

Towards equality: the hidden role of land

photo | Dan Reizer

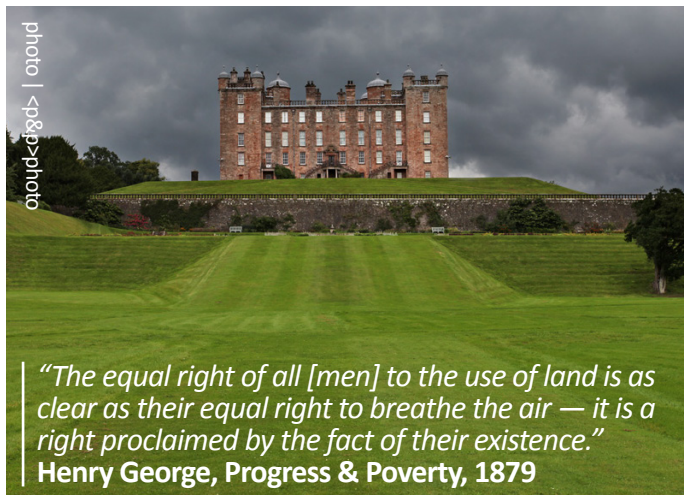
“The greatest source of wealth is in our land, and it’s the most enduring source of wealth in any human community... For that reason, the monopoly of land ownership is the greatest source of injustice in our community, and yet it is very rarely talked about... and I think that is a crucial political change we need to make.”

Molly Scott-Cato, MEP, 2017

Why land matters

Land is the most important resource in our economy, and the base for everything else: homes, food, recreation, business, community. Unlike money, land is real... and finite.

But for hundreds of years it has been privatised – enclosed or seized for royal hunting parks – and its role in society hidden. Those that own land have grown richer, and passed on that advantage through the generations, while paying little or no tax on their wealth.

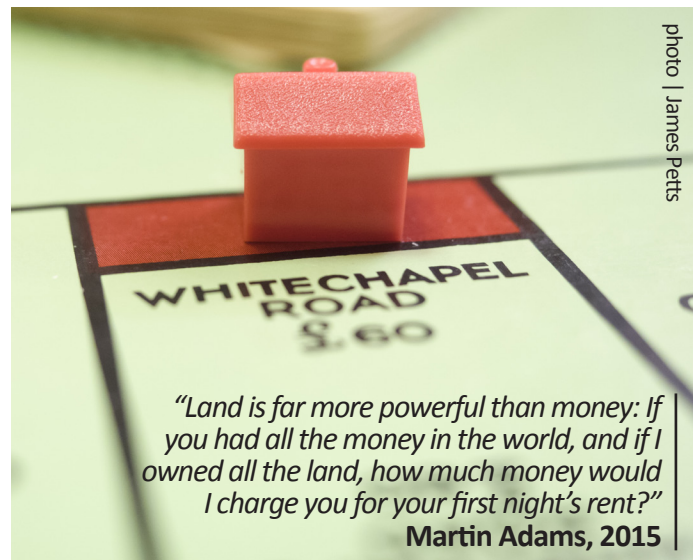


Why land matters to Quakers

Owning land gives power and advantage: our Quaker testimony to equality and our concern about privilege (highlighted at Britain Yearly Meeting in 2019) ask that we work to level the playing field.

Our testimony to sustainability asks us to consider how we can help ensure the proper use and protection of Earth’s resources: how can the fruits of land be justly shared today and sustained for future generations? How can we preserve thriving natural environments for the wildlife that shares the land, and use land sustainably to help avert climate breakdown?

Should land be owned? We might think about shifting from ownership towards a concept of stewardship which includes the right to occupy and make use of the land, the responsibility to care for it and the duty to pay the market rent into a fund to be used for the benefit of all. By charging a rent on land (taxing it) we can redistribute wealth, support public services, and curb tax dodging and land speculation.



Hidden facts about land:

- Modern economics conflates land with capital, ignoring land's unique characteristics and the unique benefits that arise from owning it
- Over 50% of the UK's total wealth is land¹; land now accounts for an average of 70% of a house's sale price²; in many locations annual house price growth is higher than the average annual salary³
- Half of England is owned by less than 1% of the people; across the whole of the UK, 24 Dukes own over 1 million of a total land area of 60 million acres⁴
- Almost one fifth of UK land remains unregistered, and ownership of much of the rest is opaque⁵
- Since 1979 UK governments have sold about 2 million hectares: 1/10th of Britain's landmass⁶
- Access to land - the "right to roam" – is limited: 90% of land in England & Wales is off-limits⁷
- Most farm subsidies go to the biggest farms and agri-corporations, simply on the basis of their size rather than the benefit they provide to people and wildlife or to encourage sustainable practices⁸

Notes:

1. Independent newspaper Money 14/04/18
2. Labour Land Campaign
3. 6. Christophers 2018
4. 5. 7. Shrubsole 2019
8. Tax Research UK

Progress in Scotland

Land ownership is a matter devolved to the Scottish Parliament, and since 1999 there have been two Land Reform Acts. These have enshrined the right to universal access to land, the community right to buy for sustainable development and the setting up of the Scottish Land Commission (SLC). The purpose of the SLC is to increase the benefit of land for all the people of Scotland and encourage a more diverse pattern of ownership. This is particularly important as Scotland has the most concentrated ownership of land in Europe and one of the most unequal in the world – 50% of rural Scotland is owned by just 432 people. The Commission has been looking at how a **land value tax** or **land value capture** might work in Scotland. Scottish Quakers are involved in lobbying on land reform issues through the Parliamentary Engagement Group.



"You are undone if you once forget that the fruits of the earth belong to us all, and the earth itself to nobody."

Jean-Jacques Rousseau 1712-1778

Land Value Capture – the broader picture

Land values increase due to investment in infrastructure such as roads, schools, utilities, shops & public amenities, including green spaces, as well as economic development. Most if not all of this stems from public investment paid for by all of us through our taxes. So how can society capture some of the benefits of increased land value in order to avoid a further transfer of wealth to landowners, and share it more fairly among those who have contributed?

In some countries a high proportion of the land is owned by government. The economic rent of this land is collected through sales of leases, and used to provide public revenue. This often results in a high rate of leasehold home ownership.

Example: London Underground extension

When the Jubilee line was extended in the 1990s, at a cost to the public of £3.5 billion, increased land values within 500m of Canary Wharf station amounted to £2 billion. All this land is now owned by the China Investment Corporation, a sovereign wealth fund. Most of this return on a public sector investment went into private pockets.

Tax concern: Land Value Tax (LVT)

LVT is based on the idea that the wealth you create is yours, but the wealth which exists in nature and also the extra wealth that a community can produce by working together co-operatively – the ‘common treasury’ – belongs to everyone.

An increase in land value usually results from public sector investment, and public finance policies, which leads to higher demand in the area. So, with a land tax, landowners would pay a share of the unearned income they get from their asset. Alternative names for LVT are annual ground rent (from Adam Smith) or community land charge – the landowner is charged by the community for exclusive use of the land.

Every parcel of land, from scrub land to land rich in minerals, and in prime urban locations, is assessed for its rental value. LVT assesses the value of the site alone, not counting any improvements such as crops, houses and other buildings, or anything else which people have put on the land or made.

Values will normally start low for wild areas or agricultural land, and increase as the development proceeds to industrial and commercial land, to the high value associated with retail and services. Land within a major metropolis will therefore normally have the highest values.

Poorer people pay disproportionately high taxes under the current system, which focuses on income not wealth. Shifting the system to wealth taxes like land taxes would help reduce inequality.

LVT is economically efficient: unlike income tax, it does not inhibit work and labour. Unlike VAT, it doesn't discourage economic activity. And unlike business rates and corporation tax, it doesn't penalise enterprise and investment.



LVT FAQs/mythbuster

- Could LVT encourage more development & how can it be used to encourage preservation of wild land and other land uses that are for nature rather than for traditional “economically efficient” land uses?

We could create exemptions from LVT for land use that increases biodiversity, afforestation or helps capture CO2 for example. Remote land kept wild would be likely to attract a low land tax rate anyway. It would mean that the most valuable real estate – in city centres – could be developed, derelict land could be put to use for housing, and the tendency for urban sprawl would be much reduced.

- How can LVT be introduced in a way that doesn't cause landlords to pass costs on to hard-pressed tenants?

An LVT would be part of the cost a landlord would have to pay, so we may need to implement rent controls to stop this cost being passed on to tenants. However, LVT would be introduced along with reductions for other forms of tax, which might include council tax and income tax.

Where demand is high, rents keep going up – many people can't afford their rent, so they get housing benefit, which subsidises landlords. The private rented sector currently gets over £10bn in housing benefit. With LVT plus rent controls, many landlords may prefer to sell - which would reduce prices, allowing their tenants, perhaps, to buy their own home, or local authorities to buy with sitting tenants.

- How can high asset, low income households afford to pay LVT?

LVT can be deferred until after death. However, the effect of LVT over time would be to reduce the inequality that comes with wealthy people being able to leave most of their wealth to their children.

Actions/what can I do?

- Help raise awareness by starting/joining conversations in your Meeting, community and other networks - get inspiration from some of the printable resources available online
- Find out who owns scraps of unused land near you (see map.whoownsengland.org/) - find a sustainable use for it and contact your local council with suggestions
- Ask your Meeting to pay a voluntary ground rent into a trust for local green projects e.g. Community Supported Agriculture (CSA), allotments, car pools, community energy projects
- Learn about Community Land Trusts (CLTs) – and join with others to start one in your community
- Connect with the land yourself - grow something
- Join the Land Justice Network – help write a People’s Land Policy
- Political campaigning e.g. see policy proposals including those by the Liberal Democrats, Labour, and the Greens
- Write to your MP, and to newspapers, including to Quaker publications
- Take an interest in the “housing crisis”. Ask which of the proposed solutions e.g. selling off public land, reducing planning restriction, Help to Buy, Labour’s Common Ground Trust are actually effective and which will just lead to windfall gains and increased prices.

Links & learning

The Coalition for Economic Justice (www.c4ej.com) brings together various groups campaigning for land reform and LVT, including Taxpayers Against Poverty. It also acts as secretariat to the All Party Parliamentary Group on LVT: the social and economic benefits of LVT cut across economic systems and political ideologies.

SLRG (Scottish Land Revenue Group) : www.slr.org.scot

Labour Land Campaign : www.labourland.org

Who Owns England : www.map.whoownsengland.org

Scottish Land Commission : www.landcommission.gov.scot

Booklist

Henry George – The Land Question

Ryan-Collins & MacFarlane – Rethinking the Economics of Land and Housing

Brett Christophers – The New Enclosure: the appropriation of land in neo-liberal Britain

Martin Adams – Land: a new paradigm for a thriving world

Andy Wightman – The Poor Had No Lawyers: who owns Scotland (and how they got it)

Guy Shrubsole – Who Owns England: how we lost our green & pleasant land, and how to take it back

Duncan Pickard – Lie of the Land: a study in the culture of deception

Alistair McIntosh – Soil and Soul

Danny Dorling – Inequality and the 1%

“We abuse the land because we regard it as a commodity belonging to us. When we see land as a community to which we belong, we may begin to use it with love and respect.”

Aldo Leopold