

That differences in economic development exist between nations is clear. The problem is how to improve the situation of the poorer countries. This must be done initially at the root cause through land reform if any trade policy is to be effective. If this could be established, the rate of economic increase might be a surprise to all. The difficulty, of course, is that the basic monopoly is so well entrenched and rarely examined. Mr. Saunders, however, might benefit from further examining Hong Kong, the economic progress of which has been remarkable and where there is no primary production and no tariff barriers.

## SHOULD THE LAND BE NATIONALISED?

AN ARTICLE by Colin Clark in *The Director* condemning land nationalisation was the subject of widespread reports in the daily papers (perhaps the nearness of the General Election had something to do with this) but another article on the same subject by Mr. A. C. Thomas, F.R.I.C.S. in the *Municipal Journal* attracted less attention.

In his skilfully written and entertaining article Mr. Thomas puts forward the case for land nationalisation, not on any grounds of political dogma or social justice, nor even primarily in order to recoup for the community future increases in land value—although he says that this argument “contains enough truth to be convincing.” What Mr. Thomas is really concerned about is the spiritual rather than the material. “Basically,” he says, “we want to go on improving the human environment in the spheres which govern our spiritual development; on the basis of abundance we want to re-create for everyone the possibilities of spacious, all-round living which were once enjoyed by the few; in place of the factory-hand at the conveyor belt and the commuter with his briefcase we want to encourage a re-birth of the complete, many-sided individual who flourished briefly in the renaissance.”

These objectives are perfectly feasible, says Mr. Thomas, and are attainable without the nationalisation of industry. But, he goes on, “I do not see it being done within the framework of the continued private ownership of building land.” The reason Mr. Thomas gives for this view is that the society he envisages depends first of all upon material prosperity, that material prosperity depends upon economic flexibility and that economic flexibility is hindered by the individual ownership of plots of land.

While we would not agree with Mr. Thomas' line of reasoning, nor with his solution to the problem, we are in strong sympathy with his objectives. His concern that society will never reach its peak under a system of private land ownership is ours. Mr. Thomas does not go into the details of land nationalisation. “How best to achieve the transfer (to public ownership) is very much another matter,” he says. Maybe he would be happy to accept a 100 per cent tax on land rent as achieving the same object.

Speaking of the “classless technician” he says, “... they are prepared to differentiate between what is earned and what is unearned; between what is replaceable and what is irreplaceable; between private ownership of the game's apparatus and private ownership of the pitch on which the game is played; and they will expect the legislature to be capable of similarly differentiating.” Let us hope he is right.

Colin Clark's article in *The Director* was very much in contrast. Any attempt to recoup increased land values for the community through land commissions or regulated land sales, he said, is completely and utterly impracticable. The same object could be more simply and efficiently attained by a tax on the unimproved value of land.

This last comment did not find its way into every newspaper report but many of them enthusiastically quoted a defence of land speculation. “It is one of the simplest propositions of elementary economic theory,” said Mr. Clark, “that speculation, so interminably denounced from political platforms, is in fact socially beneficial. If land speculation ceased, buyers and sellers would be faced with even more violent price movements than they are at present.”

It is difficult to know exactly how Colin Clark defines land speculation. The land agent, the man who buys and sells land in the same way that an estate agent buys and sells houses, is obviously performing a useful and very necessary service in bringing buyer and seller together and satisfying the market. Naturally he makes money out of it — he must be compensated for his services under the present system. The middleman, the “speculator”—if one likes to call him that—performs a valuable economic function, but not the man who buys up plots in the path of new development—acting on shrewd judgment or perhaps on “inside information”—who is content to sit back for many years, ready to make a “killing” when the time is ripe; this man performs no useful service, he is a bane to society, although it is society by its land tenure laws which encourages such acts and that is ultimately responsible.

A land-value tax such as Colin Clark envisages would of course put paid to the second type of speculator but would leave the first largely unaffected.

## SITE-VALUE RATING IN THE LIMELIGHT

THE SUCCESSFUL COMPLETION of the Whitstable

Survey on site-value rating conducted by the Rating and Valuation Association has led to much further discussion and criticism of the problems and principles involved. This is all to the good, for the wider publicity that the report has obtained has regenerated interest in a subject of major importance that has been allowed to lapse too long. More important, perhaps, is the recurring nature of these rigorous analyses. Criticism, suggestions, wholehearted support and outright condemnation continue unabated.

In a recent article in *Local Government Finance* Mr. N. D. B. Sage, Treasurer of Bullingdon Rural District Council, argues that there is now a strong case for a re-examination of the question of site-value rating by a new committee of enquiry. Remarking that the findings of the Simes Committee in 1952 against site-value rating were largely a result of the financial provisions of the 1947 Town and Country Planning Act, which that Committee had to consider in order to comply with its terms of reference, Mr. Sage draws attention to the earlier work of the Royal Commission on the Housing of the Working Classes in 1885. The commission at that time agreed that the introduction of a tax on site values would increase the supply of land coming on to the market and reduce its price, provided that the rate levied was sufficiently high.

Dr. D. R. Denman in the *Daily Telegraph*, June 4, wrote: "Conservative political opinion . . . differs radically from the Socialist contention, which presumes to use the powers of compulsory purchase to control land prices and transfer the so-called "unearned" increment in land values from private hands to the community." While there must be a certain sympathy for this writer's attack on attempts to control land prices (e.g. the failure of the financial provisions of the 1947 Town and Country Planning Act), it is irrefutable that land values are community created and that increases in land value are not attributable to the efforts of individual land owners.

Pointing out that a rise of £4,750 per acre in the price of residential land, formerly costing £250, will generally lead to an increase of only 27 per cent in the cost of houses, with a population of 10,000, Mr. Denman does not dwell long on the land owner's capital appreciation of 1,900 per cent. Neither, when he states that "house prices are an indication of the propensity of the public to buy" does he dwell on those people who are homeless or who live in cramped or slum conditions because of economic necessity and not through choice.

## FOOLISH NOTIONS ON S.V.R.

AN ARTICLE attacking site-value rating appeared in the *Justice of the Peace and Local Government Review*. It is unsigned but the writer refers to himself as "a lawyer, who cannot pretend to be a valuer." Although he has obviously read the Whitstable Report and other sources of information (including, of course, Mr. Eve's notorious article) it is evident that he does not fully understand the principles of site-value rating.

The article is largely a critical examination of the definition of annual value given to Mr. Wilks. The writer quotes Mr. Trustram Eve's contention that in terms of the definition, agricultural land has a nil value. This need not be taken seriously for it is palpably absurd, as is the writer's contention that "it is possible that this view extends to all land." We would like Mr. Eve to

show us a piece of agricultural land for which no willing tenant would be prepared to pay any rent at all and to prove that this land is typical of agricultural land all over the country.

The writer's principle criticism is that the definition contains no mention of planning permission. When site-value rating is introduced it will be necessary and desirable to have this point properly taken care of, but one cannot help observing that many people seem incapable of deducing rules of conduct from first principles. If every little eventuality is not catered for, and instructions clearly written down in black and white they are lost. The definition of land value clearly refers to *market value*; market value is affected by planning regulations; therefore the town plan must be taken into account when making the valuation. This is what Mr. Wilks did. There is no difficulty here. References to the "untenable position," that would result from rating a land owner on a value higher than the real value of his land (made by, among many others, Sir Keith Joseph in the Commons Land Prices Debate) are pure Aunt Sallys. Such an assessment is quite impossible under the definition.

Another point made by the anonymous author is the "grave risk that the ratepayer will be misled." The poor householder, the writer feels, may be duped by proponents of the system into believing that the benefits of a change over to site-value rating will be much greater than is likely to obtain in practice. The writer, of course, is thinking of the exclusion of agricultural land etc., but he is forced to admit that "No doubt houses, bungalows and flats would still benefit" (if agricultural land etc., were exempted from rates). We know of course, that they would still benefit.

The writer is opposed to site-value rating, that is clear. He says: "The Nation may rejoice that the pledge that the Liberals would change the present unfair rating system and replace it with a system based on site values is unlikely to be realised." He objects to Mr. Grimond's use of the word "dramatically" in describing the relief to householders under site-value rating, and repeats his contention that the public must not be misled. (In fact if the public is to be misled about anything, it is likely to be to think that there are no advantages at all in site-value rating, such is the barrage of nonsense from "informed" and "expert" sources hurled at them since the publication of the Whitstable report.)

Finally, with a thought for the homeless, the overcrowded, and those working in cramped and undesirable premises (whom the writer has apparently not considered) is there so much wrong with "releasing a flood of development in this overcrowded island," under the stimulus of site-value rating. Apart from planning regulations governing development, in view of the acute shortage of property of all kinds, especially houses, resulting in the present unnaturally high prices, a "flood of development" could do nothing but good.