

LAND & LIBERTY

Editor: V. H. Blundell

JUNE & JULY, 1963

SIXPENCE

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EDITORIAL

Labour's Land Policy

SINCE the abortive Snowden Act of 1931 (which provided for a national tax on land values), and the London Rating (Site-Values) Bill in 1938, the record of the Labour Party on the land question has been disappointing to say the least.

The development charges of the 1947 Town and Country Planning Act (generally and erroneously supposed to have some connection with the taxation of land values) are perhaps best forgotten.

There has always been a section of the Labour Party which has persistently advocated total nationalisation, including, of course, the nationalisation of land, but this section has been dominated by the more moderate or right-wing members of the Party, who, in their search for an acceptable and compromise solution, have arrived at a policy for land unrelated to any firm principle.

Their by-passing of the simple and just solution to the land question—the taxation of land values—arises first from a failure to grasp the full economic implications of this basic reform, and secondly from prejudice, long-rooted, and firmly planted by opponents who understand the implications too well for their own comfort, and who have a strong and driving personal interest in maintaining the system of private appropriation of a community-owned value.

Compromise and Confusion

The prejudice against land-value taxation which is established in the minds of Labour leaders, arises not from the acceptance of arguments defending the private ownership of land, but from carefully and skilfully spun arguments against the taxing of land values, advanced with such plausibility and authority

that it would seem presumptuous to challenge them.

Most persistent and most convincing, yet most untenable, are the arguments that land-value taxation has been tried and has failed; that it will not work in this country; that it will cause hardship; that the tax will be passed on; and above all that it is "just another tax" — all arguments which can be disposed of by any intelligent person who takes the trouble to ascertain the facts and think for himself.

Failure to tackle such problems in relation to fundamental economic principles inevitably leads to confusion and compromise; to patchwork legislation, anomalies, exceptions, inconsistencies, and, ultimately, failure to achieve the desired end. The 1947 Town and Country Planning Act, and the 1947 Agriculture Act — the latter still in force—are typical examples.

Dodging the Question

What is the Labour Party's policy for land today? It is contained in two recently published and still current booklets, *Signposts for the Sixties*, and *Towns for our Times*. In the latter it is stated that the views contained therein are not necessarily those of the National Executive Committee; that it is not official policy. However, from subsequent statements by Labour Party spokesmen, and broadcasts by Mr. Harold Wilson, leader of the Labour Party, there is little doubt that this is but a formal disclaimer.

This booklet stresses the importance of the land question in these words:

"Early last year (1960) high land values became a matter of public concern. It became clear that speculators were cornering every available plot of building land and were holding the public to ransom. They were even buying land in the green belts, betting heavily that the Government would have to relax its control . . . A mounting cost of land is a growing hindrance to all forms of public development . . . It is wholly unjust that the community should suffer the consequences of high land values . . . because the value of urban land is in large part community created." (*Towns for our Times*)

There are, the authors say, two related problems which have bedevilled planning since its beginning:

"One, to find a way of ensuring that the community benefits from the enhanced land values which planning and public development create. The other, to devise a fair method of compensating owners whose land has been compulsorily purchased for public use or lowered in value by planning decisions."

They are bold in their proposals to control, plan and direct, but timid in their proposals to collect the rent of land. To collect "betterment" or future increases in land values, while leaving untouched existing land

values, and to advocate that land owners should be compensated for loss of land values by planning decisions is to dodge the vital question: to whom does the rent of land belong?

Inadequate Remedies

Before stating their plans in detail, the authors examine three measures "often put forward as ways of dealing with the problem of collecting betterment."

The first is a tax on land sales, the second, a capital gains tax, and the third, a "site-value tax."

These are regarded as "inadequate." A better word would have been "useless" — even supposing that one were prepared to accept such a limited objective. What is called a "site-value tax" is nothing of the kind, for a site-value tax collects rent from *all* sites, not just those which increase in value. Moreover, this mis-called "site-value tax" uses as a basis for valuation, the *existing use value* of land. In other words, as under the old development charges, the increment tax would apply only where a change of use, or improved development, took place. This muddled thinking prevents them from seeing the only real answer.

Indeed the inadequacy of these schemes is shown by reference to their failure to "make possible the unification of land ownership which is necessary for local authorities to comprehensively re-plan."

The "Development Charge" Again

And so we come to the "solution" of the land problem — a Land Commission. The Commission would buy the freehold land on which building or rebuilding is to take place. The land would then be leased to those who wish to build or rebuild. It is not stated by what method "the terms of the lease would ensure that the community shared in the higher land values which arise over the years." (Only a regular revaluation of *sites* would do this of course.)

The price paid for the freeholds would be based on the value of the site "for its present use." This gives rise to the "development charge" concept of the 1947 Act.

The outcome is obvious. An owner with land ripe for re-development is likely to sit tight and get whatever advantages increased land values will bring him, regardless of the wastage of his site.

If he applies for, and obtains, permission to re-develop, he will lose the freehold of his land, with compensation at "existing use" value, and become a tenant of the Land Commission. Thus the scheme will hinder re-development in the same way as the development charges did under the 1947 Town and Country Planning Act.

Strategy for Planning

One is drawn to the conclusion that the architects of this scheme are primarily concerned with planning, and

that they see our present system of land ownership as an obstacle to this.

" . . . The public ownership of building land will remove the main hindrance to the sound planning called for in our 'New Strategy'."

The public collection of land values, where it applies or is thought to apply, is an incidental objective.

The effect of removing taxes from labour and capital and putting them upon land; the effect of a land-value tax upon speculation and the supply and price of land; the effect of a land-value tax upon poor development

NOTES OF THE MONTH

FISH — CALL FOR NATIONAL ASSISTANCE

THE BRITISH TRAWLERS' FEDERATION — the distant-water section of the fishing industry — has asked the Government to consider a scheme of restricted imports of British and foreign-caught fish, which would allow the price of fish at the quay-side to rise to "more economic levels."

The idea is that landings in Britain of British-caught and imported supplies should be limited. The Federation wants the introduction of a statutory scheme for achieving this co-ordination of landings from British trawlers over eighty feet long. The proportion of total supplies provided by imports should not in the future be allowed to rise more than 2.1 per cent from the present average of 17.9 per cent. Landings from British vessels of less than eighty feet length should be held to about their present proportion of British-caught supplies. A statutory scheme would be administered by a Fish Supplies Board consisting of members appointed by the trawling industry in England, Wales, and Scotland, the unions, the White Fish Authority, and the Ministry of Agriculture, Fisheries and Food.

Also, it is suggested that a system of bonuses on scrapping should be introduced for a limited period of one year to eighteen months — in order to rationalise capacity — together with a system of vessel licensing and statutory minimum prices to support the scheme.

These bare-faced seekers after privilege should confine their fishing to the sea — and not the pockets of the taxpayers. *The Financial Times*, May 8, seemed to think so too. In its editorial it said:

"The recommendations put forward by the British Trawlers' Federation for controlling the U.K. fish market are a typically restrictionist bunch . . . As a method of propping up a declining industry this is an unacceptable package."

The attitude of those who unashamedly ask for government protection and hand-outs, contrasts sharply with

and slums; all these are left unstudied. Government Planning is the modern idol before which we all must bow.

The hint of complete land nationalisation is contained in the final paragraph of *Towns for our Times*. "Existing powers are certainly inadequate for the major tasks that have to be faced; and when full account is taken both of the enormous cost and inherent weaknesses of piecemeal planning, it is hardly surprising that the extension of common ownership of land is finding new and powerful support."

Air Travel — Farming — Paper — Stockings — Land

those old age pensioners, who, unable perhaps to afford fish when they want it, are too proud to ask for national assistance.

"BUT 'T WAS A FAMOUS VICTORY"

THE MOST OUTSTANDING FEATURE of the "air fares dispute" — the clash between the U.S. Civil Aeronautics Board and the International Air Transport Association over the fixing of Atlantic fares — is the complete and cynical disregard of the most important interested party, the travelling public.

In speech after speech, report after report, in newspapers, in Parliament, on radio and TV, there was hardly one single voice speaking for the consumer. It is unanimously accepted that international air fares should be fixed by agreement of the airline companies, and that if agreement cannot be reached then the majority will should prevail.

Speaking in the House of Commons, May 13, Mr. Julian Amery, Minister of Aviation, said: "I do not think it right for a government . . . to seek to veto at a late stage in the day a decision of ninety of the world's airlines, endorsed by nearly all their governments." The inference is plain: if the airlines fix their fares, no one has a right to question it.

Mr. Fred Lee, "shadow" Minister of Aviation, said: "It is not a lot of good for the airlines to have an international organisation, to hold conferences to determine these matters, if, after the agreements have been unani-



mously reached, somebody is going to contract out. This just is not good enough . . . After a certain date there