

# The Landlord and his Tenants

**LIBERAL MP Simon Hughes** has pledged to advocate land taxation to British government Ministers, including Chancellor of the Exchequer Gordon Brown.

At the launch of *Taken For a Ride: Trains, Taxpayers and the Treasury*, Mr. Hughes also promised that the land tax policy would be promoted in London, where the financing of the underground system was a major political issue, "and I will undertake to make sure it gets into the general debate about how we can change taxes"

Author Don Riley hosted the meeting for the tenants who occupied his commercial properties in the South London borough of Southwark. His book, published by the London-based Centre For Land Policy Studies, originated with his realisation that he made more money from simply owning land rather than renovating old buildings.

Mr. Riley decided that this was unfair, and that the government ought to pay for public services out of land rents rather than by taxing people's wages and savings. So in a hard-hitting analy-



■ (l to r) Simon Hughes MP, Transport for London chief Dave Wetzel and author Don Riley

sis he discloses how investment in the extension of the Jubilee Line pushed up land values to the tune of about £10 billion in the area where his properties were located.

His book attacks the Treasury for defending conventional taxes that inflict losses on the economy. But Mr. Riley had no way of knowing that his theme – the shift of taxes on to rents to fund public infrastructure – would burst on the political scene at the general election in June.

Mr. Hughes noted: "This is extraordinarily good timing. We are about to have a debate about issues like the public/private partnership issue for financing the London underground".

Mr. Hughes lobbied for two stations

on the new Jubilee Line extension, but he knew there was a dilemma. About 80% of his electorate lived in council properties. The new tube stations would raise land values, which would affect people on low incomes. "It has pushed up land values. Is it right and sensible that the profit should go to the people who happen to be landowners, some of them by accident? "Current arrangements for taxing property was a nonsense, because it encouraged people to leave land idle," and we have taken the view that there should be site value rating which would tax according to the commercial value of the land, so there would be a penalty on brownfield sites if they don't put the land into the kitty".

## Henry Kissinger

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CISCO [Under Secretary]: We were told that you had decided we had to stop.

KISSINGER: Just a minute, just a minute. You all know my view on this. You must have an FSO [Foreign Service Officer] who knows it well. It will have a devastating impact on Indonesia. There's this masochism in the extreme here. No one has complained that it was aggression.

LEIGH [Legal Advisor]: The Indonesians were violating an agreement with us.

KISSINGER: The Israelis when they go into Lebanon – when was the last time we protested that?

LEIGH: That's a different situation.

MAW [Under Secretary]: It is self-defence.

KISSINGER: And we can't construe a Communist government in the middle of Indonesia as self-defence?

LEIGH: Well ...

KISSINGER: Then you're saying that arms can't be used for defence?

HABIB [Assistant Secretary]: No, they can be used for the defence of Indonesia.

No one in the room seems to have had the courage to say, "Mr Secretary, the plain fact of the matter is that what the Indonesians are doing is illegal. You may not condone illegality". If someone – particularly the Legal Advisor – had said something like this, firmly and forthrightly, he would probably have been sacked, but his conscience would have been clear. A little later in the same tape Kissinger is heard to say: "I know what the law is but how can it be in the US national interest for us to give up on Angola and kick the Indonesians in the teeth?"

The lesson that can be drawn from this book is that the Secretary of State is not above the law, which is a lesson the President himself had to learn. The sad thing is that the Legal Advisor did not speak up in support of the law. When lawyers and judges fail to uphold the law, then we are certainly on the precipitous path to losing our civilisation. It is noteworthy, for example, that the powerful bureaucrats of the European Union are not averse to side-stepping the laws they have set for themselves.

Kissinger was certainly no statesman, if one accepts Edmund Burke's definition: "A statesman, never losing sight of principles, is to be guided by circumstances". On the other hand, he does not deserve this vitriolic attack by Hitchens.