

Land&Liberty

communiqué putting people at the heart of economics

Vol. 110, No. 1205 Spring 2003

FOUNDATION NEWS

hello!

You'll have noticed recently that Land&Liberty has been changing. And we're not quite finished yet. Welcome to the first issue of Land&Liberty *communiqué*, the new periodic newsletter of the Henry George Foundation. Read *communiqué* to know what's happening and what the Foundation is doing about it - and why. And see the back page of this issue for how the rest of the new L&L project is shaping up.

contents

- HGF news
- Whitehall interest?
- Scottish elections
- Niger Delta update
- Letter from the Editor
- L&L Mission Statement
- Diary
- Letters

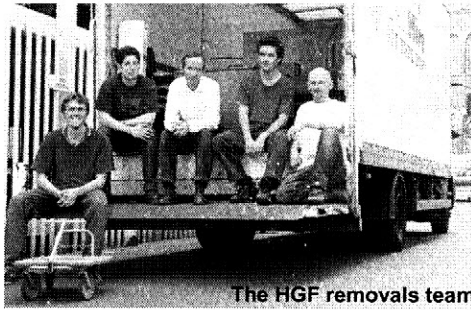
news Land is worth more than cars

Honda recently announced that a site in Swindon, which the car manufacturer bought for £6m in 1985, is now worth £200m. The company is reported to be happy with its 3,233% return on its investment. But Honda's car factory on the site has actually lost money since it opened - no less than £390m since 1989. Honda has no plans to shut the loss-making plant. The company hopes that in the future it will continue to be able to offset its production losses with land value gains. Land values privatised shore up bad business.

premises HGF moves three doors along...

A rent-doubling from the Foundation's City Corporation landlord has compelled a move to smaller London premises. The Foundation has now set up office in suite 424 of the London Fruit Exchange - three doors along from the previous office.

The new premises are undeniably cosy. But the size of the previous office was an expense it couldn't afford, and an asset it was under-using. So it's suite 424 - and like the VW, we think of it as concentrated HGF.



The HGF removals team

...and opens new Edinburgh shop

Meanwhile, for less than a quarter of what it would have cost to stay in 427, the Foundation is literally opening shop in Edinburgh. The new premises will include a book shop, four work spaces with a private office, the library and a meeting room, with stores and all the backup facilities.

Opening a shopfront office right opposite the Scottish Local Authorities (COSLA) headquarters is full of opportunity. The politicians and officials who'll be key to the development and success of the impending Scottish Parliamentary Inquiry into LVT, will all find themselves at some time or another outside the COSLA building - and looking in through our shopwindow with interest. Suggestions from readers for stock ideas, etc. would be gratefully received.

project HGF Location Motivation Index

HGF is to launch a project which will aid professional consultants and the public alike to understand the dynamic influence of land values on their everyday lives.

The Location Motivation Index should become an indispensable tool of economists and property professionals, and for social scientists attempting to map the economic progress of society. The index is designed to be a service that the Foundation can sell - as well as a valuable means of raising our profile.

conference Delegates set for Dublin

This year's Foundation conference is heading for the Emerald Isle and Dublin's Temple Bar. Organised in partnership with Feasta - the Foundation for the Economics of Sustainability - and Land Reform Scotland, this will follow on last year's successful *Urban Regeneration - a Fresh Approach* at London's new City Hall.

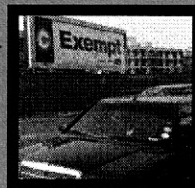
This year's two day event will look at how the spiritual home of land reform must discover afresh how the land is the answer to the riddle of Europe's celtic tiger. Speakers will include top international names from the world of sustainable economics. (See Diary)

research real benefits of community tenure

Grant funding has been agreed with a benefactor for a new HGF research project. This will look into ways in which the benefits claimed by the community land ownership movement are connected with the socialisation of rent. (see *Soil&Soul* review, L&L summer 2002, and interview with author Alastair McIntosh, L&L autumn 2002.) The project hopes to report its first findings to the Dublin conference.



New research into community land tenure



Congestion charging: rent or pricing mechanism?

breaking ground

Politicians get land message

After months of hints and suggestions, the UK government seems ready to decide on a mechanism for capturing land values to help pay for house building, transport and urban regeneration.

Projects like London's Crossrail and John Prescott's ambitious house building programme would generate massive land value gains. But they require huge up-front infrastructure investment which the government is reluctant to raise through public borrowing or increases in conventional taxes.



Reports confirm Whitehall is now considering various methods of borrowing money against future growth in land values. One option would be to offer creditors a return on their loan based on land values, not the interest rate. This would allow the government to borrow money to buy land for regeneration without including the debt in the public sector borrowing requirement. The increase in the value of the land acquired would be used to pay back the debt. Regeneration experts expect some decisions to be made by the summer.

Meanwhile, the Mayor of London's Consultative Budget recently called for innovative means of bridging the funding gap. In January the Budget Committee of the GLA met with business representatives to discuss various proposals, including land-based taxes like *Tax Incremental Financing*, planning gain schemes, and a workplace carparking levy. The business lobby is opposed to such ideas, calling instead for increased bus fares and budget cuts.

Congestion charging

Two months in, and London's radical experiment with road charging has been deemed a success. Traffic levels inside the zone have stabilised at around 20% down on last year, and Transport for London now expects to raise £130m per year from the charge. But the real benefits of the scheme may be more subtle: London's Mayor has succeeded in making a radical new form of public revenue-raising work. What's more, the principle of charging for benefits received has been given a boost.

Whether the charge constitutes a price mechanism or a form of rent recovery is a moot point, but either way, for those pushing for a wider re-think of fiscal policy its success can only be encouraging.

Scots' election boost to LVT?

Scotland is set to return an increased number of pro-lvt parliamentarians in its parliamentary general election this week. Polls published as we go to press indicate that the minority parties are forecast to make big gains under the proportional representation system.

The Scottish Socialist Party is tipped to be the big winner in the election. The party - for the present advocating its Scottish Service Tax - is looking at 'speculator taxes' on land as a key part of a future Scottish public revenue system.

The Scottish Greens - sponsor of the recent lvt motion - should also gain votes, and return more parliamentarians to sit alongside Robin Harper.

Scottish Green Party leader Eleanor Scott, standing as a candidate in the Highlands and Islands, told L&L that "while Robin's motion secured cross-party support, with an increased Green presence in the new parliament, it'll be in an even stronger position to take forward this inquiry into land value taxation."

Wider parliamentary support for the up-coming inquiry is also expected to be strengthened by the election - especially within the Scottish Nationalist Party and Liberal Democrat camps. Commentators are also expecting pro-lvt independents to do well.

letter from the editor

For over a hundred years a movement in Britain has sought to advance the case of rent for public revenue. Since Winston Churchill's and Lloyd George's People's Budget it has had only short-lived political successes, and made only patchy advances in educating the public of its unrecognised history and rights. It cannot be claimed that there has been anything like a crystallising of a new paradigm within the common consciousness or in the mindset of those who form our public policy. Yet, perhaps, it would seem now something is changing.

The indications are shadowy, and they are difficult to grasp. But it does seem that there are conditions in at least parts of Britain today where rent as revenue ideas are taking root.

We see signs here and there. Gordon Brown's 3G mobile phone auction. The Office of the Deputy Prime Minister's interest in the capture of land value uplift for infrastructure. The Scottish land reform movement and the Parliament's forthcoming inquiry into land value taxation. Ken Livingstone's and TfL's successful congestion charging experiment, taking forward the concept of the community's right to charge for benefit foregone. Notions of planning gain capture and 'landlord levies'. International development applications of resource rent thinking, such as advocated for Iraq last week by Blair and the FT.

It is difficult to fit all these initiatives together to form a big picture. But who is it that needs such a thing? Those who have an understanding of the role of rent in our economic and social lives know perfectly well what is happening. The difficulty is that we continue to lack a common modern language and cohesive discourse to go out and give the people and the policy makers, to let them understand and articulate for themselves the truths they are beginning hazily to see.

The rent for revenue movement in Britain has experienced its own version of a great theme of the Twentieth Century. With the coming together of the local land leagues in 1929, and the forming of the United Committee for the Taxation of Land Values, the movement entered the heart of a parochial centralist period. There's none more parochial than those at the node. A freeing but lamentable fragmentation of the movement came in the last decade of the century.

We must now *embrace the times*, and the new political ideas of devolution and subsidiarity. If the movement begins to adopt what could be a lightfooted 'grassroots' structure, it would simply be a return to its own successful roots.

We need to tolerate dispersal and difference in order to cohere. Economic wisdom is certainly the movement's strength. But if the movement is to be successful, if it is to find the words to tell anew the story that it knows so well - so that the people hear it and come to understand it, then we must act together. For that, members must know not just the strength and purpose given by truth, but also the discretion, humility and grace which ushers creative friendship. And so we must go with the times.

Peter Gibb
editor@LandandLiberty.net

Niger Delta Fund Endorsement

Nigeria's oil business is in the news again. Discontent among local workers and their neighbours is causing major difficulties for oil companies and their international workforces. Striking workers have siezed four oil rigs, taken Western staff hostage, and even threatened to blow up the rigs.

The main issue of complaint is local peoples' share in the value of the oil under their land - presently being extracted and exported by Western corporations. People in the delta claim they have suffered "environmental degradation of their land, the displacement of their communities, and received no benefit from the trade."

A local initiative aims to put matters right. As previously reported in L&L (see Autumn 2002, p5), the Niger Delta Fund aims to capture resource rentals from oil and distribute them among local people. The initiative is being led by a wide group of partners, including the Nigerian-based Africa Center for Geoclassical Economics and the US-based EarthRights Institute. Partners claim the initiative "would be a model for similar institutions needed in many other regions of the globe."

"Should HGF endorse the Niger Delta Fund?"

A spokesperson for the Initiative said that it was "because oil royalties have not been distributed to the people" that there was "so much restiveness and bloodshed, as well as frequent disruption of drilling activities by vandalizing and oil staff hostage-taking by aggrieved youths of the region."

The spokesperson went on to say that the Fund would "would give greater security for oil production and stimulate the growth of community based economics."

The Initiative is now seeking the endorsement and support of organizations worldwide. Find out more at www.earthrights.net/nigeria

The Land&Liberty Mission Statement

In these times of changing circumstance and new opportunity we need a firm foundation on which to build the ideas of the future. A new Land&Liberty Mission Statement has been drafted by the publishers. The Statement will be the basis of what Land&Liberty does next. Readers' responses would be welcome.

The surrounding community, of people, their activities and infrastructure, is each individual's greatest resource. Land and other commons, such as the radio spectrum are our means of access to it and to essential natural resources that we need to create wealth for ourselves and our communities. This access we hold by right in common with all others and prior to any human permission. It is both the precondition and expression of life and nature.

In an interconnected world all places are community to one another. The market rent of land gives a price to the value of community at any one place and time. Land&Liberty seeks to demonstrate this, and to show how the enhancement of community and its assets ensures the means of survival, gives the greatest freedom and range of choice for individuals, and makes our largest opportunity for the creative satisfaction of human need, as each perceives it.

Land&Liberty urges that community resources and provision should be funded from the land value that community creates, and that allowing - as we currently do on a massive scale - the private unearned appropriation of communally created wealth makes the many dependent on the few and dispossesses them of the earth which sustains them.

It creates a high tax, high debt, poor provision economy and diminishes the rewards of labour, the opportunities of capital and the creativity of communities and individuals. It is an international practice with a long history. It is the worst practice for mutual benefit and democracy and through forced need and unjustifiable greed damages the environment on which we depend. It creates wild fluctuations for work and business in the primary and universal economic factor, land, and provides the spoils for international conflict.

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the live on-line magazine putting people at the heart of economics

Land&Liberty annual

the printed compendium of the year's best writing

Land&Liberty **communiqué**

the quarterly newsletter of the Henry George Foundation



diary

20th May, London

Self-Financing Transport Through Land Value Gains: Too Good to be True?

Speakers include Bob Kiley, Transport Commissioner for London, Ed Davey MP, LibDem Shadow Spokesperson for the ODP, Peter Gibb, HGF. Chair, Dave Wetzell, Vice-Chair TfL.

Info: www.thewaterfront.co.uk,
tel Elizabeth Smith 020 7787 1210
email conference@the.waterfront.co.uk

21st May, London

Planning for a Small Island

Talk by Fiona Reynolds, Director General of the National Trust. 6.30pm. King's College London.

Info and tickets: tel 0207 404 1030

16th-20th July, Bridgeport, Connecticut
Affordable Cities: Bringing the Cost of Living Down to Earth

The Annual Conference of the Council of Georgist Organisations. Speakers include Ted Gwartney, Mark Sullivan, Bob Kantor, Stephen Zarlenga, Michael Hudson and Alanna Hartzok.

Info: tel +1 847-475-0391
email swalton@surfbest.net

16th-17th October, Dublin

A Share in the Celtic Tiger's Jungle

A conference organised jointly by the Henry George Foundation and Feasta. Can a new reform of the land offer the next step forward for Europe's economic miracle?

Speakers to be announced.
Contact HGF for details.

letters

Dear editor,

Reading the last issue of L&L I noticed with anticipation an article arguing against the regulation of land (p.17). Or so I thought, since the article argues merely for local rather than central control. This exists in Australia so I was anxious to point out that the glowing results of local control can be a complete delusion.

I saw however that there were no letters in the magazine. I regard that as unsatisfactory. It allows editorial policy to stray without accountability.

One example of this is the magazine's defence of 'congestion charges'. Given the possible wide use of such charges, e.g. in parks and beaches, this article calls for some correction.

Yours sincerely
Richard Giles
Enfield, NSW, Australia

Next Issue:
International Development Secretary Clare Short MP talks to Land&Liberty about land reform and the rebuilding of Iraq

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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Publisher Nick Dennys
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Land&Libertycommuniqué is produced and printed by the Henry George Foundation on 100% post-consumer recycled paper.

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