

CHURCH v THE STATE

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ANGRY politicians want to exercise greater control over the investments of the Church of England, following the disgraceful episode in which the property crash wiped £800m off the value of the church's assets.

The Commons Social Security Select Committee investigated the church's track record to discover why the assets had dropped from almost £3 billion at the end of 1989 to just over £2.1 billion in 1992 - the year of the economic crash.

The church commissioners had launched themselves into a bizarre series of speculative deals in property, much of it financed by money borrowed through companies established in the United States and Britain to get round the rules governing charities.

"Ethically suspect!" pronounced the indignant MPs. They drew on history to denounce the church for wiping out a large portion of its assets. "These historic resources belong not to the Church but the nation as a whole. Only Parliament can speak for this group," they declare in their report.

The MPs explained that "the historic resources of the Church of England were contributed to directly by the monarch and by taxpayers, and granted privileges of an exempt charity by Parliament". Which is why the MPs now want to exercise greater legislative control over the investments.

THE commissioners were undoubtedly foolish in the way they speculated in land deals during the late 1980s. Their borrowings rose from £4.7m (1985) to £518m (1990).

But it ill-becomes the MPs to censure the commissioners as "foolish". For the MPs presided over a nation that went land crazy. And they did nothing about it. Nor have they sought to restrain any other investor from committing the same foolish mistakes in the future.

Small investors suffered the loss of billions of pounds as a result of the land binge. Pensions funds, insurance companies, property speculators - everyone was in on the act. The banks, building societies, foreign financiers - they all rushed to pour money into "property".

Now, over a million families live in homes that are

worth less than what they paid. They are saddled with debts that prevent them from spending in the shops - a primary reason for the slow growth of the UK economy.

And yet, MPs of all parties have failed to come up with proposals that would prevent the recurrence of a similar tragedy in the future.

THE commissioners could not plead ignorance. They count among their ranks the Prime Minister and the Chancellor of the Exchequer, who had the best information available from the Treasury and the Bank of England.

So what happened in the church was no more than a microcosm of what was going on in most of the nation's institutions - and among a tragically large number of households that chose to "trade up" in the expectation of juicy capital gains in the future.

And yet, Parliament remains silent about the phenomenon of land speculation. To call for a clean-up of investment procedures by the Church of England, while leaving the rest of the nation to embroil itself in a similar reckless bout of land speculation in the future, is tantamount to criminal negligence.

So the time has surely come to audit the performance of Parliament!

The Commons Committee that is sanctimoniously preaching to the priests, today, continue to be derelict in their duty.

There are a very few honourable exceptions, such as Calum MacDonald, the MP for the Western Isles who, in a debate on March 16, urged the adoption of a tax on the rent of land as a way to discipline the actions of landowners.

But such voices are isolated. The Commons as a whole has an obligation to protect the pensions and investments of the nation: not just the pensions of the clergymen. And yet, no plan of action has been devised to neutralise the speculative motive.

It can be done; and Parliament must take the preventive action. The solution lies in the removal of all unearned profits from land speculation, that ethically suspect action which can be remedied by Parliament alone.