

ment protection, which allow some to profit at the expense of others.

It is remarkable that the Liberal Party, in the leaflet under review, should have hinted at the most fundamental and far-reaching of the prevailing methods of legalised plunder, and also at the remedy which, if applied to the full, would render almost all the other proposals of the leaflet unnecessary.

Under a section entitled "Home Ownership" it is proposed to "Amend the De-rating Act of 1929; transfer an increasing proportion of the burden of local rates from buildings to site values and derate improvements." The secondary place to which this proposal is relegated suggests that some Liberal leaders are frightened of applying the principle too logically. It would indeed disrupt the rest of the leaflet's proposals like an atomic bomb! It would forbid officialdom to levy any of the present taxes or tolls upon production or enterprise, wages or salaries, or the saving and risking of capital. It would acknowledge that the true and just source of all public expenditure is the value (or site value) of land, which is as surely the property of the community that creates it as the wealth, whether for consumption or capital, is the property of the occupier who produces it. If this principle is sound for

local government so also is it sound for national government. Here in land monopoly is to be found the prime source of the legalised plunder which flourishes in our society. To reform it is not the only measure needed to rectify the present disparity of wealth; but it is by far the most important because land monopoly can nullify all other measures of economic redress. To apply this reform vigorously would bring toppling down all those vast creations of economic privilege that dominate our lives and politics and foster ideas of State monopoly more drastic than those we suffer at present.

It is to be hoped that the Liberal Party—or any other Party with vision and courage—will see the urgency of a reform so profound in its effects and so tremendous in its extent that it could reverse the present trend of political thought. Perhaps we have not much time. Mr. R. Palme Dutt, Vice-Chairman of the British Communist Party, declared the other day. "As surely as the British people have begun to move from the old Conservative and Liberal Parties to Socialism and the Labour Party, no less surely they will turn to Communism, which is the logical and consistent expression of Socialism and the Labour movement." And how many of Mr. Dutt's opponents feel this is true!

F. D. P.

TOWN PLANNING—FULFILMENT OR FRUSTRATION?

Statement supplied to an American journalist who sought information on British Town Planning legislation.

IN the course of the past forty years the British Parliament has adopted much legislation with the object of controlling urban development and growth. A further chapter has been added by the comprehensive and all-embracing Town and Country Planning Act, 1947 (10 & 11 Geo. 6, Ch. 51) which at the same time consolidates a whole code of laws. The numerous Acts passed in the previous years, the one repealing or amending the other, had successively extended the scope of the planning orders, requiring the preparation of ever new blue prints which made idealistic pictures of things as they should be. But none could remove the shadow of high-priced land which overlay all; and the troublesome problem of "compensation and betterment," which the plans themselves presented by condemning certain areas to certain uses whereby some owners would be damnified and others benefited, was never solved.

Those Town Plans, elaborated at the cost of so much time and trouble, litter the desks and fill the pigeon holes of ministerial and municipal departments, but no *Planned Town* has ever materialised. The plans did not or could not take practical shape and the officially-given reason was that there was not sufficient compulsion behind them; moreover, the land question which was so refractory would have to be tackled on much bolder lines. The result is this new Act, which creates new planning authorities headed by a Central Land Board armed with extraordinarily drastic powers, and which compromises with the landed interests by placing vast sums of public money in their hands to buy them off.

The Act is a massive document of 120 Sections, subdivided into 405 Sub-sections, supplemented by 11 Schedules and is to be followed by hosts of the necessary operative rules, regulations and orders issued by dictate of the responsible Minister. It will be sufficient to

examine and judge the main provisions, but first of all consideration should be given to certain essential matters which this legislation has completely ignored.

When the earliest of those Planning Acts was in passage, the Housing and Town Planning Act, 1909, Prime Minister Asquith, whose Liberal administration was responsible for it, said at Birmingham on June 19th, 1908: "I agree with those who think that the necessary accompaniment is a complete reconstruction of our valuation and rating system." How long ago! Even now that system is unreformed. Nay, it has been rendered still more hurtful and inequitable by intervening legislation favouring special interests, notably by the Churchill 1929 "Derating Act," which exempted all agricultural land, no matter how valuable, from local taxation, and gave three-quarter relief to manufacturing establishments. I will digress too much if I dwell on the social effects of that measure; any economic student should be able to give instruction in what happens when tax burdens are taken off land.

An explanation of the British rating (local taxation) system will be helpful, seeing that it has such an intimate connection with the problems which the Planners seek to solve by their enforcements. Noting that national taxation on real property (via income tax and death duties) has much the same incidence, apart from the question of who pays, let us look at our "rates," as we call them—namely, the taxes which are levied by the local authorities upon the use of land including buildings and improvements.

In our assessments of the "rateable value," we take as the basis or standard the rent being paid for the property, land and buildings lumped together, or the rent which it would command if let year by year *in its existing state*. These twin conditions cause all vacant land, however valuable, to be quit of both assessment and tax. On the other hand, the better the improvement, the higher is the tax. The rates being payable by the

occupier, the local authority loses that revenue as long as the premises are empty—except that in Scotland some part of the rates fall upon owners (of buildings) so that “empties” in that country are not entirely exempt. As already indicated, all land used for agricultural purposes (think of its high building value in or near towns) is specifically excluded from assessment, and over the whole countryside not a penny in rates is paid in respect of it. No wonder rural districts, robbed of their land revenues, are forced to go in procession like beggars to the Treasury seeking grants-in-aid. In cities as in villages the burden of local taxation on houses and other buildings becomes intolerable. Time and again the system breaks down, to be patched with the dodge of Treasury subventions to the local authorities. More burdens are thrown on the overburdened taxpayer to ease the load on the distressed ratepayer, but the economist knows into what pool that money filters, swelling the monopoly price of the tax-exempt land.

Such, then, is our local taxation system; a potent cause of congestion and restriction; of the narrow street and lack of open spaces; of high rents and bad housing conditions; of the stopped production with limited opportunity and poverty in its train. Taxation as it is now levied penalises all building and improvement, but the evil of land speculation is given shelter and endowment.

Surely, if there were sense and sensibility or honesty among the Planners, who now have so much influence over parties and governments, their first task would be to sweep the board clean of these fiscal and monopolistic obstructions and give release to the now imprisoned forces which could so wonderfully and spontaneously remould the world to heart's desire. Were that done, we could sit back awhile and decide what room there is for the impertinence and conceit of those who would plan our destinies for our own good. But the Town Planners (I have the British fraternity in mind) will have none of the idea that bad taxation or an unjust land tenure has brought about the very conditions they would remedy. In that respect they are in the landlord's camp. They allege that the trouble is wholly due to faulty planning and the unfortunate accident that these Supreme Minds were not available sixty or a hundred years ago to ordain how cities should grow and to arm authority with power to say when and where one brick should be placed on top of another.

The Planners now have their chance in Minister Silkin's Town and Country Planning Act, 1947, to show how their scheme of things is to work. It is a fatal road. In *LAND & LIBERTY* I took leave to call that Act the Labour Government's Worst Exploit. The whole country is placed under a ban against building developments, minor alterations excepted, and against changes in the use of premises, which have not official sanction. The Act invents what is called the “development value” of land, being the difference between what a piece of land is worth if permission to build, or to change its use, is granted, and what that land is worth if it is restricted or condemned to its present use. By virtue of this overall restriction, the “development value” is expropriated and the landowner's equity will in future be no more than the “restricted value” of his property.

Building development will be subject not only to the trouble and delay of obtaining permission from the planning authorities, which under the Act have three years to get their plans in shape, but also to the exactions of a “development charge” by the Central Land Board, newly

constituted for that and other purposes. While the Board is supposed to “have regard to” the development value when imposing its charge, it has absolute discretion in determining what the charge will be. There is no appeal against its decision. The charge may be put so high as to prevent development which the Board considers to be undesirable or in the wrong place; or the charge may be lowered to a favoured enterprise which, in effect, makes it a present of part, or it may be the whole, of the “development value,” and so provides a subsidy. It will be a subsidy, since this new monopolist agency, the Central Land Board, does not become possessed of the “development value” without very considerable cost to the State and the squandering of public revenues.

This brings me to the chief enormity in the Act. The so-called “development value.” What is it but a value in land which the community creates and to which the landowners have no title whatever? Yet the Government, the Labour Government, proposes to pay the landowners as “hardship compensation” the sum of no less than 300 million pounds for taking the speculative value of land from them—a sum which is to be apportioned among them according to rules and regulations yet to be promulgated.

In what was said about the present rating system we have seen that our cities and towns are surrounded by a veritable iron curtain of land monopoly, where land, entirely exempt from taxation, can be procured only at ransom prices. For having held it out of use, the speculators are now to be thus rewarded at the public expense and they can begin again with their speculations in the “restricted value” which remains to them. It is true that if they develop the land themselves they will be subject to the “development charge,” but for most of them that will be simply managed: the State having richly provided them with the means to pay the charge. Minister Silkin has already undertaken that preference will be given to the owners of “near ripe” land in the apportionment of the 300 million pounds fund and not a penny of the “development charge” will reach the public treasury as net revenue, until the amount of charges collected exceeds the sum being paid out in the way of landlord compensation. That may take years.

The complications and qualifications in the Act are too many to treat of in one writing. An example is that owners of “dead ripe” land—the kind of land that is at the top notch of speculative withholding—are ruled out of the provisions in the Act. No “development charge” will be levied on them when they develop. Their private appropriation of land values is untouched, and *pari passu* they, of course, do not share in any part of the 300 million pounds compensation fund. They are compensated by exemption from the charge. Again, wherever there is an increase in rents and land values *without* any development or change in use taking place, the Act deliberately allows the owners to pocket that increase. The fact that the Act puts so many barriers in the way of new building development is now causing an exceptional demand for accommodation in old buildings, to crowd them, to prolong their life, and gloriously to enrich the proprietors of them. It is not misnamed a *Slum Production Act*.

Furthermore, wherever development does take place, the existing rating system unreformed comes into play to inflict heavy taxes on all improvements that are made. Take the case of the genuine developer who is acquiring land for building purposes. How will he be placed? He

has to bargain the price of the "restricted land"; get permission to develop it; stand the racket of the "development charge," and he is left in the same position as he ever was, victimised both by dear land and repressive taxation, local and national. The final condemnation of the Act is given in the words of the Lord Chancellor in the debate in the House of Lords, who frankly stated that "*the object of the Bill is not really that the purchaser should get the land any cheaper.*"

The land is, not to be rendered any cheaper. On the contrary. Besides the 300 million pounds that is to go to the landowners in compensation, the Act provides for immense sums by way of public land purchase, which may run to 1,000 millions or more. One of its provisions ensures that agricultural land when required for public purposes is to be bought at the "current market value," namely, the value that has been boosted not only through the "Derating Act" I have earlier mentioned, but also by all that this and previous Governments have done by way of financial aid to farmers, which simply raises rents still higher.

Under parallel legislation "New Towns" are projected on the same basis of land purchase, each town of 50,000 inhabitants being reckoned to cost 19 million pounds (of public money) to create. They are merely samples of State-conducted land speculation with its enormous risks and they will also foster land speculation all along the line, since there are no provisions for periodically assessing the land values for contribution to public revenues. Inhabitants of the new towns will come under the whip and penalties of the rating system as everywhere else, while that system lasts. Virtual "labour compounds" will be established since it is implicit that no one shall reside there who has not employment on the spot.

Some people have pointed to our existing "garden cities" of Letchworth and Welwyn as models. But these cities do not fall into this picture. They were established by private capital. Although little exception can be taken to the design and plan of them, it would be a grave mistake to assume that they in any way approach the practice of sound and just land tenure. Within them also the present rating system operates to penalise all buildings and improvements, permitting land values to pass into private pockets, and exempting valuable vacant land from any contribution.

In conclusion, I hope I have made clear the fantastic nature of the suggestion that the Town and Country Planning Act respects the principles of Land Value Taxation. That preposterous claim was made (in self-defence?) by its sponsors. The pretension was well publicised and it was amusing to notice its echo in some important American newspapers, notably the "Christian Science Monitor," which querulously asked if the British Labour Government had indeed been captured for Henry George! If only it had!

A. W. MADSEN.

[The foregoing statement has been published in the HENRY GEORGE NEWS, New York, and in GRUNDSKYLD, Copenhagen. It makes Leaflet No. L.40 published by the United Committee for the Taxation of Land Values, Ltd.; price 1d., 5s. per 100.]

Mr. Wilfrid Harrison, joint Treasurer of the United Committee, has gone abroad for a period, visiting various parts of the world. His helpful co-operation and keen personal interest and activity will be greatly missed, especially at 4 Great Smith Street. He will be keeping closely in touch with all the concerns of the office and its affairs. His colleague, joint Treasurer Mr. R. W. Frost, and all his associates, wish him well on his journeys and assure him of a glad welcome on his return.

MUNICIPAL PUBLICITY CAMPAIGN

THE United Committee for the Taxation of Land Values has produced these three statements for circulation especially within municipal circles:—

Local Taxation and Land Values, dealing with and condemning the Local Government Act;

The Burden of Local Taxation, explaining the principles of Land Value Rating;

Town Planning, Fulfilment or Frustration? exposing this "worst exploit" of the present Government.

The texts of the two latter leaflets appear in this issue. The text of the first-named appeared in our December issue, and we have already reported how greatly it was in demand so that the Committee was encouraged to extend its circulation over a much wider field; but still more encouragement has come in the remarkable demand for the three leaflets taken together.

Specimen copies, with offer to supply more, have been sent to the Clerks of 560 local authorities, spread over the whole country; besides the municipal societies, many individual councillors known to be interested, municipal journals and other periodicals. Day after day the application for copies flowed to the Office, Town Clerks applying for ten or twenty and sometimes as many as fifty or sixty copies at a time for distribution to their council or committee members. Frequently, there were urgent calls by telephone for copies required for immediate meetings. The gratifying feature is the effectiveness of this distribution, as going through official channels and backed by official authority. The recipients will read the matter with all the more attention. Also the municipal societies have asked for many copies. From borough, county, urban and rural district council offices, the applications have been: From 25 London boroughs, 1,204 copies; from 14 home county local authorities, 550 copies; from 33 local authorities in the rest of England, 1,496 copies; from 14 local authorities in Wales, 996 copies; from 9 local authorities in Scotland, 365 copies. Altogether, in these and other useful ways no fewer than 13,000 copies of the leaflets have been distributed to date—and the campaign goes on.

JOHN T. MACLAREN

THE Henry George movement has lost a consistent and valued supporter in John T. Maclaren, of Dundee, who died at his home, Whinsby, Broughty Ferry, Angus, on the 20th March, 1948. Born in 1863, he became, like his father before him, equally distinguished in the east of Scotland as an architect and as a valuator. He received his early training in Dundee and then, after four years experience in the United States, he returned to Dundee to become a partner in the firm of James Maclaren and Son established by his father. He continued in active practice until 1919 and during that period was responsible for the design and erection of many notable buildings in the Dundee district. His services were also constantly in demand as an expert witness in arbitrations dealing with the development and valuation of land and in Parliamentary Inquiries relating to municipal expansion.

Throughout his life he was a convinced supporter of the movement for the Rating and Taxation of Land Values. To his instinctive belief in the importance of preserving individual liberty and encouraging initiative, he brought his expert knowledge of the burden and obstacles created by the Land Monopoly.