
Practical Politics No.84

We reproduce here a past issue of our journal.

Issue No.84, January 1999

We turn this whole Issue over to a commentary on the conclusions of a government study of land reform options for rural Scotland. This is the most important survey of its kind for many years. The points it raises are of much wider interest than the formal scope of the inquiry appears to indicate. The document we refer to is obtainable from the Scottish Office, Agriculture, Environment and Fisheries Department, 47, Robb's Loan, Edinburgh, EH14 1TY (ISBN 0 7480 7251 9). It includes aspects of natural heritage, agricultural holdings, and crofting, which we do not consider here.

LAND REFORM IN SCOTLAND?

In Issue No.82 we used this heading, but without the question mark. The Scottish Office Land Reform Policy Group, set up to consider options for land reform in rural Scotland, has now produced its third, presumably final, document, "*Recommendations For Action*" (January 1999). That date is deceptive. In fact it was designed and produced by the Stationery Office in December. Given that the closing date for public comment on the second document was 30th. November, and given that no fewer than 846 responses were received, it is clear that many decisions must have been taken in advance of examination of input from round 2 of the consultation process. There is stylistic evidence from the text (gung-ho jargon, untoward assertion) suggesting a political, rather than a civil service, hand at work at a number of points. All this is a pity, a final blemish on an otherwise admirably conducted inquiry that should shame Whitehall.

Land law

The rush to publish has begotten uncertainty and intellectual untidiness. It is stated categorically (in 2.2 of the report) that it is proposed "to abolish the feudal system . . . and replace it with a system of outright ownership of land", and this is repeated later (at 9). Yet (at 1.4) "conditionality of land ownership where appropriate to reflect modern circumstances" had been prescribed. Is it being proposed to convert all land holdings to allodial ownership, or is a Scots version of the English freehold to be brought in? Adoption of outright ownership sends the wrong signal. The Land Value Taxation Campaign opposes such a move. Extinguishing and reforming feudal burdens and casualties imposed by superiors upon vassals could be accomplished without this. In its successive submissions, the Campaign showed how the feudal system could be adapted to accommodate payment of LVT, which could be called a Crown Feu.

The law affecting the foreshore and seabed is up for revision. Appeals for a comparable study to this, though, to look at land reform in urban Scotland, have been ignored. "*Recommendations For Action*" does not even mention cities and towns. Yet most of the Scottish people are concentrated on only 2% of the land area and it is there that the bulk of the land value lies.

Right to buy and compulsory purchase

If the Scottish Parliament (to be elected in May) follows the Policy Group's proposals, duly constituted community bodies in predominantly remote areas will be given a right to buy land, but only when the owner chooses to dispose of it. The price will be set by a government appointed valuer. To deter evasion, in the public interest, new powers of compulsory purchase will be exercisable. Authorities will also be urged to use existing compulsory purchase powers to aid implementation of local plans or other strategies.

Crofting communities which create properly constituted trusts, are to have the right to own their own croft land "on fair financial terms" (6.2). New legislation must "ensure that the landlord is properly compensated". Further thought is to be given to how to treat associated property rights (sic) in respect of minerals and suchlike.

Lottery

"A Scottish Land Fund is needed (funded from the National Lottery) to ensure that the scope for supporting viable community action is not unduly constrained by resource implications" (7.2). Needy souls having a desperate flutter from their welfare benefit will be consoled to know part of it is going to landowners and would-be landowners in favoured parts of Scotland. This proposal is a disgrace.

For further study

Among the issues recommended for further study (8.2) is "the scope for abolishing national non-domestic rate relief on sporting land and for reducing or abolishing national non-domestic rate relief on agriculture and forestry." The former concession dates back only to April 1995 (see our Issue No.50), so what further study is needed? The u.b.r. of course taxes more than just land: we disapprove of imposts on building and other man-made developments, but we do favour collection of the location value of land for public revenue purposes.

This brings us to far the most significant recommendation for further study: "A comprehensive economic evaluation of the possible impact of moving in the longer term to a land value taxation basis should be undertaken." We believe the Land Reform Policy Group was impressed by the quality of the evidence submitted to it (including ours) and means nothing less than it says - LVT was not mentioned in the first document, remember. The case is persuasive and needs only political endorsement to carry it through.

Opposition

228 of the 846 responses came from declared landowners and land agents. The report records (Annex A, section 3) that the options most strenuously opposed are not right to buy or compulsory purchase (about these and other reforms they are either "relatively relaxed" or "supportive"), but reintroduction of the u.b.r. on sporting rights, repeal of agricultural de-rating, and LVT.

The landowners are of course right not to be concerned at most of what is contained in "*Recommendations For Action*". In so far as these measures do succeed against the really bad and oppressive landowner, the rest will breathe contentedly to see the emotive heat taken out of the issue. In the narrow sense, they are right to see LVT as the threat - indeed they show greater perception here than do the bulk of their would-be assailants. However, in a wider context, landowners (particularly remoter Scottish rural landowners) are at fault in fearing LVT. Few will be solely beneficial owners of land. Most will perform work (by hand and brain) and will be providers of capital (man-made, coming from savings). These, and earnings from them, will be untaxed, and land now marginal or sub-marginal will be able to sustain productive economic activity. With full LVT, doing no more than holding land will not produce an income stream for private enjoyment; but using land properly will become fully remunerative.

Prospects

In sum, nothing the report recommends for immediate or early implementation can trouble country landowners (still less, those in urban areas). Unfortunately, nothing in it will stimulate rural development either, or produce affordable housing. The proffered programme, well prepared and presented as it undoubtedly is, is not radical, but timid. It has recognised LVT, and even highlighted it, but has baulked at formally accepting it.

Mercifully, the Policy Group did not fall back on the less than wholly honest, intellectual laziness found in the report of the Scottish Valuation and Rating Committee (chaired by Lord Sorn), 1954 (Cmd. 9244). This rejected the local government version of LVT because it had been rejected in 1952 for England and Wales by the Simes committee - for poor reasons which were in any case, by the time Sorn sat, overturned by events. In future, no one can argue that LVT has been looked at by an official inquiry and rejected: on the contrary, it has been recommended that "A comprehensive economic evaluation of the possible impact of moving in the longer term to a land value taxation basis should be undertaken."

Can we, then, remove that question mark from the title to this piece? Not yet awhile. As we wrote in Issue No.82, "LVT supporters across the parties who will eventually forgather in Edinburgh, will clearly have some strenuous work to do. Meanwhile, progress it certainly is." The third Policy Group document has underlined that progress.

Tailpiece

"Nationalists and devolutionists advocating measures of independence will be presumed to have thought what they want independence for . . . If Scotland is to belong to Scotsmen, LVT must be the essential part of every devolutionary programme. If it is true that independence brings benefits, then be sure that land values will swallow them whole . . . All other rights and freedoms are dependent on access to land on equal terms, as guaranteed by LVT. Nationhood can only be strengthened by such involvement in the benefits of the common rent fund" ("*Practical Politics*", Issue No.21, July 1991)

Published by the Land Value Taxation Campaign, 54, Woodway, Hutton, Brentwood, Essex, and distributed free to selected members of both Houses of Parliament.
