Another Nibble at Land Values

A NOTHER bureaucratic plan that will discourage private development and dry up the supply of land coming on to the market can now be added to the list of Labour's misconceived land reforms. It is contained in the White Paper "Land" published just before Parliament was dissolved. The new land plans are described with unjustified pride as the "beginning of the end of a long crusade." On the following page, the main proposals in the White Paper are summarized.

What is omitted from this latest attempt to deal with the land problem deserves as much attention as what is included - drastic though the new proposals are. As with the abortive development charges (1947 Act), the betterment levies (1967), and the development gains tax under the last Finance Act, (for all the trumpeting about community created land values being returned to the community) the new land tax and nationalisation of development values leave existing land values throughout the country untouched. Further they leave untouched increases in land values which accrue to owners where no actual development takes place.

Once again a Labour Government has thrown away the chance truly to collect land values for the community, to end land speculation and windfall gains without bureaucracy, to bring down the selling price of land on the market, to make more land available and to promote the highest and best permissible use of all land.

All this could be achieved by a simple, direct and substantial tax on land values throughout the country irrespective of use, non-use or misuse.

The merit of treating all land holders equally by taxing land on the basis of its market rental value, is that it allows the free market to allocate land without favours, windfall gains from planning permission being automatically collected for the community by the process of re-assessment.

Recent corruption trials involving local government do not augur well for Mr. Crosland's faith in a bureaucratic solution of the land problem. The suggestion for the buying and disposing of development land through the good offices of the local authorities provides all kinds of temptations for property developers and other interested parties to cajole, bribe and lobby for favours so as to secure preferential treatment in the allocation of land.

To date, most of the legislation introduced to remedy the effects of our land tenure system has proved a dismal failure. What is needed is a recognition that users of land — which means all of us — need security of tenure whether the land is used for homes, business, agriculture, pleasure or other social needs. To nationalise land is to exchange a private landlord for a bureaucrat; to tax all landholders on the economic rent of their holding is to treat all citizens equally, while leaving them free to use or dispose of their land as they see fit, subject only to the restraints placed upon society by the normal processes of town and country planning requirements.

The injustice is not the private holding of land, but the private expropriation of community created rental values. Leave the freeholder with his land and collect from him the rent for society's use.

The leasing of land to developers, though better than selling it, will bring into the Exchequer an ever decreasing revenue in real terms if inflation persists and if rent revisions do not stick to market values and are not frequent.

The monopoly of future development which local authorities will acquire is likely to send up existing house prices for would-be new house owners who will have to wait for the heavy and slow hand of bureaucracy to acquire, allocate, and release land for private housing.

The land market will be effectively killed and near stagnation will prevail. Is it a consolation that some part of the value of land will flow into the Government's purse? Hardly. We think it more than likely that apart from its dissipation in working the scheme, the monetary advantages will be outweighed by the economic and social disadvantages.