

THE FOUNDATION OF LAND REFORM

THERE WILL probably be general agreement that the objects of land reform are: (1) to ensure that land becomes available for use when it is required, (2) to prevent an excessive price or rent being exacted for such use, (3) to prevent land from being used for purposes which are detrimental to adjoining owners and occupants or to the community generally, and (4) to secure for the community the value which attaches to land by reason of the existence of the community.

Differences may exist as to the relative importance of these objects, as to their inter-relation, and as to the means of achieving them; but, as a broad statement of policy, we think they would command general support.

At the present time there is nothing in this country which will ensure that land shall become available for use as it is required. Indeed, the contrary is rather the case, for the owner of vacant land escapes all taxation in respect of it except death duties, whereas used land is subject to annual rates and taxes. The recent White Paper on the Control of Land Use does not deal with this problem. Nevertheless it is of fundamental importance, for the holding of land out of use stops the production of wealth at its source, and by shortening the available supply raises the level of land prices.

Thus, it will be seen that the first and second objectives of land reform are closely connected. The difficulty of excessive price of land is not confined to cases in which it is required for public purposes, but extends throughout the whole range of economic activity—agriculture, building, manufacture, commerce are all affected.

Compulsory purchase can be resorted to where land is needed for public purposes, but it is not available in private transactions. In any event, although it may overcome the reluctance of the owner to sell, it affords no guarantee that the land can be acquired at a reasonable price. Arbitration to fix the price on compulsory purchase is most unsatisfactory, because there are no established and incontrovertible standards of value by which the price can be assessed.

No solution can be found short of a universal valuation of the value of all land and one to be revised at reasonably frequent intervals. Such valuation should be accompanied by a tax or local rate levied on land values. This serves two purposes. It will discourage owners from claiming that their land should be entered in the valuation roll at excessive figures. At the same time it will discourage owners of unused or poorly developed land from withholding it from use or from redevelopment.

The prevention of land being used for purposes which are detrimental to the community is the primary purpose of town planning. In practice this involves in some cases restrictions, e.g., for open spaces, which diminish or destroy the saleable value of the land, giving

rise to claims for compensation or necessitating compulsory acquisition. Compulsory acquisition may also be needed for widening of existing streets or the making of new thoroughfares, and for other purposes. Whether compensation or purchase is the proper course in any case, the problem of valuation arises, and it is notorious that high claims for compensation have been the greatest hindrance to the progress of effective town planning. Here again land valuation is needed.

The fourth point needs no elaboration. It is generally admitted that the value of land is the result of public expenditure and of the general activity of the community. It is, therefore, right that the community should reap the benefit of it. At the same time it is inherently unfair, for example, that the occupiers of houses and other property should be subjected to local rates to defray the cost of public services which make land valuable, while the owners of the land as such bear no share of such expenditure.

It is clear that a general valuation of land is the necessary and indispensable basis of land reform. It will be useful to say something of the methods by which such a valuation can be effected.

In the first place, the valuation should be of the site, that is to say, of the land disregarding the value of any buildings or other improvements which may be on it. This is necessary among other reasons in order that the values of adjacent sites may be arrived at upon a comparable basis. It ensures that adjacent sites of equal size, shape and value shall be entered in the valuation roll at the same figure. The result could not be achieved if the improvements were valued with the land, for the improvements on equally valuable sites may and often do have diverse values.

Moreover, it is the value of the site which it is in most cases important to know, and as to which, under existing arbitration procedures, the greatest divergence of opinion arises. To value the land alone reduces the magnitude of the task to be undertaken, and makes for speed and certainty.

The greater ease of valuing the land than the land together with the improvements is attested by experience. In New York and other American cities the land is valued separately from the improvements as a first step towards ascertaining the improved value upon which their local taxation is based. This apparently unnecessary stage in the valuation is introduced because it makes for more precision than can be attained when land and the improvements on it are valued as a single whole.

The tools of land valuation are a map showing the boundaries of each plot of land to be valued. The large-scale Ordnance Maps fulfil that purpose, and are in fact constantly used in the buying and selling of land. Their defect is that they are not up to date, as a considerable interval elapses

before a new edition of any sheet is published. Data for the correction of the Ordnance Maps are in the hands of the Inland Revenue in the particulars which have to be supplied of every sale of a freehold, and of the creation or transfer of any lease for seven years or longer. The preparation of the necessary maps, therefore, offers no difficulty.

The particulars about sales and leases which are delivered to the Inland Revenue also supply invaluable information about the value of land as revealed by current transactions. The District Valuers of the Board of Inland Revenue, who are trained valuers, not only receive this information, but have also to put it to practical use. They are asked to advise as regards the price or rent to be paid where land is acquired by the Government. They also have to advise in many cases where land is acquired by local authorities, either because they are acting for the local authority or because they have to advise a government department to which a request for loan sanction has been made.

The initial cost of creating the necessary registers or valuation rolls and maps would no doubt be appreciable, but it could be looked upon as mainly a capital expenditure. Subsequent revisions of the valuation could be made much more quickly and cheaply. Even the initial valuation would pay for itself in a very short time in the saving of money on public purchases of land, quite apart from the other advantages it would bring.

It will be seen that there is no great technical difficulty in making a valuation of the land in this country. What is lacking is realisation of the necessity of this step. It is and must be the basis of any rational treatment of the land question.

The sooner it is commenced, the sooner we shall be on the way to a solution of the land problem.

C. E. C., Worcestershire, writes 1st September: "There is I believe a general day of prayer on Sunday, 3rd September, and I thought it would be a good idea for all who support our cause. I believe it to be the only way to lasting peace to send you an extra donation. I am enclosing a small cheque, and propose doing so whenever a special day of prayer or thanksgiving is called for. I hope a lot of others will do the same." Appreciating this good intention, we gladly pass on our correspondent's invitation—and exhortation—for the sake of the cause.

S. C. S., Halifax, writes: "I was greatly pleased to see in July issue, page 144, that one hundred copies of *Social Problems* have been dispatched to prisoner of war camps. Please find enclosed £1 towards sending a few more books out to the soldiers."

FORM OF BEQUEST

I bequeath (free of duty) to the United Committee for the Taxation of Land Values, Limited, the sum of £ : : .