

LAND & LIBERTY

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OCTOBER, 1965

TWO SHILLINGS

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JOURNAL OF THE UNITED
COMMITTEE FOR THE TAXATION
OF LAND VALUES LTD.

177 Vauxhall Bridge Road, London, S.W.1.
VICtoria 4266 & 4979

Annual Subscription:	Established
U.K. and Sterling Area, £1	JUNE, 1894
U.S.A. and Canada, \$3	VOL. LXXII, No. 857

OCTOBER, 1965



EDITORIAL

Incompetent and Inadequate Proposals

THE GOVERNMENT'S proposals for a Land Commission as outlined in the White Paper published last month are based neither upon economic principles nor upon social justice. To many who are concerned with our inequitable land tenure system the proposals will appear superficially attractive, but in reality the plan amounts to a mere tinkering with the problem the Government claims to have solved.

Press reaction varied from the *Daily Mirror's* "Labour Hits at Land Sharks . . ." to the *Daily Sketch's* "Labour's Land Grab Plan." The more sober sections of the Press either gave qualified approval or else damned it with faint praise. The investment columns of *The Financial Times*, concerned less with politics than with the hard financial facts of life, had comfort to offer to the landed interests: "Property shareholders greeted the Government's Land Commission proposals with a sigh of relief that inflated the property index by about one point to within a half point of its peak for this year." The socialist *New Statesman* gave its verdict thus: "The most that can be said of the Government's long-awaited Land Commission is that it is a step in the right direction."

Our own view is that the institution of the Land Commission is a half-hearted step in the wrong direction altogether; so much so that we cannot but condemn the Government's proposals on all counts. The proposals leave completely untouched the *existing land values* created and *maintained* by the community, i.e., land already developed — far and away the greater portion of land in the country. Nor will the proposals do anything to collect *increases* in land values on such land.

At the Press Conference held in London the Minister of Land and Natural Resources cited the building of the new Victoria Line as an

example of the expenditure of public funds resulting in the increasing of land values. Yet he had no answer to the point put by a questioner that land already developed in this area would increase in value also — but would remain untouched. The White Paper states that high land prices are a deterrent to people buying their own homes, yet offers nothing to support the claim that the Commission will bring down land prices. Some part of the levy collected will go to housing associations and housing corporations etc. and this is to be dispensed on some preferential basis.

It is claimed that more land will be "brought forward" by the operations of the Land Commission. If insufficient land is "coming forward" now, how can a levy on land sales possibly increase it? The land owner may have more incentive to sell if a tax is only 40 per cent instead of 100 per cent, but certainly no more incentive than at present and this is what is causing concern.

A paragraph in the White Paper states that the Land Commission "can be expected increasingly to buy substantial areas of land in advance of requirements." In a later paragraph it is stated that the Commission will be given all the power necessary to manage and improve land *while it is in their possession*. This will have the effect of taking off the market land that private developers might otherwise have acquired, thus shortening the supply left for them, with a consequent increase in price.

To the extent that housing associations and co-operative groups are able to buy land for houses for the private sector at less than the market price there will arise a two price system for private houses.

Perhaps the most important aspect of the levy is that those who pay it will be exempt from paying the present capital gains tax on long term gains or corporation taxes. This means in effect that the Government's proposals, apart from increased bureaucratic control over land and housing, can be regarded simply as an increase in these taxes by ten per cent for transactions in land only. Those Liberal M.P.s who will be asked to vote for this should know exactly what it is that they are voting for, and in their own interests and the community's they should not allow themselves to fall into this political trap.

All in all, the proposals are nothing but a re-hash of the development charges under the 1947 Town and Country Planning Act, which failed so miserably and which had such an adverse effect on building and development. The latest proposals, if adopted, will have the same inhibiting consequences.

To "bring land forward," what is required is an *incentive* not a 40 per cent *disincentive*. This can be achieved by taxing annually all land whether in use or not. No owner of land with any sense would hold on to land or put it to inferior use in these circumstances. Idle land would become a liability and as land values increased — for whatever reason — the tax would rise with it, providing a continual and increasing revenue for the community.

WHAT OTHERS HAVE SAID

ON the land we are born, from it we live, to it we return again—children of the soil as truly as is the blade of grass or the flower of the field. Take away from man all that belongs to land, and he is but a disembodied spirit. Material progress cannot rid us of our dependence upon land; it can but add to the power of producing wealth from land; and hence, when land is monopolized it might go on to infinity without increasing wages or improving the condition of those who have but their labour. It can but add to the value of land and the power that its possession gives.

—Henry George, "Progress and Poverty."

THE ordinary progress of a society which increases in wealth is at all times tending to augment the incomes of landlords; to give them both a greater amount and a greater proportion of the wealth of the community, independently of any trouble or outlay incurred by themselves. They grow richer as it were in their sleep, without working, risking, or economising.

—John Stuart Mill, "Principles of Political Economy."

A HOUSE and the lot on which it stands are alike property, as being the subject of ownership, and are alike classed by the lawyers as real estate. Yet in nature and relations they differ widely. The essential character of the one class of things is that they embody labour, are brought into being by human exertion, their existence or non-existence, their increase or diminution, depending on man. The essential character of the other class of things is that they do not embody labour, and exist irrespective of human exertion and irrespective of man; they are the field or environment in which man finds himself; the storehouse from which his needs must be supplied, the raw material upon which, and the forces with which, his labour alone can act.

—Henry George, "Progress and Poverty."

IF as much pains had been taken a century ago to make us all understand Ricardo's law of rent as to learn our catechism, the face of the world would have been changed for the better.

—George Bernard Shaw.