

France's Plan to Stop Land Speculation — and Development

A BILL designed to stop land speculation in urban centres is now before the French Parliament. President Giscard d'Estaing's coalition Government is, however, not united on its merits and so far 500 amendments are down for discussion and murmurs about the sacredness of landed property are much in evidence.

The scheme is, as perhaps might be expected, a variation of the development levy, the application of which awaits the initiative of the land-owner.

The principle itself is simple enough, reports *The Guardian*, October 8. The size of buildings in municipal centres will be restricted to 100 square metres of living space for 100 square metres of land being developed. This applies whatever the height of the building so that the higher a developer goes so proportionally will his actual building base shrink—thus a single storey building would occupy 100 metres of land and a two storey building of the same total capacity, 50 metres of land. (In Paris a base of 150 square metres of occupied space for every 100 metres of land is used).

For the right to develop beyond these imposed limits the developer will have to pay heavily. Thus the municipal treasury will, in theory at least, profit from any extended development and in proportion to it.

If the Government had announced a fine for every developer who exceeded the prescribed building limit it would have amounted to the same thing—a deterrent—just like Britain's system of local taxation.

Many of the opponents of the Bill within the coalition see it as the thin edge of the wedge—an attack on the land owners—and they have worked on the fears of the fourteen million private owners

in France, hinting at a probable extension of the scheme into the suburbs and rural areas. But as in "land reform" in Britain, one does not have to be a land owner to oppose the idea. It has too many inherent deficiencies within itself to make it acceptable—particularly by those who desire a more thorough-going land tenure reform.

A group of opponents of the Bill led by the Gaullist deputy M. Andre Fanton, says *The Guardian*, is to introduce an amendment which proposes an annual tax "based on the owner's declared value of building or land." It sounds as though there is some doubt here whether it is a *land* tax or *building* tax that is proposed, but *The Guardian's* reference to the idea as being "far from new" suggests the possibility of an annual land-value tax.

An interesting feature of this amendment is the incorporation in it of the idea of owner-valuation which has frequently been put forward by advocates of land-value taxation and for similar reasons. The instigators of the amendment argue that an owner hoping to minimise his taxation would be faced with a choice of either overvaluing his property in order to keep down potential capital gains tax or undervaluing it so as to reduce his annual tax.

Similarly, if a government had the option of purchasing at the owner's own declared value, as is the idea in the self-assessment land-value tax, this would operate to keep the value high—but also to keep the annual tax high.

Honesty and objectivity in valuation would thus prove to be the best policy.

The French Parliament's pre-occupation at the moment is to close the thousands of potential loopholes behind a basically simple idea.

But any tax that awaits the initiative of the people upon whom it is inflicted before it operates and fails to harness the self-interest of the taxed in doing what the legislators want, is doomed to flounder in complexities, anomalies and injustices, and to ultimately fail as our own land legislation along these lines invariably has.

USSR

Food, Power and the Peasantry

RUSSIA'S leaders need no lesson in economics in spite of their disastrous agricultural failures. According to an article in the *Sunday Times*, October 12, they have had a practical demonstration in their own country by their own people of how to increase profit per worker seven-fold and wages four-fold while at the same time cutting costs. But more important than the plenty this would bring if universally applied, is communist dogma. To undermine this could lead to the emancipation of the workers and this must never happen; rather shortages and the shadow of famine than freedom. Says the *Sunday Times*: "The danger for the Soviet bureaucracy lay in what the innocent Khudenko thought was *zveno's* (the link system) greatest attraction. It could increase productivity so much that at least twelve million people could be freed from labour of the land. This is not an idea that has ever endeared itself to Soviet leaders. The collectives have in fact been very useful in tying down twenty-five million people in small isolated villages.

"Till this year no peasant had the right, any more than he did under the Czars, to an internal passport and he still cannot leave without the authority of both his farm and the police. If the price of agricultural self-sufficiency was the liberation of the peasantry, the Kremlin wanted none of it."

Khudenko, the economist who proudly demonstrated the virtues of his non-collective entrepreneurial experiment which gave payment by results, was sent to jail where he has since died.

Collectivism on the farms, harnessed to unbelievable bureaucratic incompetence, has led the USSR to run once again to a capitalist country for salvation.

Those who have been seduced by the cry for state ownership and control should ponder the ultimate price to be paid.

Once the wrong road to land reform has been taken, other reforms take the same route and there is little hope of turning back.