

THE GREATER London Council has waged a war for two years against Mrs. Thatcher's government over the plight of the unemployed in the capital.

The council, which is led by "Red Ken" Livingstone, has proved a thorn in the side of the Tory Government: County Hall and the House of Commons stare blankly at each other across the Thames.

In its September 1983 broadsheet, *Jobs For a Change*, Industry and Employment Committee chairman Mike Ward outlines the council's industrial

strategy.

With 400,000 people on the dole - losing the capital's economy £220 per person each week - the council wants more constructive action from the government.

One proposal is headed: Check the Property Speculators. This analyses the impact of the land market on the economy.

"Property prices are driving many firms and skilled workers out of London.

"Rents are much more significant than rates. Property

owners want lower rates, but this only increases property rents. This is what has happened in Enterprise Zones.

"Thirty-two million square feet of industrial and warehousing space now stands empty in London. Speculators are hoarding land and buildings.

"More severe penalties for those who keep land and buildings empty are needed to lower prices and force the speculators to release property for productive use."

Lower rates = higher rent

THE Confederation of British Industry claims that a high property tax drives firms out of business.

This argument assumes that a lower tax - called rates in Britain - would mean lower accommodation costs for tenants.

In fact, lower rates mean a reciprocal increase in rents, leaving entrepreneurs no better off in the end.

Despite the evidence, the CBI is backing the government's plan to "cap" the rates. A few local authorities have been singled out as villains that have driven up their rates faster than is acceptable to Prime Minister Margaret Thatcher.

The Greater London Council is one of them. That is why the government now plans legislation to restrain the increase in rates - and also plans to abolish councils like the GLC.

The government has no plans to prevent the increase in rents that would "mop up" the savings arising from lower property taxes.

But the GLC is fighting back with a war of information against the Tory Government in its bid to oppose abolition.

And the government is vulnerable on the argument over rates, as was revealed in a recent debate in the council chamber.

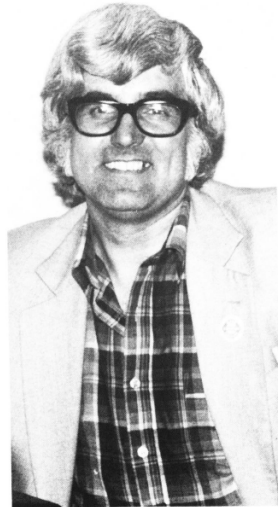
THE GLC's transport committee chairman, Mr. David Wetzel - who believes that rates should fall on land values only - asked whether low rates benefitted "idle landowners and property companies".

He also asked the Industry and Employment Committee chairman, Mr. Michael Ward, on October 18, whether "land values are created by the community and that a shift to site

Report by PAULA JAMES

value rating would return to the community a proportion of the value created?"

Mr. Ward provided evidence to the Labour controlled council that showed a direct relationship between the levels of rents and rates. High rates meant a slower growth of rents; and conversely, a low rate of growth of rates produced a reciprocally high rate of growth in rents.



● David Wetzel

● The London-wide average ratio of rates to office rents is estimated at 57 per cent, but several locations now have rates close to - or above - the prevailing open market rent.

● Islington, Hackney, Lambeth, Southwark and Tower Hamlets all have rates equating to 80 per cent or above of the rental value.

● Croydon, Barnet, Hounslow and Ealing all have rates of 30 per cent or less of rents.

BUT LOW rates did not mean relief for the tenants in factories or office buildings. Said Mr. Ward: "The impact of low rates as a percentage of total accommodation costs has meant a dramatic rise in office rents in the low rate areas.

"Croydon's office rents over the 10 years 1973-4/1983-4 have shown a percentage increase of over 40 per cent compared with the inner London comparatively higher rate boroughs of Islington (16.6 per cent) and Southwark (18.2 per cent)."

Mr. Ward agreed with Mr. Wetzel's point that "these people referred to as land owners who claim to own the surface of our planet, should in fact be contributing to the cost of the social services, etc., that add to the value of their sites rather than, as they are arguing that, if they do not wish to use their sites, they should not be paying any penalty?"

Sir Ashley Bramall replied for the Conservative opposition. He congratulated Mr. Ward "on his studies in Henry George" but cautioned him against adopting a policy of site value rating - what he described as "this discarded policy of the Liberal Party".