PRACTICAL POLITICS

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A COUNCILLOR, A CARTRIDGE, AND 425 BLANKS

The councillor submitted a request to Brentwood Borough Council, in Essex, under Freedom of Information procedure. What was e-mailed back to him was a copy of a 425-page report with almost every sheet completely blacked out. It "took an hour to print and used up a complete black ink cartridge. Only a few details made it past the censors, including the phrases: 'Hi Duncan – blank – Do you have any comment to make on this?' and: 'Hi Bill – blank – Many thanks, Steve'" [a]. So what was all the fuss about? Well, **land**, actually. The council's unhelpful document was put together by staff after they received questions about a multi-million pound deal for sale of council land in the town centre. The councillor had become "concerned that taxpayers could be short-changed" in a deal to build a cinema on the land in question. The coincidence of this town hall tomfoolery with the publication of the Leveson Inquiry Report, suggests to us that it is not in the public interest to seek to muzzle press freedom.

WISE WORDS FROM THE PAST and their particular relevance for to-day

"Roads are made, streets are made, services are improved, electric light turns night into day, water is brought from reservoirs a hundred miles off in the mountains – and all the while the landlord sits still…To not one of those improvements does the land monopolist contribute, and yet by every one of them the value of his land is enhanced. He renders no service to the community, he contributes nothing to the general welfare, he contributes nothing to the process from which his own enrichment is derived" [b]. "Taxing land value, in other words, is…taxing an economic rent – it does not discourage any socially desirable form of wealth creation" [c].

Moreover, in a world where both wage income and capital are increasingly mobile, there are obvious advantages in taxing the physically immovable. Land is not transportable and therefore cannot be carted off to an overseas tax haven. Each parcel of land is definable in its position and as to its proprietorship. The site value is assessed and regularly kept up to date. A uniform percentage duty is levied on the annual rental value of all land, progressively abating and replacing to-day's taxes. Proprietorship is assured by payment to the Crown (the State) of the annual rental value of the land. Thus is land-rent capture rendered unavoidable. Simple! When do we start?

SCOTLAND, WALES, AND FRANCE

In a referendum to be held in 2014, voters in **Scotland** are to be presented with a simple 'in' or 'out' choice on whether to remain part of the United Kingdom of Great Britain and Northern Ireland. In the interim, "Critical issues such as the share of the national debt Scotland takes on, whether it is made liable for the tens of billions spent bailing out Scottish banks, what share of tax revenues from North Sea oil belongs to Scotland, and therefore what sort of a fiscal position it will be in after separation, are likely to remain unanswered" [d]. The really important question, however, is: what does Scotland want independence *for*?

Apart from relatively brief spells of radical government in 1945-1951 and 1979-1990, the U.K. has bumbled along in recent times on essentially consensus lines. Independence would give Scotland the opportunity to bumble along alone in broadly the same manner, which would no doubt satisfy some, or even many, in the short term. What, though, if Scotland were to have a Big Idea? The Scottish Parliament could legislate to give every citizen an equal stake in the country, in the manner outlined in the final paragraph of the front page of this Issue. Scots cannot each own equal parcels of the nation's land, for obvious practical reasons; but they can enjoy an equal share of the nation's total *annual land rental value*, as assessed and collected by the Government in Edinburgh. These land-rent receipts progressively replace existing taxes, and any surplus becomes available for distribution to the citizenry *per capita* (in effect, as a form of poll tax in reverse!). The campaign cry could well be 'Scotland for Scotsmen' – literally.

"With European Steel demand 25 per cent below pre-recession levels and further declines in demand predicted", Tata Steel "is cutting 500 management and administration positions at Port Talbot in south **Wales**". The local M.P. "said the government must do more to assist steel and other energy-intensive industries. He said: 'The government should address the high business rates and rail charges faced by the steel industry and place greater emphasis on infrastructure programmes'" [e]. The call for improved and cheaper transport to and from the works, is no more than a plea for subsidy to compensate for the poor location of the plant. The uniform business rate (UBR) is a charge on the composite value of the site plus the man-made developments set upon it, which in this case will be relatively high because steel works are capital intensive and the location is not of the best to enable Tata confidently to fight for its place in a declining market. Tata and the M.P. ought both to look into the case for adoption of land value taxation (LVT). All capital intensive industries, and especially those served by poor infrastructure and poorly situated to meet market needs, would obtain relief from removal of burdensome contemporary taxes and their replacement by LVT. Wales is struggling on the economic and geographical margin of

Europe, and should be in the forefront of the campaign for LVT.

Away from Wales, ArcelorMittal is willing to sell two blast furnaces at its steel works at Florange near Metz in Lorraine, **France**. The industrial recovery minister, Arnaud Montebourg, angrily retaliated by threatening to nationalise the Florange plant, proclaiming (though he later had to backtrack), "We do not want Mittal in France any longer". ArcelorMittal owns "11blast furnaces in northern France, Germany and Belgium and has shut down two furnaces in Liège and one in Dunkirk". The group reported a third quarter loss of €547m "because of a slump in Chinese demand and operating losses in Europe". Apparently the Florange furnaces are "uncompetitive partly because they are too far from ports for transportation" [f]. Once again, then, we recommend LVT, or, as the French might say, *l' impôt unique*.

DEPRESSION

Good news is hard to find. For proof, we look to Europe, and begin by drawing attention to the eighteenth anniversary of a shameful disgrace at the heart of the EU.

At a time when austerity, retrenchment, and spending cuts are key motivators for European peoples and their governments, the European Commissioners have brought forward a budget seeking a massive 6.8 per cent increase in funding for next year. Worse, so riddled with fraud and malpractice has the dispensing of EU moneys become "that in eighteen years it has never been given a clean bill of health by the European Court of Auditors. Bear in mind, moreover, that this Court is itself an EU institution, with nothing like the resources it needs to invigilate the local politicians, farmers, business people and all-purpose crooks who are in receipt of funding from us all…There are at least 5.2 billion euros that go astray every year – and the proportion is rising again, not falling…EU officials preside over a vast and larcenous abuse of public funds" [g].

"In the meantime, the eurozone heads ever deeper into recession…At some stage, creditors will have to reconcile themselves to the fact that they'll never be repaid. This is the point at which the pretence of lending **Greece** the money…turns into the reality of straight cash hand-outs – a transfer union in all but name…For the first time the German taxpayer will see real money, which might otherwise have been spent on pensions, healthcare and education, disappear into the bottomless pit" [d]. Greek bail-out number three was nevertheless concluded. Among the measures agreed by the eurozone, the ECB, and the IMF (the 'troika' of lenders) were a cut in Greece's €300bn debt load by €40bn, "a reduction in the interest rates…on bail-out loans, a decade-long suspension on interest on loans" from the old Financial Stability Facility "and a pledge to finance a buy-back of Greek government bonds" [h]. The extent to which the fudge factory had been working became instantly apparent. Private investors were angry at being asked to take "a second 'hair-cut' of 70pc on residual holdings after suffering a 53.5pc loss earlier this year, while official creditors refuse all losses. The convoluted deal aims to veil the fact…that German taxpayers are facing real losses for the first time since the crisis began" [f].

Spain has been forced to seek aid "to clean up a banking sector saddled with €180bn of bad property loans after a decade long housing bubble" [*i.e.* a huge speculative land boom – ed.]. "A property management company for soured real estate assets, or 'bad bank', will be created to allow lenders to rid themselves of the burden of repossessed homes. Investors in bank preference shares and subordinated debt will be forced to take losses before any state aid can be given" [j]. "In Spain…there is still a failure to recognise just how little property and land is now worth…Bankia, formed from the merger of seven savings banks" has had to be rescued "for the second time" this year [k]. It got worse. EU regulators "approved restructuring plans for four of Spain's nationalised banks, authorising a cash injection of almost €40bn from a fund secured by eurozone partners." The four stricken banks are Bankia, Novagalicia Banco and Catalunya Banc, plus Banco de Valencia, which was sold shortly afterwards to Caixabank "for a token €1…It will have €4.5bn of extra capital injected and its property assets transferred" to [the aforementioned 'bad bank'] SAREB" [m]. Truly, "holders of Spanish debt face a near-certain haircut" [f].

As if to emphasise that the eurozone's problems do not all lie in the Mediterranean periphery, the **Franco-Belgian** bank, Dexia, having just "received its third state bail-out in four years…said that forcing the bank to rapidly sell off assets could crystallise losses it cannot afford to take…If this were to happen, it would likely default on its debt" which in turn could "endanger the European financial system" [n]. The U.K. has its problems, but, fortunately, being outside the eurozone is not one of them.

[a] Tom Kelly, "Daily Mail", 30th. November [b] Winston Churchill, in a speech in 1909, cited by Jeremy Warner (see reference [c], following) [c] Jeremy Warner, "Daily Telegraph", 25th. September [d] Jeremy Warner, "Daily Telegraph", 12th. October, 9th. November [e] John Murray Brown, "Financial Times", 24th. November [f] Ambrose Evans-Pritchard, "Daily Telegraph", 28th. November, 30th. November, 19th. October [g] Boris Johnson, "Daily Telegraph", 19th. November [h] Emma Rowley, "DailyTelegraph", 28th. November [j] Miles Johnson, "Financial Times", 1st. September [k] Sarah Gordon, "Financial Times", 8th. September [m] Fiona Govan, "DailyTelegraph", 29th. November [n] Harry Wilson, "DailyTelegraph", 22nd. November

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