

LAND & LIBERTY

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NOVEMBER & DECEMBER, 1965

TWO SHILLINGS

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EDITORIAL

A Remarkable Omission

HOW IT WAS POSSIBLE, during the whole of the two-day Conference on "The Law and the Land,"* for the speakers not to mention the taxation of land values (as distinct from betterment and increment taxes) we do not quite know, but achieve this feat they did.

The sub-headings which described each talk not only indicated that there was good scope for discussing this important subject, but they positively encouraged one to expect it.

Mr. W. Britton, B.Sc., (Est. Man.), FRICS, spoke on "The Statutory Control of Land Use Through Fiscal Policy" under the following headings: A consideration of various forms of taxation of land as a means of controlling land use. The effect on land of various forms of taxation, including those tried, those currently in force, those proposed and those tried elsewhere. Particular mention will be made of Income Tax; Site-Value Rating; Rating; Estate Duty; Development Charges as a means of solving the Compensation/Betterment problem and subsidies."

The odd thing was that in his talk, which was otherwise full of interest and well presented, Mr. Britton said nothing about the rating of site values — or virtually nothing. In spite of its mention in the headings, it was referred to and dismissed in one paragraph: "It seems to me that the general attitude now is that of 'if you can't beat them, join them.'"

"To be more explicit, instead of attempting to re-design fiscal policy to minimise and perhaps reduce price distortions, attention is focussed on siphoning off part of the increase—removing it from the hands of the land owners and placing it in the public pocket. Different methods of achieving this have been put forward, including site-value taxation, but it seems to me that the aim is fundamentally wrong."

*The Law and the Land—the Need for a Policy. A Conference organised by the College of Estate Management and held in London on 28 and 29 October.

Mr. Britton, who called for a national estate management plan, said that fiscal policy and land-use planning were pulling in opposite directions. In condemning the Land Commission plan because "it is a blunt weapon, wielded without regard to consequences in different areas and on different individuals," he put site-value rating in the same class.

If Mr. Britton had looked more closely at site-value rating or land-value taxation he would have found the answer to many of his problems. Land-value taxation has more than fiscal implications. It would bring down the price of land; it would end speculation; it would solve the problem of betterment and provide compensation for "worsenment;" it would secure a land valuation of the whole country (an ideal and time-saving reference for compensation for compulsory purchase); it would bring land on to the market that was idle or under-used; it would reveal the extent of multiple ownership for all to see, and it would provide land-value maps so that the economic consequences of town planning could be weighed against social advantages.

The Land Commission plan will, of course, have none of these desirable effects because it is based upon entirely different principles. In this regard Mr. Britton's criticism of it is justified.

In looking at the various overt and covert subsidies to owner-occupiers of houses, Mr. Britton reached an interesting and valid conclusion: "Fiscal policy which should have been designed to minimise price increases, in fact encouraged them. In areas of high demand the benefits of all the unnecessary fiscal incentives to owner-occupation were passed straight on to the land owners."

Strangely enough, though, Mr. Britton thought that subsidies to agriculture, if withdrawn, would increase the price of land: "In relation to agricultural land, the main fiscal factors affecting its value are:

1. Subsidies and grants to the agricultural industry.
2. Exemption of agricultural land and buildings from local rates.
3. Estate duty concessions to agricultural estates.
4. Various income tax concessions.

"It would be impossible to isolate the effects of these various fiscal measures. However, without being too adventurous, I think it could be said that if the state did not interfere in any way with the agricultural industry, it would pay a great deal more for land than it does now . . ."

Of course, as every economist knows, and as was pointed out by one of the commentators on Mr. Britton's paper, the very reverse would be the case — land values would fall.

There were important omissions from Mr. Britton's paper, but a very great part of what he did say was most pertinent. His final conclusion was that fiscal policy could not possibly complement national estate management without adequate statistics and a complete knowledge of the facts relating to the land market.

How about a national valuation, with land-value maps, as a beginning?

Mr. Raymond Walton, Q.C., in his paper "The Statutory Control of Land Use (The Physical Control of Land)", was highly critical of present-day planning law. He summed up his criticism thus: "There is no serious attempt to integrate national and local needs; the uncertainty of planning matters is a fruitful source of profit to speculators; the present financial provisions are not equitable."

Those who listened to Mr. Walton's catalogue of criticism could well be forgiven for wanting to pitch out the whole planning system, the compensation and betterment part of which he described as a "state sanctioned lottery."

A theme we would have liked him to have developed was in his introduction, which was as follows: "We are searching for something deeper than a mere bald description of the present planning position. But before we do that, I think it is essential to bring sharply into focus the realities of the situation. They are, quite simply, that land is the basis of everything. Second, that it is virtually impossible to increase the stock of land; thirdly, that land differs entirely from every other species of property in that it was not created by individual effort; and fourthly, that its value is largely, if not entirely, dependent upon the actions of the community as a whole."

Mr. W. A. West, Head of the College of Estate Management Legal Department, in his paper on "Private Control of Land Use," questioned how much longer this country, particularly in the field of land law, could afford the present state of uncertainty, overlap, excessive restriction and confusion between the public and private domains. "Is much of our amenity legislation, protective legislation, planning legislation, a status burden that our land cannot bear?" he asked. He also asked some fundamental questions—whether the rights of the individual should be displaced by the rights of the state; whether planning powers should be provided confer monopolies; whether housing should be provided as a subsidised service or as a private contractual arrangement with the subsidy attaching to the individual rather than to the property.

Mr. V. W. Taylor, Senior Lecturer in Law at the College, spoke on estate management and statutory intervention in private land-use control. He cited instances of inconsistency and incompatibility between statutes, and drew attention to laws that provided a variety of different methods to achieve the same end. There should be urgent reform both of the law itself and of the operation of the parliamentary machine, he said. In many cases the law fell short in its task of meeting justice and fulfilling social wants.

Emerging from the concluding discussion was the general view that a new look must be taken at all aspects of the law relating to land and property, and that the three chartered societies of the land, together with the College of Estate Management and the legal profession, should

set up a joint working party to promote the research necessary to provide a firm statistical and factual basis and to formulate positive land policy.

If such a working party is set up, then the economic and moral implications of land-value taxation, together with its implications for town planning, should have a firm place on the agenda. Any discussion on land policy

that does not include consideration of land-value taxation can only be, as our Danish friends well know, akin to a performance of Hamlet without the Prince.

The United Committee was represented at the Conference by Messrs. V. H. Blundell, J. V. Kemp and P. R. Hudson, all of whom participated in the discussions, making good what they saw as important omissions.

NEWS AND COMMENT



BINGO, BETTING, BICYCLES, BETTERMENT

FOLLOWING the report of the Rating Committee of the Association of Municipal Corporations (reported in last month's *LAND & LIBERTY*), comes a report from its general purposes committee.

The general conclusion of the report is that there is no alternative to rating as the principle source of local government revenue and that any extra money must come from the central government out of general taxation.

A tax on bingo, fruit machines, gambling clubs, betting shops and lotteries is worth exploring, says the report. A congestion levy on vehicles, an advertising display tax and a tax on restaurant meals and hotel accommodation would offer most scope for increased revenue, but the committee has doubts about the viability of any of these proposals.

A tax on bicycles and a local entertainment tax are rejected, but it was considered that the taxation of land values or a levy on development rights could be further examined.

This latter point, that further investigation of site-value rating is needed, was also made in the course of three articles by David McKie in the *Northern Echo*. "He (Mr. Crossman, Minister of Housing and Local Government) could, of course, earn some useful credit with the Liberals by agreeing to an official enquiry into site-value rating. Such an enquiry is needed" said Mr. McKie.

The pity of it is that although the Minister considers the Whitstable survey sufficient evidence on which to reject site-value rating, possible advocates do not consider the survey sufficient evidence for them to come out in support. If pressure of interested opinion was **strong enough** to force the Government to make further pilot valuations these people might feel able to come off the fence.

Although it is encouraging to note the glances in the right direction, it is disappointing to observe the complete absence of any principle in arriving at this mixed bag

of bingo, betting, bicycles and betterment as suggestions for new sources of local revenue.

Before advocating the imposition of fresh burdens on ratepayers and before acquiescing in the present system it would be well if would-be rate reformers took a straight look at the *principles* of site-value rating. The vast expenditure of public money on the improvement and maintenance of public services and amenities are paid for twice by the hapless ratepayer — first in his rates and **secondly** in the price he must pay for the occupation and use of land, the value of which is maintained and enhanced by the public expenditure of *his* money. Once is enough.

WEAK BLOW AT LAND SPECULATION

THE outline details of a vast French regional plan have recently been described by M. Phillippe Lamour, Chairman and Director-General of the Compagnie Nationale d'Aménagement du Bas-Rhône—Languedoc.*

In 1953 the French central economic planning authority was commissioned to draw up a regional plan for the development of the Languedoc coastal area, a Mediterranean sea front with about 135 kilometres of safe, sandy beaches situated between the two congested but thriving holiday venues of the Costa Brava and the Côte d'Azur. With an eye on the future demand for holiday centres which will gather force as the century advances, and on the need to promote higher agricultural outputs, industrial expansion and efficient land use, plans have been evolved to invest funds in a basic infrastructure of public improvements.

To bring the Languedoc region forward ready to receive a greater part of national growth, the basic improvement projects consist of new adequate water supplies through irrigation schemes, a major effort at mosquito control, improvements in the lagoons, programmed afforestation and road schemes.

*"Development Plan for Mediterranean Coast of France," *O.E.C.D. Observer*, October, 1965.