

Land & Liberty

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UK politics Lyons

The independent Treasury-initiated Lyons Review (see **L&L** 1214) has delivered its final report. It concludes England's system of local government finance is mostly satisfactory, meantime. But the report does talk up reform. "Most economists would agree that there is a strong case for levying taxes on land" it states – adding, taxing land values has "a number of advantages".

Scottish politics a hair's breadth

The major battle in the new session of the Scottish Parliament is likely to be local taxation. The battle lines are drawn and only a hair separates them. Party managers allowing, the outcome will depend on progressive reformers leveraging positive change from reluctant colleagues.

The new minority Nationalist government wants to abolish the property-based Council Tax and introduce a local income tax (see p3). The Liberal Democrats would support that move. Together they have 63 votes. In the opposite camp, unlikely allies, Labour and the Tories want to retain the existing system, largely. Together their votes add to 62.

The Greens advocate land value taxation. A local income tax will be a move away from their objective: Council Tax does collect *some* publicly-created land value. The Greens now are only two – but they will be key. Surely they will vote against the government? The vote now is 63-64.

One member's vote remains uncounted: independent Margo MacDonald. A vote with her former Nationalist colleagues gives 64-64 – no change. The other way could be for reform. What will be MacDonald's vision?

Speaking to Robin Harper's parliamentary motion for Ivt, Margo MacDonald said: "Land value taxation would mean that people would pay taxation in a different, fairer way. When people live in abject poverty in blankets on Princes Street while other folk live off the fat of the land, there is something wrong with our tax system."

China private property, common resources

The Peoples' Republic of China has introduced a radical and controversial new law. The new law recasts the concept of property for the emerging economic superpower.

The Real Rights Law was passed by the National People's Congress on 16th March, 2007.

The new law establishes a system of private property over chattels, goods and manmade capital. At the same time the measure reaffirms and reinforces the public ownership of the land and common resources of China.

The new law could pave the way for China to develop a sound new foundation for its rocketing economic development. If its approach is successful, the country could

establish itself as an alternative economic model against which the performance of Western countries could be held.

The bill was controversial in the making. Many feared that creating a single law to cover both state property and private property would facilitate privatisation and asset stripping of state-owned enterprises. But after eight readings and a two-week session of Congress the law was finally adopted with the backing of almost 97% of the 2,889 legislators attending. Vice-Chairman Wang Zhaoguo told Congress that the law was an attempt at adapting to new "economic and social realities" – and will "safeguard the fundamental interests of the people", the BBC reported.

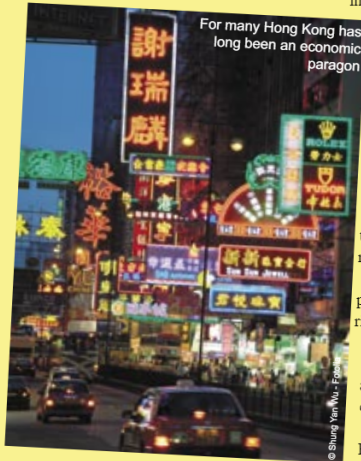
Wang, a member of the Communist Party's powerful Politburo, said the country's economic and social changes made the law necessary. "As the reform and opening up of the economy develop, people's living standards have improved in general and they urgently require effective protection of their own lawful property accumulated through hard work," he said, in a speech to 2,835 deputies of the National People's Congress gathered in the Great Hall of the People.

The law does not change the system of land tenure by which the state owns all land. However, in formalising existing practice, individuals can obtain and hold a secure land-use right. The law defines this land-use right in terms of the civil law concept of *usufruct* – the right to use a resource.

The law contains some provision for the payment of fees by users in exchange for rights. It is clear however that this key aspect of the new system is wanting.

There are also concerns about tenure arrangements which might allow the private capture of public values by the back door.

The Real Rights Law of the Peoples' Republic of China takes effect on 1st October.



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minds about
owning nature