

# LAND & LIBERTY

Editor

V. H. BLUNDELL

Asst. Editor

R. C. GRINHAM

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## EDITORIAL

### Playing at Land Reform

THERE is every indication that land policy will be a major issue at the coming General Election. On the one-hand we have dissatisfaction with the present rating system, and on the other we have very high land prices in certain parts of the country, coupled with growing political concern over profits and enhanced land values that accrue to the fortunate few.

But of all the pressures that are leading to political examination of the land problem, two are outstanding. The first is the pressure which increasing population, earlier marriage and soaring car ownership is going to put on available land — particularly in the South-East between now and the end of the century. The second is the question of "betterment," or enhanced land values, which are going to be reaped involuntarily and speculatively unless something is done about it.

#### The Parties' Policies

We know to date that the Labour Party has its faith pinned in a Commission which will purchase and lease back to developers land ready for development. We also know that the Liberal Party, apart from its now firm stand on the policy of site-value rating, is toying with the idea of taxing increments in land values. Now, in the light of the South-East Study, the Conservative Party has stated its "policy" for land, the Study having brought home to it at last the fact that the community is paying far too high a price for permission to live and expand.

What has the study of the South-East revealed that has given the Conservatives an interest in land values?

Described as "a piece of physical planning such as we have never seen before in this country" (*The Guardian*) and "the largest regional-planning land-use operation in the whole free world" (*The Daily Telegraph*),

the Government's plan for the development of the South-East has caused wide comment. Three new cities—at Bletchley, Newbury and Portsmouth—and the expansion of Ipswich, Northampton, Peterborough and Swindon are contemplated in the Great Plan to relieve the congestion in and around London.

### The Crux Of The Problem

Living space around London has to be found, says the Study, for an additional three and a half million people by 1981, of which two millions will require new land to expand into the South-East itself.

The crux of the problem is the provision of this land. It is planned to anticipate future land needs by early acquisition of land by a development corporation or local authority. Political commentators have been quick to point out the effect of the Plan on land values. The green light has been given to the land speculators and the landless must stand by and watch their natural birth-right bartered in the market place.

### Ending Land Speculation

But what is the Conservatives' land policy? Briefly, the plan is that local authorities or New Town development corporations will buy up the required land well in advance so as to obtain it at below the speculative price. The Plan includes a scheme to acquire land where large-scale investment of public funds will result in increased land values and later to *re-sell* the land to private owners or developers after the provision of major services.

### Tory Land-Values Plan Under Fire

*The Guardian* editorial, March 23, made some pertinent comments on this plan which are worth quoting at length.

"Sir Keith Joseph has given a categorical assurance, following the Government's 'South-East Study', that land speculation will be prevented. But there is a gaping hole in his assurance. It applies only to new or expanded towns. It does not apply to development planned or approved by local authorities in other places. In other words, his assurance covers development at Ashford, but not development in or around Folkestone, Canterbury, or Faversham. It covers the new city on the Solent, but not the rest of Hampshire. It covers Ipswich, but not the neighbouring

**Land-Value Rating** by Lord Douglas of Barloch. Theory and practice; a concise summary of the economic arguments in favour of the rating of land values, together with an outline of the practical means by which that proposal may be put into operation. A handbook for all who are interested in municipal finance and the rating question. Cloth, 6s. Paperback, 3s. 6d.

areas of East Suffolk; and so on. Everywhere outside the new or expanded towns the market in land is to be left free. Two-thirds of the growth planned for the South-East is to be outside new and expanded towns. So the field for speculation is great.

"This is the odder when one looks at Sir Keith's statements. In November, when he first said that the New Towns procedure might be extended, he admitted that development plans do increase the value of land. 'It does seem right,' he went on, 'that that increase should be collected by the public.' The point was a fair one, since the increased value is fortuitous and is enhanced by public investment in roads, sewers, and other service. But if this is true of the new towns, why not of development generally?"

(To which we would add: And why not of land values generally?)

### Anything But The Right Remedy

Unfortunately, but perhaps predictably, *The Guardian*, after these wise words, had nothing better to offer. It has two remedies. One is to "delegate the work of Labour's proposed Land Commission to regional agencies" and the other is to apply "comprehensive development procedure to all but the smallest schemes." The first would, in its opinion, be "more manageable" but injustice "might still be done." The second, while limiting the scale of action of the Land Commission, would curb the "worst speculation."

*The Guardian's* proposals, like those of the Conservative Party, are entirely lacking the fundamental approach.

### Land Values and Logic

A leading political commentator recently said that it was difficult to see the real differences between the parties on the land issue apart from "metaphysical" ones: such a statement shows not only a lack of economic knowledge but a lack of the will to think. The weaknesses in the Labour Party's policy are these:

\* Why go to the trouble of acquiring the land in order to tap increases in land values? Such a process must involve an increase in bureaucratic control, increased government expenditure and the slowing down of the pace of development.

\* Why discourage and antagonise the developer? The developer is not an enemy of society but an asset. "You dare to develop," the Land Commission will say, "and we will have your land." The fact that some developers are also speculators in land is beside the point. Why assume that increases in land values belong to the community only when re-development takes place? This is clearly an illogical position to take up. But more illogical still is the assumption that only *increases* in land values may be considered at all! Existing land values are as much a burden on the community as are increases of land values. And, of course, today's increases of values are tomorrow's established values.

The Conservatives' proposals make a false distinction

between land values created by government spending and those created by individual spending. Furthermore, those increased values which do belong to the community would only so belong for a limited period.

The "betterment problem" has been the subject of reports, arguments, and theses for far too long. There is only one question that really needs to be answered: to whom should the value of land belong? The right

answer to this question must stem from the knowledge that all land value is created by the external pressures of society and the natural qualities inherent in the land. No man by his efforts alone can enhance the value of his site as a site.

Not until this question is answered truthfully and given the acknowledgement it deserves can we hope to find the right solution.

## NOTES AND NEWS

Steps and Side - Steps in Land Reform  
— From Wall Street to Tokio —  
Under - assessment in the U.S.A.



### MAKESHIFT LAND REFORM

IT IS PROPOSED to collect three-quarters of any increase of land value brought about by the granting of planning permission under a Bill published March 7. The Bill is the Town and Country Planning (Land Values) Bill and is a private member's measure introduced by Mrs. Joyce Butler and backed by six other Labour M.P.s. A Central Land Values Agency would be set up to collect the land tax. A register of land sales would be kept of all land selling at over £4,500 and where there was a second sale at a higher price 75 per cent of the increase would be taken by way of tax — but only, apparently, if this increase were caused by the granting of planning permission. Sales of land would not be valid until the tax had been paid. The Agency would hand the money over to the local authority.

The thinking behind the Bill is at best superficial. Land values are looked at as one would look at an iceberg, noting only the amount showing above the waterline, and ignoring the nine-tenths of the whole which is out of vision.

### FREEHOLD STRANGLEHOLD

THERE ARE MANY valuable high street sites throughout the country which for one reason or another are not being put to their maximum commercial advantage. Many of these are occupied by churches, charities, small shops and buildings of historical interest. The recent sale of a church in Romford built for £3,210 in 1874 on a site which cost £950, further emphasised the potentials which can be realised. The selling price today? £261,000!

A plot of rural land in Banbury measuring twenty-seven feet by eighteen feet is being offered for £82 per square yard or in other words at £400,000 an acre! The reason? Just beyond this strip there are four acres of

nursery land which the Council has approved for houses. The snag is that access to these four acres can be obtained only by extending an existing road across this narrow strip of land, which is in another ownership.

The monopolist's point of view is admirably put by Mr. H. R. H. Clifton, for the owners: "If you have something that somebody else wants you get the best price for it." As building land, the four acres of nursery is worth about £15,000—as agricultural land about £1,600. By selling the strip, £13,400 would be added to the value. It is in a situation like this that the injustice of the present system of land tenure is most visible.

### SIDE-STEPS BETTER THAN NO STEPS?

THE NEW President of Venezuela, Raul Leoni has big plans for agrarian reform. He hopes that his government will put 200,000 peasants on their own farmland in the next five years. The plan involves buying the land from existing owners and then giving credit to the newly settled farmers for the purchase of equipment, seed and live-stock. Part of the money is being provided by the United States.

Complementary plans are also in hand for road building and the provision of technical assistance in the settlement areas. Some land is to be irrigated and 120,000 acres of idle land reclaimed.

In Peru a similar scheme is under way. The government will buy land, paying for it in government bonds, and turn it over to the Indian peasants on long-term credits. About five million Indians could be affected.

It has been estimated that 98 per cent of the land in Peru is owned by two per cent of the population—descendants of the Spanish *conquistadores* who first took the land from the Incas. Now it looks as though some of the Incas' descendants may be getting it back again—but only at the expense of compensation to present land