

SAFEGUARDING WITH LAND VALUE TAXATION

The case for basing public revenue on the rental value of land rests on a recognition that every land plot's value depends upon, and is due to, the presence, protections, permissions, and services provided by the whole community within which it exists. Thus the abundance or scarcity of any of these factors will affect a plot's rental value.

The importance of 'permissions' is recognised in the condition that valuation needs to be based upon the plot's 'best permitted use'. Thus determination of every site's 'best permitted use' becomes a prerequisite to valuation. In the UK local regulation of land use is via a 'Planning System' and for England and Wales that is overseen centrally by the Secretary of State for Communities and Local Government.

An important effect of LVT would be to replace the 'winners' and 'losers' feature of planning disputes (arising from conflicting pecuniary interests of those proposing a change or development and their neighbours) with one where the community could take the impact on public revenue into account alongside its considerations regarding social and environmental concerns. So-called losers would be compensated by a reduction in their LVT whilst winners would see their charge increased.

The community's economic arrangements and in particular the way it regulates land use and land value within its domain will have a profound effect on the quality of life available to its inhabitants.

Every form of human activity is marginal somewhere i.e. where it is only just worthwhile for someone to engage in that activity. Likewise there are Prime Locations where many people would like to engage in such an activity and there is much competition to do so. There are thus, for example, prime and marginal locations for every form of agriculture, for every form of manufacturing, for every form of trading and exchange, entertainment, recreation, study and residence.

In like manner, every nation, region, state, city, town, village, neighbourhood and street is well suited for some forms of activity and ill-suited for others. As in a healthy garden or managed park that is characterised by a wide diversity of organisms a healthy economic community is characterised by being able to support a diverse range of healthy human activities where people are able to serve and be served by each other. In an ideal society people would be able to do this in a manner consistent with their own aptitudes and the realisation of their potential. In such a society the socio-economic goal would be an increase in overall happiness rather than a proliferation of demand for more and more disposable 'stuff', and trivial or even anti-social, so called services.

In every area the permitted uses of land have a direct effect on land value and were this to be collected as public revenue it would become possible to intelligently coordinate these two essential responsibilities of government in order to facilitate the development of an economy that operates in the best interests of both individuals and of the community as a whole.

A local planning authority may achieve this by allocating certain areas of land to specific uses much as it does already in respect of a range of infrastructure works, public service facilities, industrial, retail and commercial zones etc. The issue by a local council of a 'premises licence' for certain 'licensable activities', for example music, dancing, drinking, eating, gambling etc., is a further example of existing practice. Local councils could likewise allocate space for socially beneficial individual use where market pressures alone would operate to render certain socially beneficial activities economically unviable. Locations where even the cheapest housing has been rendered unaffordable to people seeking to earn their living nearby come to mind and may be compared with the allocation of piped water in a water scarce areas of the developing world. Left to the market alone, poor people are routinely denied satisfaction of their need for a basic supply because rich people are able to outbid them as they demand water for discretionary or luxury purposes.

Today some enlightened landlords with multi-tenant portfolios, in the interests of overall harmony, profit, or sentiment choose to enable certain businesses, shops or residents to occupy particular sites on their estates by charging less than the maximum possible rent. A public authority that, through LVT was collecting land rent, could do likewise by permitting only certain low rental uses for some of the sites within its jurisdiction.

Potential tenants could then compete for such sites. Under prevailing conditions some sort of activities might only be viable with a 'negative land rent'. The community would then decide if this was in the whole community's best interests and award or not accordingly.

On a national scale we may recognise how many industrial regions and towns that grew rapidly in response to economic circumstances that have long past, now house millions of un, under and mis employed people dependant upon soul destroying jobs or social security payments. The situation would clearly be improved by the replacement of taxes on production with LVT, but would it operate quickly enough to prevent further widespread social disruption and emigration by the most able working age people? Could negative land rent be useful on a regional, national or even global scale? How extensive is a secure economic community where all are interdependent and none are self-sufficient? ■