

# Land Issues Side - Stepped

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This is an extract from a review of *Land Use - an Introduction to Proprietary Land Use Analysis*\* published in *Town & Country Planning*, June 1972, written by Ray Thomas and entitled "Who Is Afraid of Henry George?"

DENMAN and Prodano's new book *Land Use* offers an analytical framework which they claim "is pertinent to a practical understanding of the forces and institutions which determine the use of land and natural resources in the developed and in the developing world." It is the most ambitious bit of theoretical analysis in this sphere since Henry George published *Progress and Poverty* in 1879.

Denman and Prodano's book focuses on the holder of property rights in land. The authors eschew the word ownership as ambiguous. Ownership implies freedom to use or misuse at will. But the use of land and property in any civilized society is pervasively subject to restriction and obligations both through public law and regulation and through agreement and understanding between the holders of related property rights in land.

The so-called owner-occupier is, for example, subject to a wide variety of restrictions and obligations. He must obtain planning permission if he wishes to change the use of his property unit. If the change in use involves new construction he has to build in accordance with a set of regulations designed to maintain standards of public health and safety. He may be obliged to maintain fences, a party wall, or a drainage system for the benefit of his neighbours.

\* D. R. Denman and Sylvio Prodano, George Allen & Unwin, 1972. £4.00

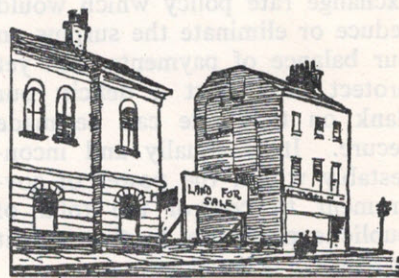
He probably has a mortgage, thereby creating an inferior set of rights on his (?) property, and imposing upon himself an obligation to pay the appropriate sum each month, and probably restricting his freedom to create other inferior rights on the property by letting . . . .

The major omission in the book is in fact the lack of more than a mention of property taxes. The book is all about property rights, but there is little awareness that the word *rights* has connotations of fairness, equity, and justice. There is no consideration of the fairness of the treatment of non-holders by holders of proprietary rights. Equity in the distribution of proprietary rights is not part of the analytical framework. There is little consideration of justice in the price paid to the holders of superior proprietary rights for the privilege of being a holder of an inferior proprietary right. The holder of a proprietary right to residential occupation of a poorly furnished room in a slum dwelling without any security of tenure at a price of £5 a week is not the type of person Denman and Prodano had in mind when they wrote, "The purchaser of a proprietary land-unit presumably has full knowledge of what he is doing when he buys - *caveat emptor*, he acts on his own volition."

The point is that any civilized society which allows for the existence of property rights also has a taxation system. The taxation system is usually used to help reduce inequality within that society, and in most countries of the world the taxation of property is a significant part of that system. Denman and Prodano mention estate duty but do not otherwise consider the impact of property taxes on the fairness, equity, or justice of the distribution of property.

Henry George anticipated the concept of property rights in land when he emphasized the importance of economic growth in "bringing out in land special capabilities otherwise latent, and by attaching special capabilities to particular lands." But Denman and Prodano do not even pay George the compliment of mentioning his name. George also anticipated the concept of imputed rent. But Denman and Prodano do not show any awareness of the fact that the imputed rent from owner-occupied dwellings in Britain is, for example, already (conservatively) estimated at more than £1,000 million a year in our national income statistics. Neither do they mention the tax relief on mortgage interest payments which exceeds the total amount of central government subsidies to council tenants. Do Denman and Prodano seriously believe that fiscal factors of these kinds are not among "the forces and institutions which determine the use of land?"

This deficiency is all the more apparent because Denman and Prodano's claim for the universality of their analytical framework is otherwise convincing. In spite of the fact that nearly all of the illustrative examples they give are historic or exotic and relate to rural land uses, there is every promise that they would be equally useful in their application to urban problems. Students of urban problems cannot afford to ignore the ideas in



this book. But to help remedy its deficiencies they could well keep a copy of Henry George at their elbow.