

PRACTICAL POLITICS

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This is our first Issue of the 21st. Century and of the third millennium. It is interesting to recall that Issue No. 52 (April 1995) began with a letter by John James taken from the "Evening Standard" of 20th. March of that year:-

"The millennium should be celebrated, but there must be something to celebrate it with. I suggest a new Magna Carta and a suitably inscribed tower at Runnymede. The new Magna Carta could restore all the rights the barons took from the people and the Crown. As a result, the rental income from land could be used to abolish income tax. I think that's something everybody would remember."

Instead we got the Dome.

Disposal of the Dome site is proving interesting. Nomura having pulled back from a £150 million deal, the Government decided to negotiate a sale to the property consortium, Legacy, for £125 million – "less than half its value on the open market" (David Millward, "Daily Telegraph", 3rd. January). "Some property experts are questioning Legacy's proposals for a high-technology business park", believing that the prospect of selling the land on at a swift profit "may be too tempting to resist." It is said that the Government will try to prevent this by a clause to block quick resale. "It will also expect to receive a share of any profit Legacy makes".

At this point, enter two demon kings. The Government acquired the site from British Gas in 1997. British Gas' development arm, Lattice Properties, stands to lose if the Legacy deal goes ahead. Lattice is entitled to 7½% of the proceeds when the Government sells the site, and can "exercise its right to call for an independent valuation". Meanwhile, London's Mayor has vowed "to use his legal power to halt the redevelopment" (Patrick O'Flynn, "Daily Express", 3rd. January) by holding up a planning application unless land next to the Dome has provision for at least 25% of "affordable housing".

When site rental value is all being collected in place of current taxes on wages, goods, trade, and savings, Government will have assured revenue, wealth creators will have their full reward, bare land will no longer have a selling value, and there will be no more of this jiggery-pokery.

BUMPER HARVEST

It is said that the average net farm income has fallen by 60% in the past five years. "By all logic the farms market should have collapsed long ago. Prices should be at rock bottom and the nation awash with desolate holdings for which there are no takers" (Sally Smith, "Financial Times", 28th. October). Instead, those hoping to pick up cheap acreage have been disappointed, partly at least because "owner-occupiers have sufficient collateral in their holdings to keep the bankers at bay". Another major influence is spotted, however: "purchasers wanting a place in the country have been buying farms for the house...the sum paid by the housebuyer more than making up for the less confident bids of his agricultural neighbours". The land may then go in lots to surrounding farmers, or be let out, or be worked in partnership with farmers who carry out the day-to-day management. "Location is ever more crucial...To date there is no sign that a large flush of land is about to come forward...As has been said so many times: 'They're not making it any more.'"

RURAL WHITE PAPER

The White Paper was launched on 28th. November. The tinkers have been at work again, but this time with added largesse. Concessions, grants, subsidies are offered. There are £270 million for this, £15 million for that, £100 million for this other, £45 million for that other, £15 million here, £37 million there, £7 million somewhere else, as well as administrative changes, rule changes, a big programme of rural by-passes – in all, "a £1 billion package of measures" (Charles Clover, "Daily Telegraph", 29th. November).

Some of this money is simply being churned. High taxes on motor fuels and v.a.t. on almost everything have been extorted from those struggling to make a living in marginal areas, and are now being paid back (less Whitehall commission) to the accompaniment of a fanfare of self-righteous trumpets.

Where agriculture is concerned, definition is important. The word, farmer, may be applied to one who is simply an owner of agricultural land; or to an owner of agricultural land who also farms it; or to a working farmer who holds a long lease and is, until the lease has to be renegotiated, enjoying part of the beneficial ownership of the land; or to a new entrant who has recently leased farm land or taken out a loan to buy it. Then there are the potential new entrants. The interests and problems of these groups are disparate.

There is no evidence that the Government has given thought to this.

Husbandry is one thing (the application of labour and man-made capital) and the holding of paper title to land is another. The value of farm land depends on natural advantages such as inherent soil quality and climate; on the location in relation to outlets to markets; on the infrastructure and similar facilities (public and private utilities, roads, slaughter houses, veterinary services, et cetera); on subsidies and tax concessions; on the level of demand for agricultural products and the general level of activity of the community as a whole. The biggest single factor affecting the price of farm land is its location in relation to expanding urban communities where change of planning use to allow expansion of an airport or the building of a by-pass or an out-of-town store or a new suburb or new town, puts perhaps three noughts on the price of an acre.

Presupposing the countryside is not to be just a backwater, a dormitory, or holiday or retirement haven, one has to consider regeneration not only of agriculture but also of rural industry. A century ago, villages were still dirty, noisy, smelly places, with animals in the streets, and such as wheelwrights, blacksmiths, and knackers plying their trade. The picturesque rose cottage image is a modern conceit. If the countryside is not to revert to wilderness or go to gentrified decline, it must revitalise itself. Reluctance to grant planning consent to infrastructural development and to housebuilding may be part of the problem. The Government seems aware of this, but unfortunately remains unwilling to recognise the unique rôle of land. With LVT fully operating, a glance at valuation rolls and maps will reveal where site value is being distorted by a refusal to release land; and, where development permission is available but is not taken up by the landowner, LVT will act as a decidedly sharp incentive. The problem of the disappearing village school, store, post office, bank, and pub is simultaneously resolved.

Without LVT, land prices in villages and small country towns can be expected to go on rising, as demand confronts artificially restricted supply. With LVT in operation, though, the tendency of urban areas to sprawl outwards will be reduced, as will the pressure to extend villages or develop new housing estates on green-field sites just to provide dormitories for city workers. Countryside and conurbations are inter-dependent, and common problems such as housing are susceptible to the same solution. Collection of the rental value of land (exempting improvements in or upon it) and the consequent remission of existing taxes, are the necessary prerequisite for achieving many of the objectives set forth in the White Paper.

JUMBLED UP IN JACKSONVILLE

“Starting today you’ll be paying more for appliances, clothes and most other items in Jacksonville” (David DeCamp, “Florida Times-Union”, 1st. January). The Duval County sales tax has been increased “to help pay for the \$2.2 billion Better Jacksonville Plan’s improvements for roads, new buildings and land preservation.” Whoa, there! Do not improvements of this sort raise land values? So, taxes go up in order to make mere holding of land even more valuable! It should be the other way round, with publicly created land value replacing sales taxes and like tolls on creation of real wealth!

TAIL PIECE

“Fifty women bared their buttocks in protest at the seizure of land in Swaziland...by the brother of King Mswati III. The sight of a woman’s buttocks is a strong insult in Swazi culture...More than 200 people, including two popular tribal leaders, have been evicted to make way for the king’s elder brother, Prince Maguga” (Tim Butcher, “Daily Telegraph”, 4th. December).

As we noted in Issue No. 79, Magna Carta, though regularly presented as the foundation of English liberties, in fact “freed the barons from many of their feudal obligations to the Crown, marking the lifting of feu duties for tenure of land and ensuring that the expenses of government had thereafter increasingly to be funded by taxes on goods and trade. ‘It was to prove the key, several centuries later, to the diversion of much of the benefits of the industrial revolution from those who work and manage in industry to those who merely own the land’ (Edgar Buck, “The Broken Trust”, Land and Liberty Press, 1983).”

A defiant backside in the face of Authority is not perhaps called for in this country (literally, anyway), but we do believe that Her Majesty’s ministers should tender advice to the Queen that she resume in meaningful manner the Crown’s position as supreme owner of all land in the realm, and require rents in full from all holders of land under her. The policy these days is known as LVT.

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