

BUILDERS' POLL TAX FURY

BRITISH house builders are furious that the government's Poll Tax is hitting their industry.

Councils can now charge a double Poll Tax (called a Community Charge by Premier Thatcher) on empty newly built houses.

Graham Pye, president of the House Builders Federation, wrote in a letter to the government: "It is not a responsible exercise of local authorities discretion to charge housebuilders double Community Charge when, in the short term due to high interest rates, they find themselves unable to sell their houses.

"Although there was a similar power to levy rates on unsold houses under the 1967 Rating Act, this was conceptually justifiable since the domestic rates were a property tax. The Community Charge is a personal tax on the use of services, and as such, it is wholly inappropriate to levy a charge on empty property."

The builders propose that the



• Graham Pye

levy should be either abolished - unless houses were deliberately being kept empty - or reduced by half, "Since the bulk of the expensive local authority personal services are not 'consumed' in an empty house."

LONDON architect Dr John Parker was shown street maps of land values recorded in 1908/9 when he visited the Moscow Research Institute for Town Planning.

Similar maps are also being consulted in Leningrad, as officials - ordered by President Gorbachev to bring *perestroika* to the land

market - try to figure out how to charge market rents for publicly-owned properties.

In a report on his findings, Dr Parker states that "the encouragement of private enterprise there is now encouraging the re-establishment of a land value market.

"This is not to be created on a speculative basis but possibly through a 'fair-rent' system, so as to help individual firms.

"At present all land has the same value everywhere due to rents being equal. Now old, pre-Revolution land value market maps of the cities are being studied as a guide to how a land value system might be set up to give enterprises' prime sites at 'fair' rental levels.

"The economic forces at work in Moscow's 'Arbat' - the first paved pedestrian street in the USSR - exemplifies how such trends are manifesting themselves, e.g. the co-operative stalls being set up here and in other primary trading positions."

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transformation that she seeks, without having to take on the money markets.

Take the current case of Japan, where interest rates are very low: no obstacle to people wanting to borrow money. Yet families buying a house have to take out a mortgage which, in some cases, has to be repaid over three generations. Why? Because of the astronomical price of land.

Besides, a very low rate of interest is a double-edged sword. Through the capitalisation of rents, they lead to very high land prices!

This primacy of land in the mechanism of exploitation is well illustrated in India, where people sell themselves into debt-bondage because they cannot pay back the money they borrow from money-lenders. But that condition of slavery does not originate with interest rates: it is

directly linked to the denial of access to land.

Without land, as Dr Kennedy emphasises, people cannot work. And if they cannot work, they cannot generate the wages that would give them a decent living. So, to finance special needs (like weddings), landless Indians submit themselves to the money-lender, whose power is derivative.

Give the peasant a stake in his land, and he would hold the whip hand over the moneylender!

IN HER search for a "third level solution", Dr Kennedy has burdened her proposals with a series of complexities that are unnecessary.

As a result, she fails to accord sufficient attention to the ecological implications of a tax on the rental value of those resources of nature which we allow users to treat as free. Consider the rivers, oceans, skies, into which we dump waste without

charging rent for the privilege of occupying that space with the by-products of the manufacturing process.

If the community charged rent (= land value tax) for the privilege of using these scarce resources, the price of products would rise. This would render them less attractive compared with environmentally-friendly products.

She would also discover that the additional revenue was sufficient to enable governments to abolish income tax, a fiscal policy favoured by the other philosopher whom she admires - Henry George.

It is down this route that Dr Kennedy should search for her vision of the sustainable economy and society. Her quest, a vital one for all of us in these times of change and opportunity, will present sufficient political difficulties without compounding her problems with interest.