

represent about one quarter of the final price of houses selling around £4,000. A large contractor recently paid £107,500 for a site of ten and a half acres near Brentford. In this case, if the 103 houses to be built there can be sold at the expected average of £3,850 each, the site of each will have cost just 27 per cent of its final price."

On the question of speculators, the writer is not convinced that land is being withheld from use on a large scale. "What is far more common," he says, "is for farmers or land owners near towns suddenly to find themselves presented with a huge potential profit if the planners suddenly decide that permission could be given for houses to be built on some of their fields." Mr. Coldstream gives an example. In Bishops Stortford, agricultural land with a market value of about £250 per acre rose in value to £10,000 an acre when re-zoned for residential development!

The point to be made here, however, is that planning decisions do not create land value—it is already there. Planning regulations and zoning controls restrict the value of the affected land. It is only when these restrictions are lifted or relaxed to any degree that the value of the land shows itself. (Planning permission to build on the top of Mount Snowdon would not increase the value of the land there). As we know, until the introduction of the system of land-value taxation these gains will continue to accrue to private interests.

As for speculation we would refer Mr. Coldstream to a recent example of land being held out of use quoted by the County Planning Officer of Berkshire who knew personally of a case where land with planning permission for houses was being "stock-piled," and to the statement in *The Observer* that there is enough land within the Greater London area for housing at the present rate of development to last for years. If this land could be brought into use, we would not need to encroach upon the Green Belt.

Those who are concerned and sometimes indignant over what has become a lottery in the field of land use invariably confine their reforms to windfalls and speculative gains. "Land reformers" of this kind argue that increases in land value belong to the community and not to individuals, but they forget that this applies equally to all land values, for which a perpetual toll is demanded of the community.

*To our readers and contributors
we extend our best wishes for
A HAPPY CHRISTMAS
and a
PROSPEROUS NEW YEAR*



The Tories' New Clothes

WHAT has the Government in store for us in the new session of Parliament?

According to the Speech from the Throne (written by the Prime Minister) the Government will continue its efforts to reduce trade barriers and to strengthen EFTA, but at the same time will continue to seek "harmonious relationships" with the Common Market. It will "maintain the position of sterling" and "strengthen the balance of payments."

The Government is to "ensure a proper balance between home grown and imported food" on the basis of an efficient and prosperous home agriculture. To this end steps will be taken "to prevent imports from undermining the market."

On the home front, plans for comprehensive regional development will be laid before Parliament. The fishing industry will continue to be supported. The rate of house building will be increased. And special attention will continue to be given to the development of the Scottish Highlands and Islands.

"My Ministers" said the Queen's speech "are determined to maintain the expansion of the economy in all parts of the country, based on a high and stable level of employment. They will continue to encourage growth without inflation, aided by the work of the National Economic Development Council and the National Incomes Commission, and supported by a sustained export effort."

A Touch of the "Throttle"

Sir Alec Douglas-Home, in his first speech in the Commons as Prime Minister, said that the theme of the country's economic development was modernisation and efficiency. "The formula is growth without inflation, and the method is acceleration from positions previously prepared." All the programmes outlined by the Government in the Queen's speech, said Sir Alec, could be implemented provided national productivity is raised by four per cent.

Mr. Heath, Secretary of State for Industry, Trade and Regional Development and President of the Board of Trade, speaking on the second day of the Debate, mentioned that as part of the regional development programme "a steady, high level of work" would be encouraged in the reclamation of derelict land (85 per cent grants are available). Work on a study of land use and employment problems in the South-East was well advanced, and studies were also in train in the North-West and the Midlands.

In short, protection and privilege for sectional interests and economic gimmicks for the voters.

The Conservative Land Plan

The big surprise was reserved for the third day of the debate. Sir Keith Joseph, Minister of Housing and Local Government, announced that the Government had a "land plan."

High land prices troubled Sir Keith; they indicated a shortage of land, and that was the first thing to be tackled. He was not worried about land prices in the "booming towns" — people could always live outside them. What concerned him was that as land outside the towns was brought into use "betterment" would arise. "... public expenditure on services and roads will create an immediate increase in value (of land). It does seem right that the increase should be collected by the public."

Sir Keith was not proposing the taxation of land values. What he had in mind was something more like Labour's plan. Existing land values were not to be touched. Increases in land values on land already developed were not to be touched. But the Government would collect "betterment."

A public authority would buy up land for development well in advance. The land would be sold, with planning permission, to private developers and the profit or "better-

ment" from this transaction would go into the public purse. It was land in the future New Towns that Sir Keith had in mind.

Housing subsidies would continue "as necessary," and where land prices were high for housing there would be an "expensive sites subsidy."

The Government envisaged public acquisition of comprehensive areas to make land available.

The Conservatives' land plan caused some confusion among their own ranks and Sir Keith tried to make it clear that it was quite different from the Labour Party's Land Commission. The Opposition were not so sure, nor were some of his own supporters. George Brown, Labour deputy-leader, called it land nationalisation, and Geoffrey Rippon, Minister of Public Building and Works, tried to explain it all away.

However vague the Tories' new plan is, it shows some awareness of the importance of the land problem, if only as a factor in the next election.

As *The Times* parliamentary correspondent put it: "The Minister had stolen the Labour Party's trousers." The trousers, however, are old-fashioned and unbecoming and full of holes. Only Charlie Chaplin could wear them with any sense of fitness.

NOTES AND NEWS

Knocking "Neddy"—Rating Reform—Computers and
Logic—Cost of Living and the Tories—
Ignorant Examinees



THE PUNTER ECONOMISTS

RECENT PREOCCUPATION with growth models by economists and politicians was not healthy in degree or helpful in results, Mr. Ralph Harris, general director of the Institute of Economic Affairs, told the Institute of Practitioners in Advertising last month. The danger of these "growth men" and their statistical models, he said, was that instead of being content with trying to anticipate the future, they would be tempted to overreach themselves by trying to control or impose the future.

Too many of the National Economic Development Council's backers and outriders were the kind of economists who had an itch to interfere, who scorned the judgment of businessmen and who had little but contempt for consumer choice. "They mostly rely on building up a picture of the future by projecting present and past trends in various categories of consumption, investment and distribution. It is the method of the punter who relies on the book of past form not only to pick his winners but to place every horse in the right order."

Much of the recent output of statistics, said Mr. Harris, had been used to prove the need for policies — notably,

central planning — that were based on political prejudices rather than economic criteria. The error of taking growth targets too seriously was that "they are the work of the stampeding statisticians who have been proved disastrously wrong before." The real need was to enforce keener competition. "Neddy might have helped remove some of the obstacles to increased production and efficiency, but it is like a carthorse in the Grand National stakes. It is ridden by men from the Establishment of the FBI and the TUC and therefore shies at the most difficult jumps."

THE ONLY LIKELY STARTER

IN his presidential address at the annual conference of the Rating and Valuation Association, Mr. Lawrence Thould, A.R.I.C.S., F.R.V.A., drew attention to recent criticisms of the present method of raising local revenue. Examining briefly the alternatives that have been suggested — a local income tax, a poll tax, a sales tax, lotteries and the rating of site values — he thought that, of all the various suggestions, the rating of site values was the only likely starter. Referring to Lord Douglas of Barloch's advocacy of the site-value rating system,