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THE PROPRIETY OF PROPERTY

Nobody thinks Man made the Earth. The world abounds with evidence to-day that personal ownership of part of the planet's surface for private gain is a comparatively recent contrivance. The North American Indians, the Inuits (Esquimaux), the Australian Aborigines, the Bushmen of the Kalahari, all regard Land as a communal heritage, and have great difficulty in coming to terms with the alien concept of paper land titles. The private ownership of land is against Nature.

Free access to land suited the hunters and gatherers, and even the migratory herdsmen. Arable farming, however, and, later, the development of industry, required trading centres and settled communities, and encouraged fixed capital formation, the division of labour, and population growth. Security of tenure on the land assumed increasing significance.

There was, and is, no difficulty in reconciling this with access to land for everyone on equal terms. Different parcels of land, whether urban plots or rural spreads, have differing attractions, for any of the myriad reasons we are familiar with from daily life; and the occupier is free, within the law, to enjoy them and to exploit them. Location values can readily be assessed and updated. A rental payment by the occupier to the public exchequer is at once a due payment for benefits received and a compensation to the rest of the community for the value it foregoes in agreeing to be deprived of access to the land in question. This rental revenue from land is the natural, logical way to meet essential public expenditure.

What confers the right of private ownership is work - the production of wealth (capital goods as well as goods for consumption) by physical labour, mental effort, and human ingenuity. Neither political economy nor moral philosophy provides the least justification for private ownership of any part of our planet. No land owner or predecessor in title ever made the land, nor is a land owner responsible for the creation and maintenance of the revenue stream that enriches him. Exclusive occupancy and security of tenure may both be legitimately attained by proper application of the fiscal system known historically in this country as land value taxation.

THE HOUSING MUDDLE, AND ITS WIDER MEANING

"Only 11 per cent of Britain is currently urbanised" (Joe Dwyer, chairman of Wimpey, quoted by Peter Hetherington and Tony May, *The Guardian*, 27th. January 1998). "One-tenth of the land of South East England in 1995 was set-aside, growing only weeds. The government will have to find new uses for this land to replace farming" (Prof. Sir Peter Hall, *Estates Gazette*, 17th. April 1999). There is every reason to want to see urban land used efficiently, but "saving" rural land is not one of them, As recently as Issues Nos. 76 and 79, we demonstrated beyond doubt how little land is needed to house the entire population of the country in conditions of unprecedented decency. Politicians, administrators, N-I-M-B-Y folk, and the plainly misguided, must be brought to face this simple fact. The people deserve good housing, and it can be provided where it is wanted, much more cheaply than the powers-that-be and even builders themselves at present realise.

The key point is that land costs can be as much as 60% of the price of a house, and are typically 40%. If site values were systematically and progressively collected for the public revenue, land acquisition costs would first come down dramatically and finally virtually disappear, whilst at the same time unused land and poorly used land would have to be put to proper use. The net result of these changes is that the returns to labour and capital would be wholly or largely untaxed, and the cost of a home would be the cost of the house itself, built by untaxed men using untaxed machinery and materials. For both these reasons, housing would become almost universally affordable. Mortgages would either be unnecessary or very much lower. The only "carrying cost" for the proud owner would be the annual land value payment.

It is likely that good, so-called "brown" land (all but the badly contaminated) would be developed where appropriate, so reducing demand for "greenfield" sites; but we must always allow for the possibility of a structural change in patterns of life and work - there is nothing sacrosanct about the late 20th. Century, as the denizens of mining villages and of cotton and shipbuilding towns will attest to.

Determined moves to establish our society on a sound land policy, can bring this vision to reality within the lifetime of many of us. Alternatively, closing our minds to such easy but fundamental reform condemns further generations to mere adequacy, genteel scraping-by, or real hardship, with no end to the intractable social problems which have already begun to undermine the state's capacity to deliver adequate welfare services.

If nothing is done, occurrences like these will continue:-

(i) "There are 250,000 northern region houses and flats empty" (Rachel Kelly, *The Times*, 19th. May). "The homes are of good quality, often modernised." Only three years old, 50 homes were bulldozed to the ground last month "because nobody wanted to live in them". Depopulation is leaving behind it crime and unemployment. The homeless become too frightened to live there, and remain a burden on welfare in bed-and-breakfast accommodation. In a report entitled "The Slow Death Of Great Cities", the Rowntree Foundation urges a

fightback, effectively prescribing throwing public money at the problem. This would not be so stupid if LVT were brought in, to return current and increased land values to the community.

(ii) "Land-hungry developers are offering big windfalls to the owners of urban houses with large gardens (Stephen Killick, "*Mail On Sunday*". 28th. March). "With prime land fetching more than £1 million an acre, the right site can be a goldmine", and with planning rules becoming tougher on greenfield development, spare land from a big garden in an urban area is more attractive than ever. To him who hath shall more be given, it seems.

(iii) "In green belt areas around London and other big cities . . . house-builders are having to find nooks and crannies where one-off homes can be built" (Stepher Hoare, "*The Times*", 12th. May). The writer reports one contract of sale for a house which provides that if subsequent disposal of part of the land leads to a development at any time over the next ten years, the buyer has to split the proceeds 50/50 with the vendor. "This kind of windfall is a lottery. It depends on the planning process, which is subject to all sorts of pressures."

(iv) The eighth most expensive property sold in Scotland last year is a two-bedroom ex-council house at 16, Colinton Mains Drive, Edinburgh. It was bought in 1984 for £27,000 and was thought to be worth no more than £65,000 on the open market now. However, it became the key part in a multi-million pound deal for a Tesco supermarket. A small strip of land in the front garden was necessary to give acceptable access to the retail site. A property company, Revival Land Ltd., paid £130,000 for the house, and sold it later the same day to Tesco for £663,875. Revival claimed to have made less profit on this deal than from similar projects elsewhere. The story was fully reported by Stephen Fraser ("*Scotland On Sunday*", 16th. May) and by Tanya Thompson ("*The Scotsman*", 17th. May). Do not blame Tesco. Do not even blame Revival or the home owner. Blame this and previous governments for showing not the slightest interest in who runs off with public land values.

(v) "The Government is expected to pay more than £400,000 for three former council houses that stand in the way of the new Scottish parliament building in Edinburgh" ("*The Times*", 7th, April). The terraced homes are said to be "worth little more than £50,000". The public pays (and how!) to get its land value back!

(vi) A building firm "decided a couple of years ago that a rather down-at-heel part of Edinburgh's Old Town might be set for a revival ("*The Herald*", 13th. April). Sure enough, the bottom end of the Royal Mile has come up in the world row that Holyrood has been selected as the site for the parliament, and the builders have quickly sold their 32 flats, "along with four penthouses which went or £250,000 each." Profits from fortuitous location values have clearly dwarfed routine returns

from actual construction; but construction, be it noted, is the only act of wealth creation involved.

(vii) "Hooray for Holyrood" (headline, article by Stewart McIntosh, *Property Week*, 9th. April). "The advent of the Scottish parliament has led to a boom in the property sector." An agent says, "I've had clients who were developing or investing in the right place . . . who are now . . . achieving double the return they had expected." The boom in location values is the tangible manifestation of the collective reaction of the community at large, in Scotland and beyond, to a series of public decisions - first, to have a devolved legislature; secondly, to situate it in Edinburgh; thirdly, to select Holyrood. Like all land values, these are public. Why have they gone private?

STREET WISE

"London has always been the melting pot of human desperation" (Simon Jenkins, *Evening Standard*, 27th. May). "For the desperate, the street is the answer" but "people do not beg in the East End . . . A central West End pitch can yield between £20 and £50 an hour. Not surprisingly, some choice pitches . . . operate protection rackets. Beggars, it seems, know about site values. Incidentally, journalists do too, but they do not push politicians on the issue. Why not?"

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