



The Lords

Non-plussed

THE House of Lords on November 29 discussed the shortage of building land. LORD SILKIN (Labour) architect of the 1947 Town and Country Planning Act, asked the Government what steps it proposed taking to make more land available for development, and whether it had any plans for dealing with the high cost of land. He pointed out that the Minister of Housing had said that he proposed to make more land available for housing and other purposes and he wanted to know how he was going to do it.

There was a variety of possibilities, Lord Silkin said. Was the Minister going to use green belt land, or was he going to make agricultural land available for housing? Was he going to permit greater population densities, thus saving land, or was he thinking of relaxing planning restrictions, particularly as regards building on the edge of villages? He quoted a particular case of this kind of development being refused, and said: "If we are not going to enlarge existing places, how on earth are we going to deal with the housing problem?"

The second part of his question, Lord Silkin said, related to the cost of land. He had seen an advertisement asking for £4,500 for the *site* of a house in the suburbs. It is a very serious matter, he said, if more than half the cost of the house is going in land.

LORD MESTON (Liberal) following Lord Silkin, said that the crux of the question was the drift of population to the south. "Between 1951 and 1960", he said, "the insured population of the south-east of England rose by 873,000, an increase of almost 100,000 workers a year." This represented an expansion of 12.2 per cent compared with 4.4 per cent for the rest of the country and it had had a profound effect upon the amount of land available for further development and also upon the price of land.

He ran over the remedies—price controls, nationalisation of land, increased compulsory purchase—and suggested a remedy of his own. This was to refuse industrial development certificates and to ban all building (except for new towns and rebuilding on the site of existing buildings) within fifty miles of Charing Cross for the next five years.

This is a most extraordinary suggestion, for if Lord Meston really means what he says, all open spaces such as temporary public gardens, advertisement hoarding sites, temporary car parks awaiting development and plain waste ground and bombed sites will have to remain undeveloped

for another five years. The effect of banning building on nearly 8,000 square miles round London will simply put up the price of the remaining land. How is that going to help?

LORD HAWKE (Conservative) agreed with Lord Meston that the increase in population in the south had considerable effect on the shortage of land and high prices, but he thought that the more potent factor was the tendency to earlier marriage. He also thought that the problem was partly solving itself because the high price of land was bringing more land on to the market: for instance schools were selling part of their playing fields and houseowners with large gardens were selling part of their gardens. He thought that there was not sufficient purging of Government Departments to release the surplus land which they hold all over the country, and agreed that planning permission was not being given freely enough in villages. Of the problem as a whole he said: "it is extraordinarily difficult to see what solution there can be in a free society."

LORD AUCKLAND (Conservative) said that in the village where he lives the population had doubled over the past six or seven years and so had the price of land. One solution to the problem, he said, was to build offices out of London, even if this meant in the green belt. The other solution was to build new towns.

The proposition that the problem could be solved by taxing land values was put forward by LORD DOUGLAS OF BARLOCH (Labour). He said that the high prices paid for land was due to increased population and inflation. It was possible to mitigate the situation a little by freeing more land for development under the planning regulations, but compulsory purchase would not do because the value would still be there.

"Therefore there is only one solution which can be found for this problem, and that is to enable the Government or the local authority, as the case may be, to take a tax or rate based upon the value of the land, apart from the value of the buildings or other improvements which are upon it, and to make that available for the financing of public services and other development. That is the only solution which there is to this problem, and it is a perfectly simple and feasible one.

"It is perfectly just, because this value has been created entirely by the growth of demand and not by anything which has been done by those who happen to be owners of land. If it were done there is not the slightest doubt that in many cases there would be an incentive upon owners to allow development of land which is at present allowed to remain idle or in a very inadequate state of development, because they will be obliged to pay tax according to its real value and not according to the use which is made of it at the moment. In that way you would have an increase not in the absolute amount of land, which is fixed by nature, but in the amount which was effectively available.

"No doubt you would also discourage a certain amount of speculation," he continued, "which induces people to keep land off the market for the moment because they

hope that at some future date they will get a still better price for it. But that is the only thing that can be done in order to deal with the high price of land."

LORD HASTINGS (Conservative) replying for the Government, said that in answer to Lord Silkin's question, the Ministry of Housing were conducting regional surveys into land needs and were reminding local authorities of the problem by sending them circulars. "There is a constant stream of new town maps and reviews of plans coming into the Ministry of Housing", he said.

Lord Silkin had put undue emphasis on the availability of land—"a very precious commodity in this small island and a heritage of unsurpassed beauty which many may say has been squandered in wanton fashion over the past forty years." A lasting effect on the market could be made by removal of all planning restrictions, but that the Government had no intention of doing. Neither did the Government believe in statutory restrictions on prices.

Lord Hastings said that development charges had slowed down the supply of land coming on to the market, and asked was that the point being made by Lord Douglas (it wasn't). He thought perhaps Lord Douglas meant a tax on the increased value of land (he didn't).

Lord Douglas rose to put him right on this, and Lord Hastings continued: "The noble Lord there is, of course, proposing a general land tax, and that is a very large political subject which I will not touch upon this afternoon, and one with which I think many noble Lords in all quarters of the House would strongly disagree."

Lord Hastings thus skated neatly round the subject of a land-value tax. He called it a "large political subject," but what better place to debate political subjects, large or otherwise, than the House of Lords? The refusal to discuss land value taxation became all the more significant when Lord Hastings went on to say: "In respect of this problem the noble Lord, Lord Hawke, confessed himself non-plussed, as I believe did every other speaker except the noble Lord, Lord Douglas of Barloch." If Lord Douglas was the only speaker with a definite proposal for curing the problem his proposal surely merits some consideration.

The utter bankruptcy of the Government's ideas on the subject was revealed by Lord Hastings when he said, "I think I have shown that a good deal is being done to make land available by surveys, by thorough investigation, searching for surplus land, and by redevelopment of existing land. My Lords, the measures I have outlined and the encouragement and guidance being given by the Ministry of Housing will help to make more land available and to ensure that the land produces as many houses as possible."

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NEWS FROM DENMARK

Problems of Assessment



By Our Danish Correspondent

THE Justice Party can point to the fact that for some forty years it has played the part of Cassandra as far as the land problem is concerned, and Cassandra now stands rehabilitated. However, that is all in the past now. The present is a different era, divided between some hope and some confusion.

Opinion polls have indicated that the party would get enough votes to pass the fateful 60,000 limit below which no faction can be represented in the Danish parliament. There has been a considerable amount of optimism after this year's annual conference where Niels Andersen was chosen as Chairman. The 10,000 signatures required before candidates can run for parliament is no problem.

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Former Minister, Justice Party member Oluf Pedersen, has made an interesting analysis, in *Vejen Frem*, of the sale of a farm property. It sold for 933,000 kroner. According to the Land Registry the officially assessed value was 559,800 kroner, and according to the law of 1960 regarding increase of land values, the taxable portion of this amount is 539,800 kroner (20,000 less than the assessed value).

The sale evoked several comments to the effect that the glaring difference between sale price and assessed value proved that the 1960 law is worthless. Oluf Pedersen does not think so. The assessment represents what a rational buyer would offer for the property, he says. 20,000 kroner are deducted (according to a highly technical rule in the law), and current land taxes plus tax on the increase of land values since 1950 are levied on the remainder. He concludes that all the value created by society has thus been collected by society.

"Not so!" answer four party members in the ensuing issue of *Vejen Frem*. Their unanimous verdict: since in actual fact the property sold for 933,000 kroner this is the value that should be taxed. The "rational buyer" offering forty per cent. less is a figment of fantasy. The seller still pocketed a profit of close to 400,000 kroner for which he had done nothing. The consensus is that the land values dealt with in any piece of legislation aiming at the solution of the land problem should be those which result from supply and demand — not some artificially contrived quantity.