

rents arguments Marx

classical concepts developed by Adam Smith and David Ricardo.

DOES IT matter which theoretical framework is used to analyse rent and the housing sector? Yes, because there are macro-economic implications which (if we employed the analytical framework adopted by Ball *et. al.* might be lost to us. This can be seen in the contribution from Marino Folin.

Folin offers a European-wide analysis of housing development processes. The peaks in output were in 1968 (Great Britain), 1969 (Sweden), 1972 (France), and 1973 (West Germany and the

Netherlands), i.e. before the impact of the OPEC oil price rises. Folin rejects conventional explanations for the downturn in construction (elimination of absolute shortage of houses; the recession of the post-1974 period). He seeks an alternative solution, but fails. Why? Because he begins by denying that there is anything distinctively different between land and the capital improvements upon land (houses).

Yet he dutifully quotes evidence offered by the United Nations that, until 1973, the cost of land had risen more rapidly than either building costs or the cost of living. This was

REFERENCES
George, Henry (1879), *Progress and Poverty*, Centenary edn: Robert Schalkenbach Foundation, New York, 1979.
Harrison, Fred (1983), *The Power in the Land*, London: Shephard-Walwyn.
Marx, Karl (1962), *Capital*, Vol. III, Moscow: Foreign Languages Publishing House.
Marx, Karl and Frederick Engels (1969), *Selected Works*, Vol. II, Moscow: Progress Publishers.
Marx, Karl (1974), *The First International and After* (Political Writings, Vol. III), Harmondsworth: Penguin.

predictable on the basis of Marx's use of classical theories!

- Could the sectoral recession have been caused by landowners who harnessed power to squeeze an ever-increasing proportion of "surplus value" – to the point where there was insufficient incentive to continue with construction?

- Could it be that entrepreneurs turned to land speculation at the expense of wealth creating activity?

- Could it be that so much money flowed into the land market that other sectors were starved of funds?

- Did the rise in rents lead to a curb on consumption to the point where production had to be reduced, at the expense of employment?

These are the macro-economic questions to which economic analysis should now turn. To do so, however, economists need to recognise the unique attributes of land, and of how these are employed to devastating effect under tenure and taxation policies.

a common problem



By
David
Richards

1980s, lies in a revival of Henry George's ideas on land reform through a land tax and community control. Intriguing – but hardly a serious contribution to the need for immediate reform of land use policies in Britain.

In other words, if we want particular results, now, it is no good attempting to turn society upside down, which is what Henry George's "land tax" would certainly do.

"We already take some rent in taxation", wrote George in *Progress*

and Poverty. "We have only to make some changes in our modes of taxation to take it all."

But that is striking at the very foundation of the established order. It amounts to an economic and social revolution which cannot be disguised as mere tax reform. And to anyone interested solely in nature conservation, it looks like calling for a sledgehammer to crack a nut.

In its Annual Report of 1983, the Nature Conservancy Council gave us just ten years in which to "ensure continuity for Britain's wild plants and animals".

Even Chris Rose, Pye-Smith's co-author, believes that this fact rules out land reform. Defending Friends of the Earth's *Proposals for a Natural Heritage Bill* (1984), which relies on the extension of planning controls, he stated that "FOE has no remit to argue for that. We have no choice.

We must go for what is practicable and achievable in the short term."

So when will the time for land reform arrive?

It is clear that no single issue is big enough to justify calls for deep-seated, revolutionary change. Only when a common problem is discovered at the heart of many issues is it worthy of legislation that has repercussions for all.

Pye-Smith slips up in just this respect when he writes (p.132): "Times, of course, have changed. Industrial depressions, which George attributed to the land monopoly, have little or nothing to do with who owns and uses land."

Until the institution of landownership itself is clearly exposed as one of the root problems of society, ramifying in many directions and blighting the lives of all, the cause of radical land reform cannot prosper.