

LAND REFORM REVIEW GROUP  
EVIDENCE

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Dear Mr Thomson,

Who is to say how land use might evolve in the next century, if those who live on it had control over it? The same might be asked of tidal and coastal waters usage by populations bordering on areas currently controlled by the Crown Estates Commission. Looking around the various uses made of land and coast, whether loss-making or profitable, current ownership patterns time and again stifle popular initiatives that could contribute to Scotland's prosperity.

To allow the free flow of Scottish innovation and resourcefulness – *cart blanche* – it is necessary to reform land ownership through tax reform as envisaged by Lloyd George and wrecked by the landed establishment through the House of Lords. Had this wave of reform succeeded, Britain would have become a society with un-inflated land values, well distributed land ownership and large sums available to invest in ideas and innovation to make Britain competitive in the world (cash wasted over the last 100 years because it is locked up, by owners and their banks, in land that is valued too high).

Assuming the strength of landed interests has not entirely failed in Westminster, the chance for a devolved or independent Scotland to espouse a tax system based on land rents is the primary route open to Scotland to make a meaningful difference to national prosperity compared with what is done in the rest of the UK. In addition it is widely accepted that countries that retain land rent taxation systems are better weathering the present (and any) depression in direct proportion to the measure of land rent retained within the tax system. That is because of its inherent protection from cyclic land value speculation bubbles.

How will this work? Migrate, over a measured period (say a decade), to a tax system where rent collected and paid by owners of land replaces the current income tax system, and preferably *all* other taxes. This system, known by some as Land Value Tax (LVT) is what predated the relatively recent invention of the system so highly favoured by landed interests, income tax.

The required land valuation was completed in the 1920s and would be updated. The valuation is of virgin land only, minus improvements such as buildings. Over the transition period land values will adjust to speculation-free prices; unwanted land will be gradually put on the market; accumulated areas of land will begin to re-fragment; land will gradually become more affordable for those who wish to make use of it. Those with imagination to make land productive will better afford its rent. Local people can in this way begin to take control of their own local resources. A strength of the system is that rents must be assessed low enough to encourage private ownership of land. It is market-led.

In contrast, at least three negative effects are caused by the current practice of injecting public funds into community buy-outs or house building under the current tax system: 1) Land prices are further inflated. 2) Land speculation increases. 3) landed interests are further enriched at public expense. How can this be good for Scotland?

In conclusion, effective land reform relies entirely on tax reform, namely migration to a land rent/LVT system, with the added benefit of protection from future economic depressions. Alternatives that tinker round the edges of the issue, such as funding community buy-outs, are not sustainable over the whole of Scotland.

Land reform will be the automatic outcome of changing to a tax system based on land values in Scotland.

The merits and mechanics of land rent are explained fully in the shocking 2005 book warning of the current depression, 'Boom Bust: House prices, Banking and the depression of 2010', Fred Harrison. 'A Land Value tax for Scotland', Andy Wightman, 2010, is a report commissioned by the Scottish Green party MSPs providing analysis of how LVT could be implemented in Scotland to fund local government.

Yours sincerely,

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