

## Land Value Tax : Unfinished business

*Emer Ó Siochrú, November 2004*

### **1. An Irish Taboo**

It has always amazed me how conversations on any convivial occasion in Ireland become hushed when the subject of land is raised. And when the words land and tax are included in the same sentence, a complete pause accompanied with much sad shaking of heads is almost inevitable. To be honest, I am not truly surprised because I was not immune to this native sensitivity. My work as an architect promoting community development and environmental sustainability - where land issues simply cannot be ignored - desensitized me. It led me to study valuation surveying as a mature student to get a better understanding of the dynamics involved. Without the taboo, whole vistas of practical solutions to intractable problems such as poor urban and village design, unaffordable housing, poverty, and social exclusion came sharply into focus. My curiosity since turned to how and why consideration of taxing land is so off-limits. History as I will show, suggests that there is still considerable unfinished business from the 'Irish land struggle' fueling our guilt and denial around the subject. I advise that some of what follows will be disconcerting and upsetting of comfortable assumptions...

The noted historian of Irish land history, W. E. Vaughan, discusses the exclusive focus on ownership and possession of land to the almost universal neglect of discussion on the *nature* of its ownership or how rights and responsibilities and revenues from it might be most efficiently and equitably assigned.<sup>1</sup> The Irish land struggle started out promisingly enough in the 1880s with a clear mandate for the three Fs of Fair rent, Fixity of tenure and Free sale of tenant improvements or tenant right. This provided an excellent structure with which to understand the dynamics of property in land. Michael Davitt of the Land League had a clear vision of what legislative and fiscal changes were needed for Irish peace and prosperity which he shared with Henry George, the American social and economic reformer.

*I would abolish land monopoly by simply taxing all land, exclusive of improvements, up to its full value...In other words, I would recognize private property in the results of labour, and not in land.*<sup>2</sup>

Other leaders were less clear however, and in the tumult of the land war, the subtleties of the three Fs were lost in the beguiling prospect of the 'right to buy'; the redistribution of land from the landlords to the tenant farmer.<sup>3</sup> Ownership became the single dominating issue and rebalancing the bundle of rights and responsibilities of land amongst all interested stakeholders was forgotten.<sup>4</sup>

## *Redistribution of land ownership*

The land question and the history of its 'resolution', particularly any critical examination of the winners and losers from the process is still very sensitive politically. Some commentators hold that it is the root of Unionist opposition to the Irish Republic and the northern conflict to this day.<sup>5</sup> Access to Land Commission records continues to be highly restricted despite the fact it has hardly functioned for 30 years. Terence Dooley was forced to rely on a variety of other sources to write his recently published and very important book *Land for the People*<sup>6</sup>. Dooley shows how first, Cumann na nGadheal / Fine Gael and then, Fianna Fáil failed to find an equitable and efficient system to apportion the nation's land. Considerable evidence exists that the share-out of the available land was not as even-handed as the Land Commission intended and maintained; ruling political party's supporters benefited disproportionately at different times. In the nature of things there could be only a few winners - western tenants, the town merchants, first born sons, and many losers- women, most labourers and all urban dwellers. In a system where apportioning rights was restricted to the blunt instrument of ownership and possession of land on a finite island, only wide scale emigration of the disinherited underwrote such redistribution as was possible.

It is astonishing to see just how much of the early state's revenue - 5.4% in the early 1930s<sup>7</sup> - was used to placate land hunger in rural areas to the relative neglect of pressing urban problems. This rural focus extended to providing subsidised housing for farm migrants from the West to the more fertile midlands and the rural labourer.<sup>8</sup> Rural areas got more than *ten times* the social housing investment of urban areas. Local authority housing tenants moreover, were given the right to buy their house from the outset - a right only offered to urban flat tenants this year of 2004. Any debate about government financing or national development priorities was constrained by the myths and hopes generated by the ongoing land redistribution process and its political importance in generating votes.

*"Thus the land question remained possibly the most potent political issue in rural Ireland long after independence and one of the great determinants of political survival and decline" (P229-30 Dooley.)*

The early governments were negligent in allowing the valuations of land and property - the basis for determining rates charges - to become out of date, perhaps because of the high sensitivity of any inquiry into the value and use of land under the spectre of the Land Commission. The growing inconsistencies and lack of fairness of the antiquated rates assessment system gave an opportunity to first Fine Gael and then Fianna Fáil to make political capital. A 'race to the bottom' ensued which Fianna Fáil won in 1977 by announcing the total abolition of domestic rates. The abolition of rates on farmland and farm buildings followed predictably shortly afterwards in 1984 as the result of a legal challenge.

### ***Planning gain, political corruption and local democracy***

The political minefield of the land and that of its equitable distribution and efficient use continued in a new incarnation, from a focus on farming, to a focus on planning and development. Many landowners (some beneficiaries of Land Commission redistribution) were seen to make huge windfall profits when their land was rezoned and developed for housing in the economic boom of the 1960s and early 70s. The high cost of acquiring land for local authority housing also became a hot issue politically. The result of this growing concern was the Kenny Report of 1971. It is not perhaps surprising, given previous history, that Kenny concentrated on changing ownership rather than altering the nature of ownership to find a solution. The majority Kenny recommendations - for the compulsory purchase of potential development land by local authorities at existing use value plus 20% - were again, not surprisingly, never implemented. The practical difficulties - now well understood from the experience of the Land Commission - of delivering both equity and efficiency under a system which relied solely on acquisition has prevented high minded rhetoric from translating into reality.

Governments fudged the issue and fell back on a 60% CGT on development land although it had been proven ineffective for that purpose in Britain. The economic doldrums of the 80s brought neoliberal economic theories of stimulating development through tax cuts and a short term reduction to 20% of all CGT was announced with firm warnings to landowners that it would be increased again to previous levels within a short time. No one was really surprised that the warnings were not fulfilled as cuts to capital taxes did indeed seem to deliver their promise. The conclusion by an almost all-party political consensus, erroneously drawn, was that *all* taxes on land, without discrimination, have an inhibitory action on economic activity. The land speculators and political fixers were given effective fiscal immunity during the recent economic boom.

We can see echoes of the old political fear of the power of rural landowners in the exemption of most rural housing from contributing to social and affordable housing under *Part V* of the 2000 Planning and Development Act. Their power was seen again, championed now by the Irish Rural Dwellers Association, in the hastily published *Guidelines for Rural Housing* before the local elections. These guidelines, part of the National Spatial Strategy (NSS), bestow special favourable planning treatment on rural dwellers, landowners and their families for housing development over their urban counterparts. The extra costs of servicing the resulting scattered rural housing will fall, predictably on previous form, on the mostly urban taxpayer and the social exclusion it will intensify, will be borne exclusively by the village, town and city dweller.

The land struggle and its semi-resolution caused a major transformation in the economic and social structure of the nation that still resonates today. As Vaughan states in his conclusion;

*"Above all, the land ceased to be a source of revenue; in the 1860s for example, 25% of total Irish revenue was raised directly by taxes on land; in the course of the twentieth century, the expiry of land purchase annuities, the abolition of local government rates, and the growth of central*

*government's assistance to agriculture have transformed the land into a net receiver of public revenue. "(P41)*

The narrow range of functions of Irish Local Government has also a historical explanation in the circumstances in which the new state was founded. Education for instance, was delivered by the Catholic Church and remained in their hands for many years after independence. Policing functions, because of the near anarchy in many rural areas, were kept away from local authorities. In the chaotic conditions of the early state many unacceptable practices, particularly around procurement, were commonplace in the local authorities, which the high minded new Dáil addressed by a centralised, equitable system.

The question that faces us now is whether these historical determinants have validity or should have any power in the present day? In particular, we should be mindful of outdated assumptions that stand in the way of a lasting solution to government funding and spending problems. Such a common and rarely challenged assumption is that it is not politically possible to reintroduce any form of taxes on land in Ireland. This question is too important to be prejudged.

Conditions have changed radically since Davitt first introduced the concept of land taxes to the Irish people as a solution to their poverty and undevelopment. Most of the desperate land hunger has been satisfied and Ireland has become a nation of widespread, relatively modest landowners.<sup>9</sup> The Planning Tribunal revelations of the excessive profits and endemic corruption, which our current concept of the rights of freehold landowners engenders, have created demands for reform. Old problems are re-emerging in agriculture concerning the concentration of farmland ownership in fewer hands; the return of the tenant farmer and land leasing and the uneconomically high price of farmland. Finally, alternatives to land taxes as the basis of government financing have been tried and have been seen to be deficient.

A second, less openly articulated assumption but just as powerful, is that we cannot entrust local authorities with further powers and responsibilities without risking corruption and inefficiencies. Proliferating Section 140s and late night rezoning sessions in some local authorities have brought disrepute on all elected local representatives. The planning profession is being demonised for its impossible role of deciding winners and losers in the planning benefit bonanza - much like the Land Commission was in the past. Again, events have shown that central government representatives and officials are not immune to veniality and greed either.

*In the Irish context, mistakes made by local authorities are sometimes used as the basis for intervention, and occasionally for appropriation of responsibility, by the centre. The reverse does not seem to apply - mistakes by central government are not held to justify devolution to local government. (P48, 9 Callanan & Keogan)*

It is not the level of governance that predisposes to corruption but the temptations generated by our fiscal, procurement and planning systems. Past mistakes should be a source of education, not

a prohibition on our agreed objectives for effective local democracy.

## **2. Predistribution instead of Redistribution**

Let us now look more closely at how Michael Davitt might approach our current land and planning benefit question. According to him, the principle underlying all funding and spending based on natural resources (natural capital) should be that of 'equity' not 'charity'; i.e. a rights-based approach. No individual human can claim to have created natural capital by their labour and/or capital therefore natural capital is fundamentally different from other forms of private property. However, as the collective consciousness of the Earth, humanity can claim a sort of common right to it.

*The equal right of all men and women to the use of land is as clear as their equal right to breathe the air. It is a right proclaimed by the fact of their existence. For we cannot suppose that some men and women have a right to be in this world and others do not.* <sup>10</sup>

This common right of each human being to benefit from the Earth's natural capital should be protected and respected by legitimate governments at the appropriate level. Service infrastructures created by the state out of taxation receipts are also part of a common inheritance and are inputs into economic activities. From this basic premise comes the legitimacy for common resource taxes/rents and charges. Equity is achieved by pro-rata taxation/rents/charges (that recognize environmental limits) for the benefits derived from common resources, which are then allocated universally on an equal per capita basis.<sup>11</sup>

This is NOT a Marxist prescription of 'from each according to their ability, to each according to their needs' but 'from each according to their use of common resources, to each their equal share'.<sup>12</sup> This individual right to common resources and/or economic inputs is not mediated by government or society.

*...the idea that an individual has "property" in land only to the extent that there is, in the words of John Locke, "enough, and as good left in common for others." In that sense, the right to land is not a collective right, but an individual right that exists independently of the collective (i.e. "society"). The equality of this right is merely a limitation that arises from the presence of others with like rights. By contrast, a collective right to land dictates that an individual does not have a right to use any land unless society - either explicitly or by omission - has granted him the right to do so.* <sup>13</sup>

This concept appears to be a very difficult distinction for many media and political pundits to understand. It marks the boundary between the old 'red' economic analysis and the new 'green' economics of sustainability. James Robertson, a seminal economist within the movement describes this new fiscal paradigm as follows ;

*This will involve a shift from redistribution to the idea of predistribution. Whereas redistributive*

*taxes aim to correct the outcomes of economic activity, predistributive taxes and charges will share the value of essential inputs to economic activity. Whereas redistribution is dependency reinforcing, predistribution will be empowering. It will correct any underlying cause of economic injustice, inequality exclusion and injustice.*<sup>14</sup>

Redistribution takes the form of a guaranteed income to every citizen that replaces existing subsidized state benefits and services<sup>15</sup>. It has been called variously a citizen's Income or basic income and has a long history of discussion by politicians but has never been achieved in practice.<sup>16</sup>

It makes such good economic and social sense, that some neo-liberal economists have re-named it and claimed it as their own, without acknowledging its provenance. The following is an excerpt by UCD economist Constantin Gurdgiev in a recent critique of CORI's input into social partnership wherein he outlines his recommendation for a Personal Purchase Account (PPA) to counter the proposals of - as he puts it - 'our semi-professional equality pundits'.

*A PPA system will see the government allocating a single annual payment to the individual or a family. The recipient of these funds will be free to spend on purchasing public and private services according to their choice. ...Ultimately, the government's role in managing PPAs should be reduced to ensuring the minimum quality of service provisions, allowing private providers to compete on price and quality options, while encouraging consumers to shop around. Jobs created in the process will benefit those willing to move out of dependency.*<sup>17</sup>

Any reader who can spot the essential difference of the PPA to a citizen income (see footnote ) has more critical discernment than I have.

Other economists or political scientists might respond to a CI in alarm and cite the impoverishing effects of the Speerhamland Poor Law in Britain, repealed to no one's regret in 1834. The economic lessons of Speerhamland were so powerfully engrained in the minds of many British politicians as to have delayed the desperately needed humanitarian aid for the famine in Ireland<sup>18</sup>. The main lesson from this misguided benefit system has been, wrongly drawn, as the absolute need to distinguish the 'deserving poor' from the merely poor when allocating the proceeds from land taxes. The true lesson should have been that *all*, not only the deserving *and* merely poor, should share in the commonwealth.<sup>19</sup>

What does all this say to us about land ownership and its benefits in Ireland? Firstly it makes the question of who has possession of the land far less important than whether they are using it wisely and efficiently. With a significant part of the economic rent from the land remitted back to each citizen equally, freehold ownership loses much of its monopoly power. Secondly, the benefits of new fairer land and resource taxes should be passed as directly and as universally as possible to citizens. Transition to the new fiscal system of course, must take account of existing structures and leave time for adaptation. But a start should be made immediately to take advantage of the current review of local government finance.

The principle for the spending of the revenues raised by the various LVT measures should be to return that portion of the value-added back to the authorities that created it as far as possible, and that what is left, being the pure economic rent derived from the natural or locational quality of land, should be shared out equally as the beginnings of a Citizens Income (or Basic income) to be used to purchase public and private and third sector goods and services.

Value-added by national investment such as national roads, airports, railways, hospitals, third level colleges, decentralised government offices etc. could form the basis of a revised local authority block grant to be used to equalise revenues across local authorities. Apportioning this value is a political decision to be negotiated at national and local level. Value-added by the local business and social community investment should, by the same token, be assessed and spent by a representative partnership local body such as the City and County Development Boards (CDBs) through a 'participative budgetary' process. An independent source of funds for local sustainable development investment might prove just the thing to rescue these partnership structures from total irrelevancy.<sup>20</sup>

### **3. Tax Shift**

Theoretically, an annual rental charge should be levied on all land such that all the 'value-added' by the community is captured for the community. If that were so then there would be no need for any other charges or taxes - a 'single tax' was Henry George's great aim. But, people find taxes based on income and profits reassuring as they pay according as resources are available to them and they hope to benefit from the incomes and profits of others in hard times or in old age. There probably will always be a need for some income and profit taxes linked to redistribution based on need - as insurance in a risky world. But as a tax on *outputs* of the economic system, they make it hard for the poor to build wealth in good times and, as they are measured in the virtual accounting system of money, the rich find them easy to avoid and evade. Globalisation is accelerating the mobility of money and profits such that some fiscal response is absolutely necessary. George Monbiot points out that transnational corporations;

*"...will install their webservers where taxes are lowest, disguise their trade in goods as trade in services, and even launch their own virtual currencies. The tax burden, in other words is shifting to those who are unable to move their assets offshore or out of the old economy into cyberspace. With little else to offer, poor countries (and spaces) end up giving everything away in a desperate attempt to attract investment. If taxation is not to become wholly regressive, we will have to revolutionize the means by which the rich are charged."*<sup>21</sup>

The tax shift from income, profits, transactions, and even capital to the use of environmental resources should begin at local government level as that is the level of governance most directly involved in environmental resource management. There is ample scope for a net increase in some receipts at local level without affecting potential for economic development. In other areas, a revenue neutral 'tax shift' from centralized taxes on labour and transactions is called for. These

rents can have different forms; such as capitalized levies and user charges as well as annual rental charges, so as to address transitional and/or planning control effects. For instance, roughly 40% of planning permissions for development in Ireland are granted on non-zoned agricultural land in Ireland, representing a massive increase in land values. A necessarily modest annual tax/rent charge alone would exempt these landowners from their fair contribution. User charges, on top of rental charges, are also vital to constrain consumption of resources to within their natural carrying capacity or to address the problem of free riders.

#### **4. Connectivity and Land**

The telecom sector has evolved a model for charging for the benefit of connection to virtual communication and informational resources which is useful as a framework for connecting real natural and common resources. Broadband providers typically ask for three kinds of payment; - a connection charge, a rental charge and a use charge. Each competing telecom provider weighs the charges in different proportions according to the nature of the resource; or to attract a particular customer segment; or to benefit from their own particular strengths or to ration their available capacity. It is no different for natural resources that have different attributes calling for differing mixes of charges. So for instance, clean air is a commons to which all are already connected (or would not be alive) so a connection charge would not make much sense. Ditto a flat rental charge. In the case of a limited and vulnerable resource such as the atmosphere, use charges are more appropriate. This is the basis of the EBCU proposal developed by Feasta with the Global Commons Institute<sup>22</sup> and see Richard Douthwaite's paper in this publication. But for three-quarters of all natural resources, local government is the appropriate level for the conservation and management of natural resources as confirmed in Local Agenda 21 of the Rio Declaration. In the case of land, a natural monopoly of space, which gives access to other natural and public infrastructure resources, all three charges; connectivity, rent, and user fees are appropriate. Applying this structure to current revenue sources, we can see that many elements of a LVT charging system are already in place.

#### **Connectivity charge - Development levies**

Connectivity charges are related closely to development levies provided for under Section 48 and 49 of the 2000 Planning and Development Act. These levies are based on the cost of providing connection to roads, water, drainage waste and stated services to the particular site. It is 'connectivity' to public services and amenities, which comprises most of the value of the land. Yet, under the 2000 Act this levy is based on a difficult to calculate 'estimated cost' rather than a 'value-added' basis. Value-added is the basis of all private service charging and the basis, according to government, on which all public services should be provided and paid for. The anomaly between this stated objective and development levies should be tackled immediately as part of local government financial reform.

Value-added by planning permission - conceptualized as permission to connect to public services - is simply calculated by subtracting the value of the land without planning permissions from the



value of the land with permission. Each unit of land is assessed at its bare site value, with all surrounding land taken as being in its existing condition. The valuation is based on optimum use within whatever permissions and constraints apply. <sup>23</sup> New technology in computers and mapping makes it very easy to generate GIS (geographical information systems) contour maps of land values from market information of site and property transactions. Northern Ireland has just completed a complete GIS map of property values including land values for the whole province. A conference this month in Oxford, UK will hear of a trial land / site value mapping of the Botley area by Tony Vickers School of Surveying at Kingston University. Site value contours are used in Pennsylvania as the basis of the 'smart tax' in four cities. Site values are probably easier than any other local tax to assess and keep up to date once the base mapping has been completed.

Critics may argue that the value-added to land by the connectivity of planning permission includes investment by central government such as public transport nodes, motorways, schools, and hospitals not just investment by local authorities. Section 48 and 49 does not allow all such investment to be considered when assessing charges. For instance, schools of all kinds are excluded. We accept this criticism. The section should be amended to include recouping a portion of all value-added by all investment; - that created by central government investment but also that created by third parties in the private sector. A new shopping center adds value to neighboring sites, for instance.

The legitimacy of site/land value taxes of all kinds rests in part on the distribution of the receipts on as fair a basis as possible. Central government could pool their share of the development levy funds and redistribute them to redress imbalances in revenue between wealthy and poorer authorities. In particular, there is a compelling case for distributing a portion of development levy revenue generated by infrastructure investment made under the NSS such as rail and road transport links, 3rd level institutions and medical facilities etc to central government for redistribution where needed. Under the current system, towns that are lucky enough to be designated as hubs and gateways in the NSS will receive the lion's share of infrastructure investment and public development. Their residents and landowners will gain not only the benefit of better services and shorter travel times, but also the rise in land values that will inevitably attach to their property. It seems only fair that some of this value should be recouped through development levies and other land value taxes and used to help the towns and villages that missed out.

The next question is; - what share of the value-added to land can or should the local authority recoup? Economic theory states that all of the 'value-added' can be recouped without affecting economic growth or disincentives to investment. The Municipality of Basel, Switzerland successfully levies a 50% site value tax with the support of developers who like the certainty and clarity it brings to property valuation and planning <sup>24</sup>. They know that since every developer bidding for the land will have to pay the same unavoidable levy, they will bid less and land will fall in price. In other words, neither the developer nor the finished development buyers will pay the levy but the landowner- through a lower price for the land. This is a counterintuitive economic fundamental that is hard to grasp - even for some economists. Urban economist and

valuation surveyor, Tom Dunne sets out the economic logic clearly in his paper to the Oireachtas Committee on Private Property.<sup>25</sup> The School of Philosophy and Economic Science submission to the same committee sets out an even more comprehensive case listing support for LVT from many Nobel Prize winning economists<sup>26</sup>. These submissions with Feasta's, and others to a lesser extent, had an impact and the final report included a positive recommendation of LVT.

The final equation informing the optimum percentage of the 'value-added' under the development levy is a function of what other land rents and / or user charges are also being levied at the time.

### **Rental charge - Zoning levy**

A practical and politically acceptable route to introducing rental charge is to introduce it when land is freshly zoned as under a Development or Area plan. Zoning declares that planning permission for the appropriate development will be considered favorably and the greatest addition to the value of the land occurs at that point. There is growing political appetite for an annual rent/levy on zoned land as a way of stimulating prompt development or sale of zoned land as there is evidence of land hoarding in Dublin and other cities and towns. In order to counter this, local authorities routinely over-zone land for redevelopment in order to 'create a market' in land. This is particularly evident in the Action Plans for smaller towns where, because of scale, the optimum land for development under a five year plan, is often in single or at most a few owners' control.

There is already a provision for a *zoning levy* in the 2000 Act under Strategic Development Zones. This section could be amended to allow for an *annual zoning levy* on all zoned land. This levy/rent should be based on the 'value-added' by permission - as for the development levy- but annualized at a fraction of the total. It could be levied annually in a range of 10% of the 'value-added' of planning permission. Again, site value contour maps derived from market transactions of similar land or residual calculations of property sales will provide an assessment base.

It is reasonable that the *zoning levy* would go towards the eventual payment of the *development levy* i.e. the development levy would be reduced by the amount paid under the zoning levy. The *zoning levy* would act then as a cash flow or holding cost burden on the landowner/developer not as an extra capital cost *if* the landowner developed the land within the five years of the Development Plan. It would be, none the less, very effective for that as the land would not be generating much by way of income under agricultural use.<sup>27</sup> If the landowner waits for longer than 5 years, the annual *zoning levy* would mount up to more than the development levy total and it would then be an extra tax. The *zoning levy* should be a charge against the land; if it is not paid over a period of ten years, the land should revert to the local authority.

The increase of land coming onto the market will reduce house prices, as supply will better meet demand. The actual percentage of 'value-added' of the zoning levies is a political decision for each local authority that should be informed by the market in development land. Zoning levies should be increased where there is a surfeit of zoned land not being developed or offered for sale in a

context of local rising house prices.

It is likely that many landowners will ask their land to be de-zoned when faced with a levy. If the land is not prime i.e. well located in relation to roads, drainage, and other services and needed for development within the period of the Development Plan, the request should be positively considered. But the landowner should be given no expectation that his land would be zoned again later. Over time, *zoning levies* will produce higher densities and less wasteful layouts resulting in less agricultural land-take and more compact settlements.

Some landowners may never wish to develop their lands for personal, ecological or historical reasons. In that case, if the land is not critical to the coherent and sustainable development of the area, the zoning levy could be foregone. But the owner must also forego all future development rights in favour of the local authority or other local trust. In the US, where planning control is limited and land/ property taxes enforced, Land Trusts buy future development rights from dedicated traditional farmers so that farming can continue in high land value areas near towns. Community Land Trusts could play a somewhat similar role in Ireland; conserving land from development and managing important habitats or historic landscapes for the benefit of the local community and local environment.

Rural areas that are poorly serviced with good transport links and services would pay a lower *development levy* than towns and cities that have high site values because of their convenience to services and amenities. This is inherently and automatically fairer than the inflexible current system, which has produced a bewildering array of levies for different situations under each local authority that will nevertheless generate anomalies. This system of assessment also works for sites that have been developed already with existing buildings. If the 'value-added' to the site with a new planning permission for a new use or intensification of an existing use is greater than its value in its current use, then it is likely a *development levy* would be due. However, for most planning permission for simple extensions or improvements to buildings, the levy would not be triggered, as the increase in value in the property would be due entirely to the building works.

Probably the greatest advantage of a 'value-added' levy system is that it would provide essential information to the local authority, through the land and property market, about the effectiveness of their infrastructure and development decisions. Good planning and well-timed infrastructure and amenities investment would be reflected in higher land values. Levy payers will be happier - no one is completely happy to pay tax - when they see that high 'value-added' by local authorities is reflected in their sales prices. Some local authorities will opt for low levies and consequently low infrastructure investment, others the opposite. It would not take long before feedback will emerge indicating what percentage of value -added is optimum and which local authorities are most successful in creating value for both themselves and their residents. It should be self-evident that the central state grant should not make up the shortfall of investment in low levy councils for this balancing mechanism to operate.

With an effective zoning levy in place, planners would be free to zone only such land as is

optimal for village or town expansion. Landowners would immediately cease their lobbying for designation unless they truly intend to develop immediately. The numbers of 'planning consultant's, auctioneers, and solicitors putting themselves forward for local election might well see a precipitous decline. Corruption in the planning system of local government would be immensely discouraged and consideration could confidently be given to expanding its realm of powers and functions.

### **Rental charge - Smart taxes or dual commercial rating**

The next reform that is necessary to be consistent with our new structure is the reform of commercial rates. Commercial rates have grown to a significant percentage of local government expenditure. As the cost has grown for business, the criticism of aspects of the rating system has grown in parallel. It is perceived as arbitrary and unfair. This arises from the fact that so many other building users are exempt; - not only domestic dwellings but residential investment properties, public property, property occupied by charities and much vacant property. Local authorities have discretion in whether to levy rates for vacant premises and it appears that they frequently remit them entirely in rural areas. Service charges for water and waste collection are also higher for commercial users and are seen, predictably, as double taxation.

A further fundamental bone of contention is that tenants and owners who maintain and improve their property find their rates increased while their negligent neighbours have theirs reduced. The eventual result of this penalization of investment and enterprise is derelict sites and underused properties often in central areas of our cities and towns. The government's response to stimulate development was special tax incentives of generous capital allowances and double rates relief. This cost the taxpayer hundreds of millions in taxes foregone and its effectiveness in stimulating investment that would not have occurred anyway is now, rightly, in question.<sup>28</sup>

In Pennsylvania USA, the response to the same problem of underuse and dereliction was the '*smart tax*' or '*dual rate tax*'. This local tax gradually increased the portion of local property taxes that fell on the site and decreased it on the portion that fell on the building. Thus, at the end of a set period, all local taxes were calculated solely on the value of the site or land under the property. The towns and cities that operate the '*smart tax*' have decreased dereliction, booming business districts, higher tax receipts, and happier taxpayers. The city of Philadelphia is now debating whether to make this change following a campaign led by local businesses and homeowners. The same transition to site value taxes from rates on property should be undertaken in Ireland.

### **Rental charge - Site value tax (LVT) on public and charitable property**

The next reform is to broaden the rate base to cover all public property, which may already be under active consideration by the government. Rates, even in their current imperfect form, are a good mechanism to ensure property resources are used efficiently; and public bodies are probably more at fault than private for 'wasting' their property assets. Although local site value

tax receipts on local authority property would return to the levying body, it would act as an invaluable indicator for more realistic internal accounting and more efficient property administration. Similarly, local taxes should be levied on not-for-profits and charities, some of which have very large property portfolios. It has to be recognized that underused sites and derelict and badly maintained properties are both a direct cost in terms of discouraging adjacent development and investment and an indirect opportunity cost on the local community - no matter who owns them.

### **Rental charge - Second home land value tax (LVT)**

Other exemptions to local taxes which are obviously unfair and for which there is considerable support for change are some of the exemptions for residential uses. The reasoning for the exemption of residential property from rates in 1978 was that the owners or their tenants already paid for services through their income taxes. That might have been largely true at the time but it is not true now. Many people now own more than their principal dwelling. Recent research threw up the astonishing fact that a full one third of all housing units built over the last five years are second or replacement dwellings.<sup>29</sup> This means that a substantial number of houses and flats are not occupied on a continuous basis - they are holiday houses in rural areas or pied-a-terres in the city. Some rural counties have very high numbers of these mostly empty properties, which enjoy equal connection to local services but give no return to the local economy in terms of spending power. Many of these second homes are in areas of high scenic amenity where young locals have been priced out of the market. Broad agreement could be easily generated to require those who enjoy the privilege of a second home to contribute to the local community through a local tax. For convenience of assessing and for the other reasons put forward of efficiency and fairness this tax should be based on site value.

### **Rental charge - Farm LVT**

Rates on farms were abolished following a legal challenge to the basis of the valuation of the land and buildings. As domestic rates had just been abolished to popular acclaim there was no political support for a proper revaluation of land to put farm rates on a sound footing. We know far more now of the costs of this omission. It should be seriously considered again in the light of the high costs of collection and low returns of income tax from farmers (an average €1,300 per farmer) and the low turnover and high price of farmland. Duncan Pickard, a farmer in Scotland makes a compelling case for reform:

*The annual total cost to farmers is of the same order of magnitude as the amounts of subsidy paid or the total Net Farm Income, but the effective burden of taxation on farming - the losses imposed because of the way in which government raises revenue (rather than how much it raises) - is crippling. Would it not be more sensible to try to stem this flow by advocating tax reform than to persist in pleading for increases to subsidies?*<sup>30</sup>

High land costs prevent entry of new farmers with energy, imagination and appreciation of a rural lifestyle. Organic, low energy and diversified farming supplemented by other rural enterprises including renewable energy generation is the model showing most sustainability given the end of cheap oil.<sup>31</sup> Both the traditional family farmer and the green 'downshifter' fit this model and both would be supported by an appropriate tax system based on the quality of the land.

Years of research by Teagasc on land quality, combined with data generated by Coillte, Bord na Mona, the Heritage Council etc could be quickly inputted into GIS maps to update the original Griffith's land valuation. Buildings would not be included in the valuation, as per the reformed commercial and residential LVT. A *farm LVT* should be offered to farmers firstly, as an alternative to the accounts and income tax system. No further tax should be levied on the farming enterprise if the *farm LVT* option is taken. Many farmers would happily fire their accountants and opt for LVT. When the bugs are ironed out and its fairness is evident to all, LVT should be applied to all farmland. This would favour genuinely efficient farmers with low external inputs and would help reduce the price of farmland to allow new entrants and competition on an equal basis.

A *farm LVT* would also provide a framework for a new legitimacy for EU payments to farmers with 'de-coupling' from production. The community could see that it was getting a portion of the value of the payments with the farmer's primary role changing from that of food producer to steward or custodian of the land on their behalf. A *Farm LVT* on farmland would also provide a fair framework for restrictions on use under environmental conservation designations. Farmland comprising high scenic views and/or with bio-diversity under use restrictions gives a lesser use value to the private owner but a higher use value to the community. Therefore the *farm LVT* paid by the owner to the community should be substantially reduced if not relieved altogether. Under this scenario, farmers would actively care for the environment and some landowners might even campaign to have their area designated.

### **Land value tax (LVT) on all residential dwellings**

Undoing the damage to local government finance, democracy, and effectiveness of the 1978 abolition of local taxes on residential property is an absolutely necessary but delicate task. To succeed, it must be made completely clear at the outset that what is proposed is NOT an extra tax but a TAX SHIFT from income and other counterproductive and unfair taxes. In this respect, the tax reform outlined here will not generate a net gain to public revenue as a whole but represents a redirection of taxes from the central exchequer to those of local authorities. It should be attempted only when the other reforms listed above of the development levy, the smart commercial tax and second home tax and *farm LVT* have been carried out and their benefits have clearly been felt. When the benefits are felt, the intrinsic equity and efficiency of taxes on land and other natural resource will be much more easily understood. A *LVT* on residential properties can solve our single most pressing economic and social problem - that of the lack of affordability of housing in all sectors.

*In Ireland, one of the reasons why it is expensive to buy a house is that it is cheap to own one, there being no property taxes (rates) on residences and the exchequer (or, rather, taxpayers who do not have a mortgage) pays some of the interest relief. This subsidized ownership raises the demand for housing, to the benefit of builders, landowners and mortgage lenders.<sup>32</sup> (P118, Bristow)*

Introduction of the residential land value tax (LVT) should be carefully managed in stages. At first, for all existing homeowners the LVT should be allowed as a 100% credit against income tax. In other words the taxpayer's income tax bill should be reduced by the amount she pays in site value tax so no extra tax is paid over and above what is paid at present. However, when there is a property transfer; when the house is sold on or a new house is built and sold, the LVT should not be allowed as a credit against income tax but it becomes an extra tax. This fact should be well advertised in advance so by the time it is introduced the prospective buyers of a new or second hand house would factor it in (capitalize it at a multiple of the tax) and pay less for the house. And in the same way, the prospective developer will have factored in LVT when he estimates the price he can pay for development land. Thus, the LVT would be offset against a lower price for the house - for most, in lower mortgage repayments. With LVT, the local authority will benefit from economic growth through increases in LVT instead of the banks through increases in mortgage lending.<sup>33</sup> In this second scenario that follows a property transaction, we have to rely on the government to make good the promise to reduce income and other unfair taxes as the buoyant receipts from LVT in all its forms reduces the grant necessary from the central exchequer.

One section of the population who will be negatively affected by the LVT are senior citizens dependant on fixed incomes. In many cases, senior citizens live in large valuable houses but have modest pensions. The LVT will act to persuade older people to trade down to housing with better fit to their reducing incomes and will free up larger houses for growing families. But this general social benefit is not so great that we should overlook the personal hardship it could cause for older citizens. A derogation for the very old - over 80 years- and infirm is called for in the early years of the measure so that people are given plenty of time to plan their affairs when they are fit and well. Secondly, the LVT payment could be postponed to add up as a charge on the property when it is sold or transferred in inheritance.

The effect of the LVT will be to restrain and then gradually reduce the price of housing. It will be easier for new entrants to the market to buy a house of their own because their deposit and their borrowing commitment will be less. Income taxes should be reduced as LVT receipts kick in and this reduction of the cost of labour should stimulate job creation. On the other hand, property will become less attractive as an investment because the owner will no longer benefit from unearned rises in land values. This is a good thing as Irish people rely dangerously on property for their retirement income and would be better served by diversifying into pensions and company shares, especially capital in renewable energy.

The local authority should raise the LVT to remove any further increase in land values following careful examination of market information every year. Increases in the cost of building because of inflation in labour or energy costs should not be taxed. It is an easy matter for a skilled quantity surveyor to extract the cost of the building and site from the overall value of the property.

A fall in house values is very likely whether or not LVTs are introduced, as the market is very vulnerable at present to external economic shocks. The rising oil and gas prices due to oil peak and Middle East political turmoil is such a likely shock. Increased costs, reduced sales, and profits will bring lower salaries and redundancies affecting housing demand and prices will drop. Without LVT on zoned land, rather than accept lower profits, development landowners would simply withdraw land from the market; developers would stop building, which would further reduce employment in the construction sector and precipitate an economic depression. The annual housing need of approximately 55,000 units per annum does not reduce however, as it is based on demographics of household formation - but it would not be met. Homelessness would compound joblessness. LVTs will ensure that that housing need is met at all times as it imposes considerable holding costs on ripe development land. Development landowners would be forced to sell at the lower price - a price that people can pay. Construction activity would continue and depression would be averted.

LVT is essentially *progressive* tax in that those with valuable large sites will have to pay more than those whose house is on a modest site. Apartment owners will pay considerably less under a site value tax regime than house owners will as their site is shared with a number of other apartments. Well-located city householders will pay more than remote village householders will even if they have similar sized houses. The age and condition of buildings would not have to be assessed.

LVT is an *easily assessed* and updated tax - once the initial site value contour maps have been prepared. As outlined earlier, new GIS technology has transformed site valuation exercises to make it perhaps the easiest and most transparent taxation basis currently available. A whole profession of 'Valuation Surveyors' already exists well capable of the work.

LVT is an *unavoidable* tax. Site owners cannot up and remove their site to the Cayman islands. It is a tax on location or connection as described before - or a rent for access to public and private infrastructure, services, and amenities. Income and profit taxes can act to discourage employment and investment; - an unfortunate fact that is not useful to deny. Governments therefore, are loath to raise the tax rate on higher earners and are impelled to provide tax reliefs for various kinds of activities it sees as socially beneficial- pensions for instance or urban renewal as discussed before. The sum total of these reliefs is that the high earners pay a far lower percentage of their earnings on average than the tax bands would indicate. Poorer people cannot take advantage of tax reliefs and exemptions because they need all of their income for day-to-day living. However, LVT brings land into production rather than discourages it so there is no reason not to levy at high rate or to give special exemptions. This is what make it fair despite the fact is has no regard to income.



A residential LVT *reduces the use charges* for water and waste. This is because much of the capital cost of providing water and waste services would be covered by the LVT and therefore would be borne by a much greater extent than use charges alone, by the property classes. Use charges then would simply ration the resources within their sustainable limits; - see more below.

### **User charges - carbon energy, water and waste charges**

As explained earlier, user charges are an essential part of a package to recoup 'value-added' by publicly provided infrastructure and to share natural resources fairly and sustainably. Telecom service providers charge user fees when there is a limit to the capacity of the system, to allocate capacity efficiently and to prevent the system breaking down. User charges are also necessary to manage the capacity of the earth to absorb wastes. But where it might be reasonable for telecom providers to let ability to pay allocate use of the telecom resources or for local authorities to allocate road space through congestion charges or public transport through ticket sales, it is not reasonable to rely on such a crude system to allocate essential life support resources.

Every human being has an equal FREE right to a sustainable quota of natural resources. In the case of Irish citizen and essential resources, this principle translates into a free quota of water and waste services.

This does not equate to endless absolutely free services because once one's fair quota is used up, further use takes from the quota of others already living or yet to be born. It will take some time to reduce as our entire industrial society consumes natural capital as income and regards environmental pollution as an externality, to sustainable levels. The adjustment should not be borne only by consumers but it should be borne equally, if not more so, by producers. A start should be made with setting an annual quota for water and waste for every citizen based on what is achievable by a careful family of modest means. There should be charges for use over the quota or extra quota should have to be bought. The quota should be reduced every year until eventually; a sustainable level is reached. See also Richard Douthwaite's paper in this publication.

### **Part V Reforms**

Society through the state accepts that access to essential natural resources and services are a fundamental right of every citizen. It is costly to provide many of these services to remote rural areas but society, recognizing the need for agricultural production and environmental stewardship, has always been willing to absorb the extra costs. So for instance, local authorities provide water schemes and waste treatment and government agencies provide free school buses, subsidized postal services, social and health services to remote farm families.<sup>34</sup> However, the quid pro quo is altered where the remote dwelling residents do not provide a service to the community which requires their presence there but still expect their services to be subsidized by the general tax payer - typically living in compact town settlements. Many of the 30% plus one-off houses being built annually in the open countryside fall under this category of free riders within the system.

One-off houses benefit from a further free ride in that they are not required to contribute to housing and social cohesion under Part V of the 2000 Planning Act.<sup>35</sup> This requires that housing development landowners pass approximately 15% of the value of their land in kind or in cash to the local authority to help it provide affordable and social housing. However, it only applies to sites containing five or more houses so by definition one-off houses are exempt. The loss of Part V to a local authority is very significant in many rural counties where single one-off housing may constitute up to 70% of all housing developments. There can be no explanation for the exception made for rural housing except that it conforms to historical precedence described earlier, to favour rural landowners over their urban brethren.

Free riders fundamentally threaten the system itself as studies show that other contributing participants will refuse to participate within a system, even where they suffer personally, to punish free riders. Ireland is no longer a predominately rural, farming electorate and the continuance of such blatantly unfair and discriminatory policies has the potential to undermine the planning system itself. The discrepancy in how the aspiring house owner in rural areas is treated under planning and fiscal policy compared to urban aspiring house owner will not be fully redressed under the residential LVT proposed above and further reform is necessary. For starters, all housing should come under Part V. Secondly, the extra-over costs of providing services to remote non-farming residents should be capitalized and charged up front as an additional contribution. Thirdly, the extra-over social exclusion costs that the remote dweller imposes on village, town and city dwellers should also be reflected in a further charge. As a general guide, we recommend that remote, non-farming house builders should make at least a 30% contribution under Part V; - this is additional to the *development levy*.

A further example of an anti-sustainability tax is the annual car tax as it is not related to a use of a scarce natural resource - oil, or a sometimes-scarce man made resource - road capacity. Even more perverse is the fact that annual car tax receipts are ring-fenced for the local authority block grant, which gives local authorities a stake in high numbers of and continued use of the private car.

## **5. The land struggle revisited**

I have set out a stall arguing for a 'tax shift' from taxes on human labour, profits, transactions and capital with redistribution based on charity to taxes on natural resource use with redistribution based on equity. I outlined how simple amendments to existing legislation, reform of existing taxes, and the extension of others can quickly put these ideas into practice. As the benefits of these changes feed through into political consciousness, the final paradigm shift to a universal Land Value Tax, at least for local government, will seem eminently achievable. Let us now check these reforms against the demands of the historic land struggle - the three Fs. For the purposes of our exercise, the 21st century democratic state replaces the 19th Century landlord ruling class.

*Fair rent* becomes a Land Value Tax that recognizes the social nature of ownership of land and common resources. This LVT returns to the community the value it has created by legal

recognition and protection of land title; by the infrastructure and services connected to it and by the investment and enterprise of its citizens. It fairly allocates that value back to its creators, to the central state, to local government and especially to its citizens. The LVT will be set democratically, according to the economic conditions of the day, so it will be fair by definition.

*Fixity of Tenure* becomes a guarantee to landowners that they 'have what they hold' without fear of arbitrary dispossession. They have the right to the benefits of the existing use of their land subject to payment of a fair LVT. Compulsory purchase will never be used as a routine method to meet housing or other social aims but only as a mechanism of last resort and with proper legal safeguards. The specter of the land Commission and Kenny Report should be finally exorcised.

*Free Sale* becomes the freedom to enjoy or sell the property that they have created by their individual work, creativity, risk, and capital investment. This means that buildings and physical improvements to the land should *not* be taxed. It also strongly suggests that taxes on income or on sales of manufactured property should be relieved.

I will leave the last words to John Feehan:

*When the particular identity most of us inherited was taking shape in the later 19th century, affinity with the land was at the heart of it. Perhaps this is an opportune time to look back at the ideals that shaped that evolving modern Irish sense of identity. If we can recover it and bring it to fruition it perhaps never fully attained in the past, perhaps we may be able to shape it to an authentic mode of bioregionalism appropriate to Ireland: authentic in the way it is grounded in tradition, but fuelled by the advances and insights of modern ecology and modern agricultural principles of sustainability and environmental responsibility.<sup>36</sup> (Feehan, John, P. 526)*

## Endnotes

1. Because of the well established obsession with landlord-tenant relations, and the events of 1879-82, the whole issue of Irish land came to be viewed exclusively in terms of ownership and occupation. Against the drama of evictions and agrarian crime, the minutiae of agricultural improvement and rural organization seemed dull; against the contending claims of landlords and tenants, the claims of other groups - landless labourers, taxpayers, and city people who wanted access to land seemed less pressing. As a result, when landlordism was abolished, it was replaced by a highly private system of ownership. Public control was limited to the modestly exercised powers of the Land Commission; the landlords as centres of power were not replaced; farming became confined to those who inherited land, with some exceptions; physical access, even to stretches of beach, became a matter of private arrangement. Thus, despite the Land League's campaign, the 'land for the people' did not lead to the establishment of great national forests, to areas of common land, or even to public footpaths. (P41) Vaughan, WE, *Landlords and Tenants in Ireland 1848-1904*, Dundalgan press 1 st published 1984, latest revision 1994, ISBN No. 0947897011

2. Davitt, Michael, *Some Suggestions for the Final Settlement of the Land Question*(1902)

3. Silagi, Michael, 2000, *Henry George and Europe*, (P. 48) Robert Schalkenbach Foundation, New York, ISBN 0911312919

4. Jordan, Donald E, *Land and Popular Politics in Ireland*. 1994, Cambridge University press, ISBN No. 0521324041

5. Hussey, Christopher, *For Protestant Self Determination; The Key to the Ulster Question*, 2001, Dunesk Press, Dublin ISBN No. 0951021818.
6. 'In October 1933, the new Fianna Fail government introduced its own extensive and complicated act, which provided the catalyst for record acquisition division statistics 1934-5 and 1935-6 and was very much as Patrick Hogan contended, a 'political act' that pandered to the small farmer and labouring classes in an attempt to secure votes. After the terms of the act became known, there was a rather dramatic growth in the number of Fianna Fail cumainn from 1,265 in 1932 to 1,679 in 1933. This growth was partly the result of more organized and sustained efforts by Fianna Fail organizers in the rural constituencies but it also owed much to the stimulus provided by the 1933 Act and the widely held belief that one would have to be a member of a cumainn in order to benefit from division'. (P206) Dooley, Terence, *Land for the People; The land Question in Independent Ireland*, 2004, UCD Dublin ISBN No. 1904558151pb
7. 'In May 1923, the Minister for State, Patrick Hogan, estimated that it would cost the state up to £30 million to complete land purchase at a time when the country was only just emerging from an atmosphere of unreason and irresponsibility'. This money could only be raised through a loan from the British government. In a Dail speech in 1925, Hogan put the scale of the operation into perspective for his fellow TDs: "It is an enormous loan when compared with ordinary development, say, with the development of the Shannon, a gigantic scheme, but at the outset which is only going to cost about five million pounds. Thirty million pounds for land purchase is a very expensive matter, very much more expensive than any other.'(P 19) , Dooley, Terence, *Land for the People; The land Question in Independent Ireland*, 2004, UCD Dublin ISBN No. 1904558151pb
8. 'By independence, 50,862 local authority dwellings had been built in Ireland, 41,653 of which were constructed under the Labourers Acts, and accounted for about 10% of rural housing stock, while only 8,861 dwellings had been completed by the urban authorities.'(P170) Norris. Michelle, Chapter 9 Housing in Callanan & Keogan, *Local Government in Ireland : Inside Out*, 2003, IPADublin, ISBN No. 1902448936
9. Cahill, Kevin, Space, perception and real reality. *Land and the future Irish community.*, Feasta Conference on Community and land. Dublin 9/10 October 2003.
10. George, Henry, quoted in *A Geolibertarian FAQ* by Todd Altman [http://members.aol.com/\\_ht\\_a/tma68/geofaq.htm#rothbard](http://members.aol.com/_ht_a/tma68/geofaq.htm#rothbard)
11. 'It is not enough that men and women should vote; it is not enough that they should be theoretically equal before the law. They must have liberty to avail themselves of the opportunities and means of life; they must stand on equal terms with reference to the bounty of nature. This is the universal law. This is the lesson of the centuries. Unless its foundations be laid in justice the social structure of the United States or any other country cannot stand'. George, Henry, *Progress and Poverty*, Hogarth press London 1st published 1879, 1979 edition.
12. 'The state's new role towards the market and the citizen should thus be to decolonise and empower. Whether to call this a basically capitalist or socialist approach is a matter of personal choice. It will aim to integrate economic efficiency with economic justice. So you could call it both capitalist and socialist or neither, whichever you prefer.'(P.5) Robertson, James, *Sharing Limited Resources and a Change of Course*, 2003 paper delivered to the Pio Manzu International Research Centre Rimini Italy, available online in *Feasta Review No. 2*
13. Altman, Todd, *A Geolibertarian FAQ*, [http://members.aol.com/\\_ht\\_a/tma68/geofaq.htm#rothbard](http://members.aol.com/_ht_a/tma68/geofaq.htm#rothbard)
14. Robertson, James, *Sharing Limited Resources and a Change of Course*, 2003 as above
15. 'Citizen's income - a tax free income paid to every man, women and child as a right of citizenship... CI for children will replace today's child benefit, and CI for the elderly will replace today's state pensions. There will be supplements for disability, housing benefits, and other exceptional circumstances. Otherwise, CI will replace all existing benefits and tax allowances. The amount of a person's CI will be unaffected by their income or wealth, their work status, gender or marital status.'Robertson, James, (P. 81) *Sharing the value of common resources through taxation and public expenditure*, *Feasta Review*, Ed. Douthwaite, R and Joplin, J, 2001
16. See Robertson , James, (P. 12)1994 *Benefits and Taxes, a radical strategy*, New Economic Foundation 1994,

[www.jamesrobertson.com/ne/benefitsandtaxes1994.pdf](http://www.jamesrobertson.com/ne/benefitsandtaxes1994.pdf) for a full history (PDF document).

17. Gurdgiev, Constantin T, Why FF should shut out CORI, *The Sunday Business Post* 12 th September, 2004

18. King, Carla, Famine Land and Culture in Ireland, 2000, UCD ISBN 1900621479

19. 'The historical parallel with Speenhamland is false. Under the Speenhamland system, parish ratepayers were obliged to bring the wages received by labourers in their parish up to a given level in accordance with the changing price of bread. Thus, unlike CI, Speenhamland - until it was abolished in 1834 - effectively prevented the establishment of a competitive labour market. Unlike CI, Speenhamland limited the amount that people could earn from more and better work. CI will not keep workers dependent on employers, as Speenhamland did; it will strengthen workers' negotiating position with employers. It will not enable big employers to shift wage costs on to independent self-employed people - today's equivalent of freeholder ratepayers in the 18 th and 19th centuries - as Speenhamland did. Nor will it enable big employers in one parish to shift their wage costs on to ratepayers in the adjoining parish (if their workers live there), as Speenhamland did.' Robertson, James, (P. 16) *Benefits and Taxes, a radical strategy*, New Economic Foundation 1994, <http://www.jamesrobertson.com/ne/benefitsandtaxes-1994.pdf> (PDF format)

20. See more on this subject in Comhar's report to the DoELG, *Recommendations for Small Village Development and Submission on Sustainable Rural Housing*

21. Monbiot, George, 2000 P.13 *Guardian Weekly*, 30th March 2000

22. 'The purchase of emissions permits from under-consuming nations by over consuming ones would not just provide an income stream for the poorer parts of the world. It would also be a means by which the rich countries would pay off their ecological debts.' This document is online at <http://www.feasta.org/events/debtconf/sleepwalking.htm>

23. From *Options for Local Government Finance ; Proposals for the reform of local government finance in the UK*. July 2004, Law, Henry Land Value Taxation Campaign. <http://www.landvaluetax.org.uk>

24. Presentation by Basel City authorities, RIAI Conference October, 2003, Basel Switzerland

25. Dunne, Tom, Submission to the All Party Oireachtas Committee on the Constitution on Private Property, 30 May 2003

*Report of the All Party Committee on the Constitution on Private Property*, Government Publications

27. 'One argument for a wealth tax (in this case as a possible replacement for income tax) has frequently surfaced in relation to land. If land is left idle or not utilised to its potential, the user attracts no penalty under an income tax. Under a tax applying to the capital value of the land, however, there is an incentive to use the land productively.' (P86) . Bristow J, *Taxation in Ireland : An Economist Perspective*, 2004, Institute of Public Administration, Dublin, ISBN No. 1904541054

28. 'It is not known how much revenue is foregone as a result of the accelerated depreciation granted to certain types of construction. What can be said is that there is no evidence that these concessionary schemes of carpark, tourist accommodation, town centres, amongst others) provide any benefit to anyone other than those who are able to avail of them... If this is so, these concessions are simply subsidies to certain developers with no quid pro quo for society.' (P119, Bristow)

30. Pickard, Duncan, 2004, *Lie of the Land*, Land Research Trust and Shephard Walwyn Ltd, London, ISBN 0956832278

31. 'The alternative to intensive agriculture is integrated mixed farming that maximizes the natural capital of the land, ensuring that nothing is wasted and external environmental costs are absorbed and accounted for. The mainstream farming we have come to think of as the norm over the last half-century may be seen as an experiment from which we have learnt much, but at too high a price. The integrated farm which is the alternative enshrines all the best values of rural landscape and community, and it is sustainable: whether it functions in an increasingly sophisticated and educated society, or in one where unforeseen disaster forces us back to basics'. (P.518) Feehan,

John, *Farming in Ireland*, 2003, Faculty of Agriculture UCD, ISBN 1902277597

32. Bristow, J, *Taxation in Ireland : An Economist Perspective*, 2004, Institute of Public Administration, Dublin, ISBN No. 1904541054

33. Dr Diarmuid O Grada MIPI , *Some hidden Costs of Rural Housing*, IPI Conference 2004

34. Comhar, *Recommendations for Village Development 2004*, Discussion Paper

35. Feehan, John, *Farming in Ireland*, 2003, Faculty of Agriculture UCD, ISBN 1902277597

36. Feehan, John, *Farming in Ireland*, 2003, Faculty of Agriculture UCD, ISBN 1902277597

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