

MISGUIDED ATTACK ON A 500-YEAR TRADITION

THE SURPLUS income from natural resources – what we today call rents – has traditionally financed public services in all forms of societies.

The aristocracy in Britain – with the barons and knights fighting to retain their right to feudal rents even when they finally lost their social functions changed all that.

The social nature of rental income was gradually transformed into private property.

Rates – the property tax, raised by local governments to finance a few council services was the only concession to the community's right to share in rental income.

Prime Minister Margaret Thatcher's desire to abolish the rating system, then, takes to its final, logical conclusion a historical process that spans more than 500 years: the alienation of the community's rental income.

A RELIC of history is the way in which Britain pays for its No. 1 Civil Servant: Queen Elizabeth II.

Traditionally, monarchs have financed the government, army and judiciary of Britain out of the rental income of Crown lands.

This practice has continued up to the present day, thanks to shrewd political decisions made by kings who were anxious to preserve their dynasty.

The turning point was 1660, when – on the restoration of the monarch – Parliament took greater control of royal finances.

A century later, George III struck a deal with Parliament: he surrendered rights to rents from most of



● Houses of Parliament . . . receives messages from the monarchs

By Paul Knight

the Crown lands in England and Wales (which yielded a gross revenue of £89,000) in return for a fixed Civil List of £800,000 a year.

This formalised the role of the monarch as a servant of the state, and it transferred responsibility for the costs of officers such as judges and ambassadors onto the general taxpayer.

This transfer of responsibilities was completed under Queen Victoria. She surrendered all hereditary revenues from Crown lands for life, except for personal properties belonging to the Duchy of Lancaster (which exceeded 50,000 acres) and the Duchy of Cornwall.

The last governmental responsibility to be given up by Victoria was

the secret service, then costing £10,000 a year.

BY LAW, title to Crown lands remains in sovereign hands.

So one of the first acts of a new monarch, on accession to the throne, is to send to Parliament a message formally surrendering hereditary revenues.

When Elizabeth was crowned in 1952, the Commons approved a Civil List of £475,000 for her and an annuity of £40,000 a year to the Duke of Edinburgh.

The cost of the monarchy then was about £1m, a fraction of the revenue being generated by 320,000 acres of prime Crown property.

Prince Charles will make the same arrangements when he succeeds his mother.

This evidence demonstrates the historical validity of the case for financing public services through a property tax on the socially-created value of land.

Mrs. Thatcher's government, alas, for all its royalist commitments, has failed to grasp the fiscal lessons.

By abolishing the rating system, Parliament would completely rupture the right of the people – established by ancient custom – to identify rental income as a unique source of public revenue.

'By abolishing the rating system Parliament would rupture the people's right'