

breaking ground

Politicians get land message

After months of hints and suggestions, the UK government seems ready to decide on a mechanism for capturing land values to help pay for house building, transport and urban regeneration.

Projects like London's Crossrail and John Prescott's ambitious house building programme would generate massive land value gains. But they require huge up-front infrastructure investment which the government is reluctant to raise through public borrowing or increases in conventional taxes.



Towering land values offer government a way out of debt trap

Reports confirm Whitehall is now considering various methods of borrowing money against future growth in land values. One option would be to offer creditors a return on their loan based on land values, not the interest rate. This would allow the government to borrow money to buy land for regeneration without including the debt in the public sector borrowing requirement. The increase in the value of the land acquired would be used to pay back the debt. Regeneration experts expect some decisions to be made by the summer.

Meanwhile, the Mayor of London's Consultative Budget recently called for innovative means of bridging the funding gap. In January the Budget Committee of the GLA met with business representatives to discuss various proposals, including land-based taxes like *Tax Incremental Financing*, planning gain schemes, and a workplace carparking levy. The business lobby is opposed to such ideas, calling instead for increased bus fares and budget cuts.

Congestion charging

Two months in, and London's radical experiment with road charging has been deemed a success. Traffic levels inside the zone have stabilised at around 20% down on last year, and Transport for London now expects to raise £130m per year from the charge. But the real benefits of the scheme may be more subtle: London's Mayor has succeeded in making a radical new form of public revenue-raising work. What's more, the principle of charging for benefits received has been given a boost.

Whether the charge constitutes a price mechanism or a form of rent recovery is a moot point, but either way, for those pushing for a wider re-think of fiscal policy its success can only be encouraging.

Scots' election boost to LVT?

Scotland is set to return an increased number of pro-lvt parliamentarians in its parliamentary general election this week. Polls published as we go to press indicate that the minority parties are forecast to make big gains under the proportional representation system.

The Scottish Socialist Party is tipped to be the big winner in the election. The party - for the present advocating its Scottish Service Tax - is looking at 'speculator taxes' on land as a key part of a future Scottish public revenue system.

The Scottish Greens - sponsor of the recent lvt motion - should also gain votes, and return more parliamentarians to sit alongside Robin Harper.

Scottish Green Party leader Eleanor Scott, standing as a candidate in the Highlands and Islands, told L&L that "while Robin's motion secured cross-party support, with an increased Green presence in the new parliament, it'll be in an even stronger position to take forward this inquiry into land value taxation."

Wider parliamentary support for the up-coming inquiry is also expected to be strengthened by the election - especially within the Scottish Nationalist Party and Liberal Democrat camps. Commentators are also expecting pro-lvt independents to do well.

letter from the editor

For over a hundred years a movement in Britain has sought to advance the case of rent for public revenue. Since Winston Churchill's and Lloyd George's People's Budget it has had only short-lived political successes, and made only patchy advances in educating the public of its unrecognised history and rights. It cannot be claimed that there has been anything like a crystallising of a new paradigm within the common consciousness or in the mindset of those who form our public policy. Yet, perhaps, it would seem now something is changing.

The indications are shadowy, and they are difficult to grasp. But it does seem that there are conditions in at least parts of Britain today where rent as revenue ideas are taking root.

We see signs here and there. Gordon Brown's 3G mobile phone auction. The Office of the Deputy Prime Minister's interest in the capture of land value uplift for infrastructure. The Scottish land reform movement and the Parliament's forthcoming inquiry into land value taxation. Ken Livingstone's and TfL's successful congestion charging experiment, taking forward the concept of the community's right to charge for benefit foregone. Notions of planning gain capture and 'landlord levies'. International development applications of resource rent thinking, such as advocated for Iraq last week by Blair and the FT.

It is difficult to fit all these initiatives together to form a big picture. But who is it that needs such a thing? Those who have an understanding of the role of rent in our economic and social lives know perfectly well what is happening. The difficulty is that we continue to lack a common modern language and cohesive discourse to go out and give the people and the policy makers, to let them understand and articulate for themselves the truths they are beginning hazily to see.

The rent for revenue movement in Britain has experienced its own version of a great theme of the Twentieth Century. With the coming together of the local land leagues in 1929, and the forming of the United Committee for the Taxation of Land Values, the movement entered the heart of a parochial centralist period. There's none more parochial than those at the node. A freeing but lamentable fragmentation of the movement came in the last decade of the century.

We must now *embrace the times*, and the new political ideas of devolution and subsidiarity. If the movement begins to adopt what could be a lightfooted 'grassroots' structure, it would simply be a return to its own successful roots.

We need to tolerate dispersal and difference in order to cohere. Economic wisdom is certainly the movement's strength. But if the movement is to be successful, if it is to find the words to tell anew the story that it knows so well - so that the people hear it and come to understand it, then we must act together. For that, members must know not just the strength and purpose given by truth, but also the discretion, humility and grace which ushers creative friendship. And so we must go with the times.

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