



## An Indigestible Land Policy

THE Conservative Party does not in the accepted sense of the words have a land policy. It seems content to leave things as they are, and to be ready to restore the *status quo* if some other party makes changes (although Mr. Barber's proposed land hoarding charge concedes the existence of a land problem.)

The Liberal Party once had a land policy - to secure the land for the people - and it made many attempts to achieve it through land-value taxation after its 1906 election victory, but one hears little of Liberal land policy these days.

In recent history it has been the Labour Party that has had land policies. In 1931, it put on the statute book a measure of land-value taxation that might have produced great results had the government had time to implement it. After the war came the development charges of the 1947 Town and Country Planning Act, and in 1967 the Land Commission and the betterment levy. These latter policies have been commented on many times in this journal and it need only be said here that they suffered the fate they deserved. Now the Labour Party is working on another land policy, the first outlines of which were given by Harold Wilson in a speech in Edinburgh in January.

After reviewing briefly Labour's post-war land policies, "sound in principle, but inadequate in practice, largely due to factors beyond the government's control", Mr. Wilson went on to say that "Labour's policy for land must be - will be - comprehensive, socialist, and irreversible." There were two possibilities.

One is that at the moment of the granting of planning permission, the land in

question will accrue to public ownership "at a compensatory price much closer to existing value, say for agriculture or even wasteland, than to its development value."

This proposal, said Mr. Wilson, had merits but was open to the objection that landowners would hold back from applying for development permission in the hope of electoral reversals, and it left too much private initiative. Mr. Wilson is over-optimistic. It can confidently be asserted that private initiative would be exercised by not applying for planning permission at any price. This scheme in fact embodies the very defects of the '47 and '67 legislation in an extreme form. Under the Land Commission Act the owner stood to lose 40 per cent of the increase in land value on sale, transfer or development. Under the 1947 T&CP Act he would have lost 100 per cent of this value. Under this new scheme he would lose the title to his land altogether. Who is going to apply for planning permission if it would mean forfeiting the land?

Mr. Wilson may have an answer to this last question, for in referring to the granting of planning permission, he used the words "whether on private initiative, or on public initiative with a requisitioning power." Such a power would undoubtedly be necessary, and would surely have to be used on almost every occasion.

Mr. Wilson's alternative proposal was, as he said, much more fundamental. "We must be prepared to take over all the land which may be required for urban and other essential development to the end of this century, and do this at values as close as possible to existing use values." Farm land "which will always be farm land" will not be affected. Mr. Wilson concluded: "I therefore favour the widest possible acquisition of land for public use, with the exemption of public land owners and working farmers." In other words, the nationalisation of development land.

The Labour Party would also nationalise mineral wealth beneath the land and oil and gas deposits beneath the sea. "What is true of land must be true of the mineral wealth of this country. It is a national asset . . . all the minerals beneath the soil should be compulsorily transferred to public ownership."

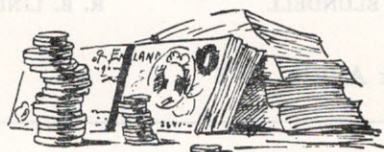
After attacking the Conservative Government for



granting licences for exploitation of North Sea oil and gas deposits in a manner that has proved to be a virtual hand-over of that wealth, mainly to foreign producers, Mr. Wilson said that Labour was working on

a proposal to take those deposits into public ownership. This would be in harmony with its decision to nationalise inland mineral resources.

How is all this nationalisation to be financed? He



would not be inhibited by fears of the allegedly inflationary consequences of the compensation involved. He suggested that the answer might be to determine the appropriate number of years' purchase, and compensate by a self-liquidating annual payment.

What will be achieved by nationalising the land? In Mr. Wilson's view "We shall not get the houses we need, still less will we be able to provide housing at reasonable prices, unless land is available for public use at fair prices. Nor shall we be able to provide the schools, the roads, the parks and places of public recreation, free access to the countryside and a protection of Britain's rural heritage from vandalism, except on the basis of public ownership and control."

Thus there are two objectives: to lower the price of land for public use, and to control land use.

Now it is not necessary for the state to own land in order to control land use. Land use is already controlled to a large extent by means of the various planning Acts, and there is no reason why this control could not (wisely or unwisely) be extended if the government so determined.

The price of land depends ultimately upon the amount of land rent, actual or potential, that can be pocketed by the owner. Many factors determine the rent of any plot, but once the rent is determined, the purchase price depends upon the rate of interest, future expectations, and the proportion of that land rent that the owner can retain for himself. It is thus possible to lower land price by lowering the proportion of rent retained by the owner, and the way to do that, of course, is to annually tax that rent away from the owner into the public purse. Land prices would thus be reduced, and not only at no expense to the government, but to its considerable benefit in the form of increased revenue.

There is the added point - although this may not appeal to socialists - that results would come much more quickly and smoothly under a land-value-taxation-inspired private enterprise than under government direction.

In the same speech Mr. Wilson also outlined Labour's future housing policy. Housing, said Mr. Wilson, would be treated not as an excrescence of the market, but on the basis of national priorities as a primary family need. To this end Labour would