



# The Lifeline Cast Aside

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CURRENT trends seem to indicate that the United Kingdom is losing the economic battle domestically and internationally. Moreover, there are many who would argue that the standard of living of the individual has declined progressively in recent years if the superficial gloss of gadgetry and social support systems is removed. There is no doubt, for instance, that it is relatively harder now for a working man to purchase a home of his own than it was in the 1930's. Not only are modern houses more expensive relative to income, but they are also of inferior space standards and generally less advantageously situated in relation to the centres of cities and major towns. And as for accommodation for rent - that market is almost dead.

The interesting but infuriating thing about all this is that the facts are known - both to the government and to various interests and pressure groups. The existence of the economic crisis is acknowledged and attempts are being made to do something about it. Unfortunately, when it comes to the economic health of the nation, the quacks have had it their own way for far too long and all attempts to expose them for the frauds that they are have been in vain.

Meanwhile the country staggers on from the effects of incorrectly prescribed medicine applied to illnesses which at best have been only half diagnosed. One would think that after all these years at least one government in power would have seen the relationships between increases in the money supply, escalating land prices, stagnating industry and incessant clamouring for higher wages.

Let's look briefly at one of the major causative factors of the recurrent crises - land price. Land

prices have been rising rapidly for nearly thirty years and even discounting the effects of inflation they have outstripped every other standard index. The movement has been uneven yet very clearly related to other measurable economic indicators such as incomes, production and deficit spending. Yet the significance of land price in the performance of the economy as a whole has never really been appreciated. Certainly much political music has been made of scandals in profits flowing from land deals and the socialists have twice tried unsuccessfully to nip these in the bud but the problem of land price, particularly in relation to housing costs, has never been singled out for the priority treatment it merits. The effects are felt more harshly by those who are excluded from landlord-subsidised housing, those who do not qualify for local authority housing and those who are seeking to buy a house for the first time.

But more than this, high rents and high land prices coupled with a scarcity of all kinds of accommodation in the right locations are restricting the activities of innovators in every market and those who might otherwise consider expansion. In the process, thousands of jobs are not stimulated where they might be. And when it comes to investment the same problem is apparent. People with money, knowing about the safety and assured returns from investments in land prefer to invest in property and land rather than take greater risks in innovative expansion. The trend is compounded by inflationary tendencies. And it is getting worse all the time. Entry into the EEC will not help in any way at all. In fact there are strong indications that the same disease has already crossed the channel and has a very

firm foothold in most European countries. The problem in Europe appears to be very closely linked with the relationship between the populations of the member nations and the area of land within their boundaries.

Throughout Europe, to a greater or less degree, there is municipal, state and national ownership of land and various agencies and commissions for land acquisition and disposal. There are also many forms of subsidy and aid to promote house improvement and industrial development. But nowhere within the EEC is there a comprehensive proposal for fundamental reform. Hence the need for a legion of land reformers - and knowledgeable ones at that - who will demand that the rent of land provide each country with a self-generating development fund to finance airports, harbours, roads, railways, sewage treatment, water supply projects and the rehabilitation of the slums and ghettos of nine capitals and hundreds of cities. The private sector must provide the homes, the shops and the factories without generating values that go into private pockets. It needs cheap land and it needs a taxation system which is simple and efficient. Above all it needs a taxation system which makes land cheaper to buy and dearer to hold - a tax which cannot be passed on in higher prices for goods and services. In short it needs land-value taxation more now than ever before.

Land reform in developed countries is far from being a dead duck. Its advocates need to press hard and quack louder - louder in fact than the economic quacks who so far have failed to even identify the nature of the disease which soon could have the whole of Europe in a strangulation grip.