

# Land&Liberty

communiqué putting people at the heart of economics

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this issue comes with the HGF land value monitor and the season's news cuttings supplement

## together HGF adopts Land Reform Scotland

The Henry George Foundation is acquiring the name, goodwill and assets of the campaigning organisation Land Reform Scotland. LRS as a separate company is in the process of being formally wound up.

Established in 1997, Land Reform Scotland's work has shone a bright light of radical economic analysis onto the Scottish land reform agenda. Most of the organisation's achievements have been realised through the generous support of the Henry George Foundation and New York's Robert Schalkenbach Foundation.

Retiring LRS directors include Peter Gibb, now Foundation CE, and John Digney and George Morton who come over as elected members of the Foundation's Council of Management (see col. 3). Another LRS director, farmer Duncan Pickard, has sat on the Council for some years. His new book *The Lie of the Land* is published in May by the Land Research Trust (see book launch, diary).

## accident LRS member dies on the hills

Long-time LRS member Brian Parnell, 80, has died in an accident while walking in the Ochils on December 7<sup>th</sup>. An educator, planner and champion of national parks, Mr Parnell's personal and professional interests revolved around the lochs and hills of Scotland.

He was a keen advocate of reconnecting the planning and public revenue systems, through the collection of the community-created values released by democratic development decisions.

## interview Green MSP launches land tax bill

Scottish Green Party Finance Spokesperson Mark Ballard is introducing a bill to radically reform local government finance in Scotland.

In *Fresh Thinking* he talks to editor Peter Gibb about the bill and his ideas behind it. See page 3.



Mark Ballard MSP

## wanted Oxon pilot in need of volunteers

A study being carried out in Oxfordshire could provide an answer to what would happen if the Council Tax was replaced with a tax on land values.

A trial land valuation is being sponsored by Oxfordshire County and the Vale of White Horse District. Lay volunteers are being sought to help in the valuation process. The study could be an important step for academics and professionals' understanding of the merits of taxing land values in local government.

Read the details on page 2, and join in on this exciting project.

## premises Foundation landlord hits trouble

The Law Society of Scotland announced on 13<sup>th</sup> January that a Judicial Factor had been appointed over the law firm of Macadam's and on the estates of its partners Valerie and David Macadam. David Macadam is the landlord of the Henry George Foundation's Edinburgh premises.

In Scotland a judicial factor may in some circumstances be appointed by the Court of Session to manage and administer someone's affairs.

Les Cumming of the Society said "the Judicial Factor will continue to run the firm and look after clients' business until the practice can be sold."

The Judicial Factor is liquidating assets. It may be that the Foundation's offices will be sold.

The Foundation's solicitor is advising the Chief Executive and the Council of Management who are following developments closely.

## hgf AGM elects three new council members

Three new Council members were elected by the Henry George Foundation's AGM held in London on 22<sup>nd</sup> November 2003.

New members of the Council are John Digney of Abefoyle who is also the editor of the Scottish *Wild Land News* magazine, Stuttgart-based Scot George Morton, and Barbara Sobrielo - familiar to readers of **Land&Liberty** for her long service with the Foundation and the IU.

The new Council members have already dived into the debate on local government finance that is raging in the Scottish papers. Read some of their letters in the cuttings supplement.

The AGM also thanked John Bathe for his work as the Foundation's Chairman, the post from which he is now retiring after three years.

Other Foundation news is that administrator Dawn Tinning becomes new company secretary. On a down note, long-serving Council member Nick Dennys has resigned from the Council in order to spend more time with his young family. The Foundation's new year lunch party hosted by John Pincham was pronounced a great success.



land owners set Calcutta tax themselves



South Australia treasurer refuses to lower land tax

# breaking ground

## Danes mark down land tax ...

Denmark has reduced its tax on the value of agricultural land from 5.7 percentile to 4.3.

In December, the Danish Parliament voted in favour of a motion put forward by the Minister of the Interior, Lars Løkke Rasmussen of the Liberal Party.



It was the Liberal Party that gave the Danes income tax in 1903, replacing tax on the potential yield of farm land.

This reduction in the land tax is being introduced to compensate for the closing of a government consultancy service.

Two years ago, the government introduced a ceiling on the permitted increase in land value tax claimed by counties and councils, as part of its "tax stop".

## ... Aussies don't

South Australian Treasurer Kevin Foley says he has no intention of overhauling the state's land tax system, despite growing anger from the community.

In response, the Liberal opposition has established a hotline for tenants struggling with rising rents.

"If people are concerned about land tax this year, wait until the 30<sup>th</sup> of June when the new valuations by the Valuer-General hit the deck", said Liberal Leader Rob Kerin.

But Mr. Foley insisted he would not be pushed into any "knee-jerk reaction" over land tax, despite the hotline, the formation of a land-tax reform association, and an upcoming public meeting expected to attract hundreds of people.

## Indian land tax to be set by owners

Calcutta's *Telegraph* reports that the government of the province of Trinamul is ready to collect a levy on land in the city and urban areas.

For a speedy collection of tax, the land and land reforms department has introduced a self-assessment system. By the scheme, citizens will enjoy the freedom to assess their own land and pay tax accordingly. No government official will knock on the doors to verify the amount of land held.

Department officials said the system will continue until a full-fledged infrastructure for tax collection was built up.

## Tax experiment in Oxfordshire

A study is being carried out in Oxfordshire to see what would happen if the present Council Tax and Business Rates were replaced by a tax on land values.

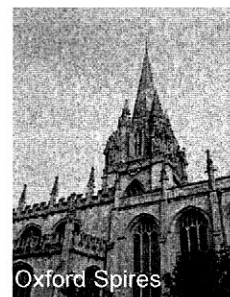
An area just outside the boundary of Oxford has been chosen for the study and valuation work is planned to start shortly.

It was Cllr Brian Hodgson who first suggested that the County Council should do this study. "We know that it encourages landholders to get any empty sites into use. It also means that when councils put in improvements like better roads or schools, there is an immediate return to them in higher rates charged as a result of these new amenities."

The study aims to find out how taxing land values would affect tax-payers. The work will be done by professional valuers and there is growing interest from academics working in the field. The valuation map produced will be publicly available for further research.

"Central Government knows there is a crisis facing local taxation", said Cllr Paul Bizzell, Leader of co-sponsors Vale of White Horse District Council. "We hope this study will contribute to finding a possible solution."

The site valuations for the study will be carried out under the supervision of Robert Ashton-Kane FRICS IRRV. This work is made possible through a grant of \$15,000 from the American Lincoln Institute of Land Policy, awarded to West Berkshire



Councillor and Lincoln Fellow Tony Vickers, former chief executive of the Henry George Foundation. Vickers is now pursuing a PhD at Kingston University School of Surveying, looking at the potential uses of 'value maps' in the UK. He will produce a demonstration value map of the trial area in Oxfordshire.

Vickers and Ashton-Kane are seeking lay volunteers to help with the valuation between February and April. Mr. Ashton-Kane can be contacted at CSH Property Consultants, 60 Barton Arcade Chambers, Deansgate, Manchester, M3 2BJ; by telephone: 0161 833 4278; or via email: Rob.Ashton-Kane@csh.co.uk

# letter from the editor

The Henry George Foundation is in the business of selling ideas. It is working in its chosen market in competition with others.

Some of those others are selling more or less the same goods as we are. We all trade now on the worldwide web. There is a limited number of choice sites for these sellers who wish to set up stalls selling Henry George. Search engines return lists, which by their nature are prioritised: human eyes scan lists and alight on domains and descriptions which fit. There will only ever be one HenryGeorge.com, one HenryGeorge.org, and one HenryGeorge.net. All other domains which would seek to represent that man or draw on his ideas must settle out as secondary in aspect to those primary domains - those high street virtual locations.

All of us administering web resources are well aware that such internet presence comes at a (albeit relatively small) price. Domain name ownership costs an annual fee. The value of any web location is unlocked for us by the private domain registration companies. But that value arises solely as a result of the presence and activity of the wider on-line community.

To most readers of **Land&Liberty** it will be no surprise to know that the price paid for a virtual domain does not go to that community - nor to any interest or institution which might be said to represent the commons that is the internet. The private domain registration companies, as monopolist gatekeepers - albeit only so as a group - pocket the fees they charge for the title they bestow for internet 'land'.

How might George's single tax proposal capture the monopolist advantage received by some over others by their occupation of some virtual domain? In practical terms, that is, how might the cost of providing the public cybernetics of the internet be paid for? - without tapping the taxpayer or doffing caps to private patronage?

The answer, in the negative, is that it cannot be brought about by a land tax - not as such a thing has to be defined to deal with the earth beneath our feet.

The difficulty is not simply in having to deal with a parallel geography. The computer servers which host sites and manifest domains are momentary. Sites with their domains can relocate at an instant (almost). These characteristics blow apart any parallelism. The virtual world morphs, without much more than a semblance of geopolitical regard for the physical earth or physical human communities.

It has to be recognised that virtual geography is independent and *different* from physical geography. This means that the way to paying for, or being compensated for the loss of, advantage bestowed through this new-forming common space, necessarily will be different in the two cases.

In this is the proof that *the single tax* is not enough. The realisation opens the door to resource rents, congestion charging, air traffic landing slots and all sorts of other ways in which we can try to deal with situations where advantage is received but not tied necessarily to specific physical geography, more or less permanently located.

And, still, none of that is to address the dynamic correction of error which is provided by *jubilee*. So what more do we need than George's single tax?

**Peter Gibb**  
gibb@LandandLiberty.net

## Council Tax and Business Rates Reform Bill

Mark Ballard MSP tells Peter Gibb why his bill is the next important stage of Scottish land reform, bringing home that agenda to urban Scotland

A bill is being proposed to the Scottish parliament to tax land values. Introduced by Green Finance spokesperson Mark Ballard MSP, the bill aims to bring in big reforms to Scottish local government finance. The Foundation is expert advisor to the project.

The bill's supporters believe the reforms will make Scotland's system of local government finance more fair. The changes also aim to be more supportive of business enterprise, more environmentally sustainable, and enhance local government funding in Scotland.

Foremost among the reforms the bill would introduce is the shifting of the basis of assessment, off of whole-property value, and onto land values only. The reformed system would disregard the value of the bricks and mortar 'improvements' in assessing tax. Its supporters argue that this change will support owners' initiatives in improving property and avoid owners' current resentments at unfairness. The new system would collect only what its supporters see as the community-created locational value of a property. Increasingly people see this as a publicly-funded windfall, currently captured by private interests.

Supporters argue that this reform alone will transform the landscape not only of public finance, but the everyday economic life of every citizen in the country.

As well as reforming the basis of the assessment, the bill will also address -

- Land register information
- Liability and methods for payment
- Interval of reassessment
- Banding structure
- Balance of funding
- Technical systems

Ballard sees his proposals as fitting in with a worldwide change in the way we pay for public services. He sees his bill as one example of a major shift in economic thinking internationally.

"There is a growing recognition", says Ballard, "both in this parliament and across the world, that we need to work out what the actual impacts are of the taxes we use. Taxing land values in place of conventional taxation is a way of raising money which has very positive social effects. Evidence suggests that land value taxation would seem to be a good way to solve many of the social and ecological ills in our society."

The bill will be tied in with the Inquiry into land value taxation which last year the parliament resolved to carry out. Ballard's approach draws on his reading of the circumstances surrounding the passing of that resolution.

"That was a very interesting vote. It was successful because the executive parties in government couldn't really come up with a reason to vote against it - they recognised that there was something interesting and important here that was worth looking into. That's why this bill will also attract interest and attention."

The programmes for the bill and inquiry will advance in parallel. The first phase of the bill's development will follow a 3-year plan. The inquiry will take place over the term of the current parliamentary session. "I see the two processes going hand in hand", says Ballard.

**“this will deliver up a modern, detailed, scrutinised and tested land tax bill”**

"The investigation which the parliament committed itself to, and the dialogue setting out what the bill will look like" should produce "a bounty of material which will advance and support our arguments". Ballard believes the joint initiatives will be of interest to supporters of radical public revenue reform from all over the world.

But the bill is unlikely to succeed in becoming law in the short term. Even its early path may be rocky. The 3-year plan may wellend with the falling of the bill. But to focus on such an outcome misses the point says Ballard.

"If nothing else, this parliamentary process will deliver up to Scotland a detailed drafted bill, developed with professional legal drafters, and subjected to some degree of democratic scrutiny and testing."

Ballard believes this will be a resource available to Scotland, ready for whatever course Scottish politics now takes. And in his opinion "it would not take a great change in outlook on the part of the Executive, for the bill to be picked up and run with."

Meanwhile, he is certain, "the publicity, the media attention and most importantly the public engagement with the ideas which the bill process will bring with it - no matter the short-term legislative outcome - will itself make the whole effort worthwhile."

Ballard believes that, between the inquiry and the bill, the next four years of this Scottish parliamentary session looks as though it's going to be important for those promoting radical economic reform.

"I think it's going to be a very exciting time for people who want to see the end of our current unfair and ecologically and socially unsound system of local government. In the idea of taxing land values we have something which it's going to be very hard for people to argue against."

Ballard and his colleagues believe that by shifting towards such an approach, it will be possible to reconnect people with their democratic position in society. He believes the planning system is crucial in this.

"The thing that I get the most letters about as an MSP," Ballard tells me, "is planning. People are desperately concerned about what's happening to their local environment. They're unhappy with the current planning system."

Ballard recognises the connection between the decisions that a community makes about its environment and the economic success and vibrancy of that community.

"And I think that's where we'll really start to make the links with people's wider concerns", confirms Ballard, "like about what's happening to their towns and cities and countryside. That's one good reason why taxing land values is going to matter to people."

"I think it could be one of the most important reforms that we make in achieving what the Executive talks about in improving the quality of life for everybody in Scotland. But I think that's what the issue of the land has always been about."

Ballard sees that the democratic decision-making which permits development is the key which unlocks the latent value of sites. He also sees that site values arise in the first place only because of the economic presence of the wider community. And this is where the argument must be taken, says Ballard. We must show people that "land values are people values." **L&L**

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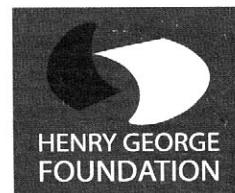
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Land&Liberty annual

the printed compendium of the year's best writing

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## diary

March 16, Sheraton Grand Hotel, Edinburgh conference **Planning for Scotland's Success** Peter Gibb joins the closing panel debate

April 27, Sheraton Grand Hotel, Edinburgh **The New Land Reform Agenda: How Can Fiscal Change Change Scotland?** See enclosed pamphlet.

February 24, Cavendish Centre, London **Encouraging Affordable Housing: Key Policy Issues** See enclosed pamphlet.

4 May, Reformers bookshop, Edinburgh **Book Launch of *The Lie of the Land*** by Duncan Pickard. Public reception with the author and Fred Harrison from the publisher

May 27-30, 2004, Madrid, Spain **International Union Conference** The IU is now taking registrations. See <http://www.interunion.org.uk>

July 6, 2004, London **Financing Transport Infrastructure through Land Values: Making it Happen** Chair: Dave Wetzel

July 21-25, 2004, Albuquerque, USA **The 24th North American Conference of the Council of Georgist Organizations** Info: <http://www.progress.org/cgo/>

Autumn 2004, Edinburgh **Henry George Foundation Conference** This year's HGF conference, in association with Holyrood Communications

**Land&Liberty** has chronicled world events for over 100 years. It has offered a unique perspective with its reports, analysis and comment on the core issues of political economy. And that uniqueness remains. **Land&Liberty** aims to explore how our common wealth should be used - and to demonstrate that this is the key to building the bridge of sustainability between private life, the public sector and our resources - between the individual, the community and the environment. **Land&Liberty** - putting people at the heart of economics.

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## 100 years ago Time doesn't always change things much

The recent extension of London's Jubilee tube line made land values in the area skyrocket. This piece from the February 1904 edition of *Land Values* - **Land&Liberty** in one of its earlier guises - shows it's not exactly news

London is to have a new twopenny tube, and thus the *Glasgow Evening News*, 16/1/04: "But the landlords of North London know all about the new 'tube', and may be relied upon to increase the rents. Before there was a Twopenny Tube to Shepherd's Bush, houses there and at Bedford Park, which artistic areas lie a little further west, had reasonable rents. They are not high yet, but the landlords took care that what the residents saved through travelling to town by 'tube' for twopenny, instead or by 'bus for sixpence, was added to the rent. This was 'cute' but surely scarcely fair, for the landlords, of course, did not contribute one penny towards the cost of the 'tube'."

If the landlords did not contribute one penny towards the cost of the tube the question is: why should they have the financial advantage?

It may be all the same or even better, for the householder who uses the tube, but why should the landlords who contribute nothing to the making of an improvement reap any special benefits? It is not because they are 'cute' that the landlords thrive in this way on the labour of others. There are any number of 'cute' men using the tube daily. No; the landlords may be the most stupid men in London. They will scoop in the higher rents all the same, simply because the tube passes through, or alongside, their land. The 'residents' could not prevent this advance in rent, not even by an Act of Parliament. All that can be done is, by taxing land values, to take the financial benefit of such improvement for public purposes, and to correspondingly relieve the 'residents' of the growing burden of the rates. **L&L**

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