



# CONCERN WITH LAND VALUES AT THE LONDON COLLOQUIUM

by Peter Rhodes

**D**URING RECENT MONTHS we have published reports and criticisms of papers given at the Colloquium on Land Values held in London in March under the auspices of the Acton Society Trust. The complete set of papers given at the colloquium, together with additional comments and precis of the discussion periods has now been published.\* The book should prove to be of considerable value to all who are interested in land economics and the ultimate destination of the rent of land.

The papers in the book are prefaced by an introduction by Dr. Peter Hall. Dr. Hall was the convenor of the colloquium and his comments on the proceedings are very much to the point. The main purpose of the meeting was to discuss proposals for the collection of betterment occasioned by the granting of planning permission or community investment in public works. Dr. Hall pointed out that while some of the solutions put forward had other effects and implications, the proposals had to be judged primarily on their success or failure, where this was known, as methods of betterment collection.

The most popular solution, and in Dr. Hall's view the most likely short-term approach, would be by way of a betterment levy or capital gains tax. This approach could be criticised on the grounds that it did not go far enough. Site-value rating on the other hand could prove to be practicable, although further research was required. In any event, Dr. Hall considered that site-value rating would stand primarily on its effectiveness as a substitute for the present rating system. While betterment could be recouped in this way and while site-value rating was attractive in that under such a system residential property would probably bear less of the total rate burden, the betterment problem was acute and could not wait until further studies had been carried out.

Apart from betterment levies and site-value rating, the colloquium also examined land nationalisation policies, creeping municipalisation and re-allocation proposals similar to the earlier enclosure movements. All these proposals had disadvantages and Dr. Hall was of the opinion that future strategy concerning land taxation proposals should be clearly thought out in the light of four basic criteria:

The solution should be permanent and not open to modification.

It should not result in the state taking over property without fair compensation.

\* *Land Values*. Edited by Dr. Peter Hall, Sweet & Maxwell, 18s. 6d.

It should be capable of immediate adoption and be administratively practicable.

It should not interfere unnecessarily with the economic life of the country or with individual enterprise.

Of the solutions examined, Dr. Hall considered site-value rating to be the most radical from the administrative point of view. The least radical would be the Land Commission with supplementary measures of betterment charges and capital gains taxes for land not covered by the Commission. Politically the Socialists and Conservatives might reach some measure of interim agreement on these lines. The Liberals would continue to examine site-value rating in the context of rating reform. The importance of the colloquium, in Dr. Hall's view, was that it drew attention to the need for a long term solution to the betterment problem that would gain political support from all parties. It also drew attention for the need for further research and information on land prices and the distribution pattern of land values.

At the end of the volume, the chairman of the collo-

## QUOTES FROM THE COLLOQUIUM

PROFESSOR ALAN DAY

It is arguable that the whole of the rent of land, or alternatively, of the capitalised value of rents, could be taxed away and yet the community would not suffer. In this respect land is different from the other factors of production.

DR. PETER HALL

When site values are taxed . . . the incentive is always to develop so as to realise the gains that are being taxed. Indeed this is one of the most important points which have consistently been made by the advocates of site-value rating.

PROFESSOR COLIN CLARK

Land taxation reduces the price of land. This can be shown by mathematical demonstrations and by practice.

P. H. CLARKE

I have stressed the moral aspect of imposing a levy on site values since I believe this to be fundamental to both site-value rating and the recovery of betterment. Both principles rest on a sound moral basis and on this ground alone, are valid.

quium, Douglas Frank, Q.C., summarises the points of agreement and contention among those who attended. These came into three groups:

There was a gulf between town planners on the one hand and valuers on the other, particularly over the practicability of site-value rating. Betterment charges, it was agreed, would tend to make land owners reluctant to sell their land unless accompanied by questionable policies of compulsory acquisition. Betterment charges could lead to high land prices.

It was wrong to approach betterment collection through the normal system of taxation unrelated to the town planning system. If we are concerned about the use of land, then the solution must be by way of compulsory purchase or the taxation of land values.

Further study was needed of the town planning machinery and the degree of co-operation which could be effected between private developers and local authorities.

The professional interest the colloquium has aroused is considerable. At the meeting the United Committee's representatives argued forcefully for land based *ad valorem* taxes in support of the paper presented by Professor Colin Clark, which is reviewed elsewhere in this issue. Attention was drawn to work being done in this field in other countries. It was argued that the town planners could gain much from site-value rating and that the valuation problems involved were not insuperable.

Above all, the colloquium served as a forum for informed opinion. There are indications that further research may be forthcoming. It is high time that an objective approach was made to the wider aspects of land values apart from the betterment issue. The Acton Society Trust is to be complimented on its success in stimulating professional and academic interest in this vital topic.