them have produced remarkable results with the limited resources they can command) but because the officially sponsored programmes do little or nothing to raise self-esteem or to help extend the margins of individual choice. In other words, the poverty problem is still with us but now shakily under-pinned and thinly disguised behind the walls of the slab and tower blocks and the rows of terraced houses embellished with the coats of arms of beneficent urban councils. Naturally, many people are unhappy with the present drifting trend. But there seems to be little hope of an end to it. Even the advocates of change seem to be looking for more of what we have rather than for fundamental change.

Last year Roy Jenkins, opposition member of the House, in a long speech made a fair analysis of the factors limiting the supply of good quality housing at reasonable prices in the right locations. First, he blamed rising land prices and the inability to control them. Secondly, he cited poverty and the plight of those left behind in the economic scramble. Thirdly

he admitted that rent controls have had a negative effect on the supply of homes and flats to rent. But we search Mr. Jenkins's views in vain for policies for enlightened corrective action. Instead, this is what he proposed:

- \* Increased use of compulsory purchase powers by local and central government to acquire land in advance of need at "fair prices."
- \* Alternatively, the acquisition by the state of *all* development rights.
- \* A complete municipal or government take-over of all private rented accommodation with exemptions for housing associations, owner-occupied sub-lets and service tenancies.

And where would that lead us? Back to Uthwatt, Barlow and another Town & Country Planning Act? Back to wartime requisitioning of houses and flats? Back to policies which have demonstrably failed in the past on repeated occasions? Let us look more closely at these bankrupt proposals.

The rock upon which land municipalisation or nationalisation has foundered in the past and will always founder is the limit to the funds available. Whatever the scale of compensation chosen (unless it is downright confiscatory and totally unfair as between developed and undeveloped land) it will have to be financed somehow - either through direct or indirect taxation in addition to what is levied at the moment to support public land acquisition - or by the monetary printing press. Such an additional levy would have savage repercussions throughout the economy. But let us have no illusions about it; the resources are simply not there to finance this political gamble! The same is true of the nationalisation of development rights -

unless no compensation is to be paid. And look what happened when it was tried last time: the measure

was repealed by the next government in office. In fact, Mr. Jenkins conceded this very point, admitting that taxing increases in land value at the point of development had proved to be unsuccessful. Such arid policies, proposed in the light of unsuccessful past experience, deserve the kind of ridicule they are likely to receive from the opposite benches.

And what of the municipalisation of rented property? Where would the money for that come from? How could the country possibly afford to take over 2½ million homes or 14 per cent of the housing stock? Even supposing this was desirable? Such a proposal is just not on. This is not to say that Mr. Jenkins and his party are not sincere in their wish to improve on the present undesirable situation. Let us agree that it is wrong for the owners of land to hold the country to ransom. Let us agree that current policies of massive rebates and subsidies which go straight into the poc-

kets of landlords are unsatisfactory. Let us agree that environmental improvement in General Improvement Areas increases the desirability of an area and consequently increases rents. Let us agree that there is hardship where controlled tenancies are suddenly converted to "fair rents" or some other basis permitting rent increases. Let us agree that there should be improved maintenance of older property where this is practicable. Let us agree that young marrieds should be able to find close-in accommodation in our cities and not be forced into long distance commuting. But, above all, let us make it clear to Mr. Jenkins and his party that there is only one way to tackle these problems and that is through land-value taxation.

Let us see how this would work to end these problems efficiently, effectively and without cost to those most in need.

- \* LVT has the twin merits of bringing land into use at the geographical margin and reducing the market price of all land.
- \* Expansion at the margin plus the bringing into use of land held speculatively provides an opportunity for decanting from the inner areas so that they may be redeveloped or improved where necessary.
- \* Taxing land and not buildings encourages better standards of construction, higher standards of maintenance and better design.
- \* The community automatically benefits from the increases in land value resulting from public improvements as land would be re-valued at regular intervals.
- \* The land-value tax just cannot be shifted forward to the poor, the industrious, the consumer or any other group of people who are not landowners.
- \* By easing the land market into action, the land tax makes the assembly of large sites for modern developments far easier and the need to invoke powers of compulsory purchase would decline.

prosperous we had become with new shops, new roads, new swimming pools, dance halls, restaurants etc. Yet somehow the people generally and many traders were no better off than before.

*Interviewer:* But surely, the working people must have had more jobs and, with the increased demand for labour, higher wages?

*Packet:* Not really. You see the increased prosperity attracted labour from other towns and it also attracted capital, and what with the fierce competition and higher rates to pay for the continual improvements, they were not much better off - except in the short run.

*Interviewer:* Yes, I suppose that's the hard facts of economic life - we see it around us all the time, but I don't see what this has to do with your making your fortune, unless you were the owner of the publicity firm or perhaps a developer?

*Packet:* No, neither. As a matter of fact the publicity firm went broke - they underestimated their costs.

*Interviewer:* And the developers?

*Packet:* Oh, they didn't do all that well - two of them burnt their fingers - you can still see the empty buildings on the south shore, at the far end.

*Interviewer:* Yes, I've seen them, but why build way out there?

*Packet:* Couldn't afford to pay the higher land prices nearer to the centre of things.

*Interviewer:* Yes I suppose so. But to get back to this fortune that you say the people have voted to you - how did that happen?...

*Packet:* I've told you.

*Interviewer:* But that money was spent on improvements in the town and on publicity - roads, schools, swimming baths, etc.

*Packet:* Exactly - but you see I own most of the land around here - always have - and the final result of all this prosperity was to push up land rents and land prices. I got it all in the end. People out there are still struggling to make ends meet - labour and capital alike, and increased rates and taxes don't help much.

*Interviewer:* It's a wonder the people don't turn on you.

*Packet:* Not at all. I shall probably finish up with a knighthood and my statue in the town centre - as I said, the councillors and the people simply don't understand economics.

*Interviewer:* I suppose you're a bit nervous about betterment levies coming in again or land nationalisation?

*Packet:* Well, not really. Betterment levies would affect new development permissions it's true, but I would still have my present rents coming in - pretty high you know.

*Interviewer:* I know!

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*Packet:* And as for land nationalisation, I would get ample compensation and draw interest on Government bonds instead of drawing rents - not much difference really.

*Interviewer:* So you're not really bothered by all this talk of land reform?

*Packet:* Well (by the way, is that mike still on?).

*Interviewer:* I'll switch it off if you like - there.

*Packet:* Thanks. Strictly between you and me, one thing *does* worry me.

*Interviewer:* What's that?

*Packet:* Land-value taxation - it would fall on all my rents and lower the selling prices of all my land, but I'm relying on the general ignorance of economics to prevent that.