

LAND & LIBERTY

Editor: V. H. Blundell

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EDITORIAL

We Are Not Impressed

POLITICAL DISCUSSIONS in and out of Parliament, on "Rachmanism," rents, and house racketeering, as was to be expected, skated over the surface of the problem. Even when land, the vital factor in housing was mentioned, the best that could be done was to repeat the arguments in favour or against control of land, to which were added control of rents, municipalisation, subsidies, capital gains, compulsory acquisition, etc.

The physical provision of houses has become the business of the Government because it is able to make one section of the community — not always the most affluent — pay for the other's housing, which, of course, private builders cannot do, and so private enterprise has "failed" to provide the country's housing needs, as inevitably it must in such circumstances.

Men like Rachman flourish, not because a large proportion of houses under the 1957 Rent Act were decontrolled, but because decontrolling the remainder by dubious eviction methods has become a lucrative business, for once the protected tenant is out, the rent control goes with him.

Wherever our sympathies may lie, we have to face up to the fact that rents fixed substantially lower than market rates must inevitably aggravate and perpetuate the housing shortage. There must be thousands of tenants living today in rent-controlled premises whose rents are but a mere fraction of the amount they would have to pay if they were buying their own houses. The attraction of owning one's own house may need no stressing to a tenant, but a difference in weekly outgoings of between say 30s. and £6 a week is a factor to be sternly weighed by the head of the house. This difference in weekly outgoings can provide all the marginal comforts of daily living and more, such as holidays abroad,

motor cars, refrigerators, and all the other visible signs of our "affluent" society. The situation is paralleled in the subsidising of council houses. It does no good to blame the tenants. What has to be done is to narrow the margin between the cost of living in rent-controlled or council houses and new ones of similar capacity.

However, some people are moving from controlled houses and flats, despite the high cost of owning a house. This movement can be speeded up in the first place by decontrol of rents — with due and proper concern for established cases of hardship — and in the second place by a stiff tax on land values. The latter would end land speculation, bring down the price of land, and make more land available for building. The land-value tax would provide an income for the Government to use in lieu of purchase tax or income tax, thereby leaving people with more money to spend on housing. Those who, in

spite of tax concessions and lower land costs, could not afford their own homes would, as more people moved into their own houses, be left with a wider choice of rented accommodation.

As each strata in the population moved to better accommodation, which, although perhaps dearer, would still be within their means, the slum properties at the bottom of the scale would disappear. The rack-rented tenants, and those unfortunate people who are living in "rest" centres and in furnished rooms because they can find no other accommodation, would find housing conditions even better than before the last war, when there was a wide choice of low-rented accommodation and low-priced houses.

There can be no swift solution to the housing problem, but unless a start is made on the lines indicated the problem will never be truly solved.

NOTES AND NEWS

Another enquiry — S.V.R.; bad medicine — The worship of the Simes report — A new journal looks at land — A liberal Conservative.



NO USEFUL CONTRIBUTION

A MAZE of misconceptions and errors is contained in the section on the rating of site values in the report of the Working Party appointed by the County Councils Association to enquire into the rating system and local revenues. Even if the Working Party were able to refute the charge of prejudice, they would have to answer the charge of negligence.

The County Councils Association asked the legal and financial advisers of the Local Government Finance Committee "to examine generally the present rating system, to re-examine the possibilities of alternative sources of local revenue, and to consider whether any change should be made in the proportions of local government expenditure which should be met from national and local sources, and to report the result of these investigations to the Committee."

As a result, Mr. R. H. A. Chisholm, County Treasurer, Cheshire County Council; Mr. J. Jolly, County Treasurer, Lindsey County Council; and Mr. J. L. Hampshire, County Treasurer, Kent County Council, together with Mr. A. H. M. Smyth, Deputy Clerk, Hampshire County Council, were appointed as the Working Party, and they have carried out "the extensive preliminary general study." In this they have been greatly assisted by a report published in 1956 by the Royal Institute of Public Administration entitled *New Sources of Local Revenue* says the Introduction.

The Working Party's conclusions are:

(a) That the most fruitful field of further study, with the object of increasing the revenue of local authorities, lies in the relationship between government grants and rates.

(b) That the difficulties, social, political and economic, involved in the adoption of any of the alternative sources of revenue which they have examined are such as to inhibit, if not entirely preclude, their introduction into our fiscal system.

In examining the case for site-value rating, not only have the Working Party been "greatly assisted" by the report of the Royal Institute of Public Administration,* they have relied heavily on what they describe as the "principal source of study" — the Simes Committee report.

The Working Party have repeated the errors and the well-worn and fallacious arguments of their predecessors, and have added a few more, it would seem, for originality's sake.

They confuse the rating of site values with the development charges of the 1947 Town and Country Planning Act, with the increment tax, and with Lloyd George's land duties. And they talk of the taxation of land values as having been "abandoned" when the National Gov-

* Our review of *New Sources of Local Revenue* published by the R.I.P.A. is available as a reprint under the title *Site-Value Rating: Objections Answered*.