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BREAKDOWN OF THE PLANNING ACT

The Town and Country Planning Act, as a deterrent to production and development, has come under increasing fire of criticism. Exasperating delays and often frustration in seeking the mere consent to develop have led to a considerable volume of revolt and demand for drastic revision of the legislation. Four influential bodies have joined in judgment upon the Act in their recently published reports. They are the Royal Institution of Chartered Surveyors, the Chartered Auctioneers and Estate Agents' Institute, the Federation of British Industries and the Association of British Chambers of Commerce. These statements contain valuable testimony, that of the Surveyors being especially painstaking. It is with their criticisms that we are concerned and we can only say of their recommendations that they are either out of place or insufficient. The Surveyors and the F.B.I. would actually give more in the way of compensation to landowners for loss of alleged development rights; they would pay them the full value of their claims, although only when development actually takes place and for that purpose cashable "development certificates" would be issued. Though this plan may withdraw compensation from landowners who have no intention to develop, it does not alter the argument against compensation itself. The Surveyors and the F.B.I. would retain the development charges but they would be less and be subject to appeal. The other two bodies, the Institute of Auctioneers and Estate Agents and the Chambers of Commerce would sweep away all the financial provisions of the Act, cancelling the £300 millions earmarked as landlord compensation, abolishing the development charges and refunding the charges already paid. They would restore conditions as they existed before the Act was passed, and they have nothing to suggest by way of reforming the system of land tenure and taxation. They give it out that the present rating system, the income tax and the death duties, sufficiently look after the collection of land values created by public improvements—which is but one of the stock-in-trade arguments of the opponents of land value taxation.

For ourselves and from the outset, we condemned the Town and Country Planning Act as mistaken and mischievous. Far from doing anything to promote a planned development so as to ensure a better utilisation of the land—which was its ostensible object—it was certain to cause the stifling of development. Instead of lowering or pulling down the barriers to land-use it has built them higher. In the House of Lords debates on

the Bill, the Lord Chancellor made it clear that its object "is not really that the purchaser should get the land any cheaper" (because if he bought the land at its "existing use value," the development charge would make up the price to the sum which the purchaser would otherwise have paid). Later, in the House of Commons, Mr. Silkin, answering criticisms of the administration, said he did not pretend that the Act would bring more land into the market. In the second annual report of the Central Land Board, one of whose functions is the assessment and collection of the development charge, it is revealed that land has been made dearer. The underlying principle of the Act, they said, was that land should be sold for development at "existing use value." But such sales were more the exception than the rule. Owners were refusing to part with land except at higher prices leaving the purchaser to bear the burden of the development charge. The Board has tried to discourage people from buying and selling land at inflated prices, but has obviously failed. Its expedient of applying compulsory purchase powers, used only in a few cases, has frightened nobody.

As for the Planning regulations, Mr. Silkin on May 20th, 1947, on the third reading debate, said he did not view the future administration of the Act with any sense of complacency; he was fully conscious of the fact that probably, in the beginning, the machine might well creak at times, in places. How the creak has developed into a screech is now on record. Desperate attempts have been made to work it with the aid of a whole arsenal of statutory instruments and orders and rules and regulations and explanatory memoranda and circulars which have streamed out, one often displacing the other, from the Ministerial papermongery. It is no wonder that from the purely planning point of view a thorough revision of the Act is imperative, but there is far more to it than that, since the planning is so tied up with the financial provisions. These provisions involve the establishment of a State monopoly of development rights; their sale by the State through the instrument of the development charge; and the hand-out of public money to landowners for values they have not created. All this is accompanied by compromises, exemptions and concessions in response to the special pleading of sectional interests making a farce of the principles the Act pretends to observe.

One thing more must be said about those financial provisions. Fantastic and mendacious statements have been made that the Act, because of its development charge, has implemented the rating of site values. For that false allegation several of his Majesty's Ministers have been responsible, their guilty consciences in view of their Party's pledges driving them to what amounts to political chicanery. We saw this repeated in the speeches of numerous Labour candidates at the last general election and it has so crept into the controversies of these days that many responsible editors and publishers have fallen into the trap. An example was given in the *News Chronicle* of November 15 which headed its reference to the Chambers of Commerce criticism of the Act, with the caption "Land Tax Stopping Development," a misleading description calculated to bring land value taxation into disrepute. Fortunately, it was countered next day by the letter we print elsewhere from Mr. Philip Fothergill, President of the Liberal Party, which deserves the widest publicity. This he urged: repeal the financial provisions of the Act (incidentally annulling the grant of £300 millions of public money promised as a sop

to land monopoly); abolish the development charge which is a direct and arbitrary penalty on enterprise; refund the charges already paid; and institute the taxation and rating of land values.

Consider the differences between land value taxation (for national or local purposes) and this instrument of the "development charge" by which the State sells some part of the development value it has monopolised. Land value taxation is the annual contribution payable by all landholders based upon the market value of the land they hold irrespective of any buildings and improvements thereon, and whether the land is used or not. It would exempt from taxation all buildings and improvements. It would make no charge for having built a building or made an improvement. The value of any piece of land measures the advantage of its situation and of the opportunities it affords as compared with that of other land, and it in no wise arises through any buildings or improvements that happen to be placed upon it—a false notion that has dominated the ideas underlying the Town and Country Planning Act.

The development charge is in no sense the taxation of land values. It does not touch existing land values nor does it touch the increase in the land value of properties due to general community influences. The development charge is exacted only when a new or enlarged building or a change of use releases development value which the State has withheld against payment by the developer to enjoy it; and it is a charge *once for all* for each and every development that takes place. How much of that value is a value in land and how much is value of the buildings or improvements which are permitted by the State remains the valuer's guess. The valuer's extremity has been proved over and over again by the laughable differences between his first and final attempts to settle his assessment of the development value, particularly where it is a case of arriving at the value of the permission to change the use of premises or land from one purpose to another. The deterrent effects of the development charge are best seen in association with the "tolerances" that are granted to develop up to a given point free of charge beyond which, without exemption, the full amount is exacted. The result is the cramping of construction and improvement so as to avoid having to pay anything.

On the other hand it is no little scandal that so much of the work of the valuation department should be engaged upon ascertaining values, not for the purpose of bringing money into the Treasury, but for paying it out. It has to determine the amount of that other development value which attached to land in 1947 on the date when the Act took effect, the object being to distribute to landowners their share of the £300,000,000 compensation fund. It is a valuation based upon most extraordinary hypotheses and no one can predict what conflicts it will evoke. But as the breakdown of the Act is certain and all its financial provisions must be abandoned (the repeal and refund of the development charges accompanying the renunciation of this compensation bargain) so also the valuation department will be released to undertake duties of a very different order. Fortunately, that compensation fund which was to have been created by issuing government stock adding £300,000,000 to the public debt and making those land monopolists the bondholders—the wickedest transaction ever contemplated—has not yet been established. The position is not irretriev-

able. There are no eggs to unscramble. The repeal of the Act's financial provisions can safely proceed.

But that is not enough. There must follow immediately the adoption of the policy that will release industry and trade from its shackles, that will remove obstructions and open opportunities, that will cheapen land and at the same time will promote the wise planning of future development. It is the Taxation and Rating of Land Values and the remission of taxation upon the work of man's hands. The first step then is a Finance Bill for the levy of a uniform national tax on the value of all land apart from improvements, the carrying out of a valuation as basis thereof, followed by legislation for local authorities to obtain their revenues by land-value rating and take rates off houses and other buildings. The arguments for the justice and beneficial effects of that policy are incontestable.

A. W. M.

These are the main articles dealing with the T. & C.P. Act, 1947, which have appeared in *LAND & LIBERTY*:—"Wrongful and Mischievous Proposals," February, 1947; "Planning for Penury," April, 1947; "The Government's Worst Exploit," August, 1947; "Town Planning—Fulfilment or Frustration?," April, 1948; "Administering the Slum Production Act," June, 1948; "The Town and Country Planning Act, examined and reviewed by John Orr," Part One, December, 1948, Part Two, April, 1949; "The Disastrous Town Planning Act," by Eric Johnson, January, 1949; "Wreck of the Planning Act," March, 1950.

LAND & LIBERTY has also reported at some length Parliamentary debates on the Act both before and since it was passed, and many of the instances of its working in various parts of the country; for example, the "Grim Catalogue" of the development charges, in February, 1949, and "The Working of the Act which makes Land dear," in May, 1949.

The Periodical, published by the Oxford University Press, gives a favourable review to Anna George de Mille's biography of her father, *Henry George: Citizen of the World*, to which it devotes two pages consisting of an extract from the book describing George's visits to the Universities of Oxford and Cambridge and what happened at the lectures he delivered there. The Oxford University Press are themselves the English publishers of the book, price 28s. net.

For the second time in 23 years Southwick (Sussex) Council are going to buy the underwater section of part of Shoreham Harbour Canal. It will cost them £600. They have found that the Duke of Norfolk holds the title deeds of land that they bought in 1927. Mr. A. G. W. Penney, Chairman, said at the council meeting last night that a Mr. Hall probably thought he was the owner, and the council inspected the deeds.

Mr. T. J. Marsh (Labour) said: "Here we have land which the Duke of Norfolk originally claims through hereditary, I suppose, dating back to feudal times. It appears that we do not know if we bought it or not and so say we had better buy it again. It is a scandalous situation."—*News Chronicle*, July 4.

A whole page article by Mr. W. E. Fox appears in the November issue of the *South-West Herald*. It is entitled "My Conversion to Georgeism." It deals instructively with the land problem and with all the greater competence that Mr. Fox has been for forty years professionally engaged in the real estate business.

The Condition of Labour. On the rights of property and justice in the distribution of wealth, with explanatory introduction and appendix containing the Encyclical of Pope Leo XIII, statement by the Rev. Dr. McGlynn and extract from Bishop Nulty's Essay "Back to the Land." By Henry George. 4s.

Public Charges upon Land Values. A Study of Rating Systems in Australia. 6d.