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LOCAL AUTHORITY DEBT AND THE GLASGOW RATES VOUCHER SCHEME

LOCAL COUNCIL DEBTS RIVAL INDIA'S

The above headline was given by Paul Lashmar to his article on UK council debt in *The Independent* newspaper of 9th. November 1998. He notes that *"Local Councils in Britain owe nearly £50 billion - almost enough to clear the national debt of India"*, and that the Department of Environment, Transport and the Regions considers that *"All current local authority debt has arisen out of expenditure controlled by the present rules and policies of this and previous governments. This debt does not reflect mismanagement."*

Of course these debts may indeed be related to successive governments' policies, but they also inevitably reflect the operation of the fractional reserve debt-money system, which the whole world uses and which is unsustainable. And they reflect too, the immense influence exerted on governments and the Civil Service bureaucracy, by those who promote and protect the continuity of that system.

Most importantly, central government and local governments throughout the UK are, as a result of escalating debt, severely constrained in the degree to which they are able to respond to the needs of their constituents for better housing, education, healthcare, environmental improvement and a range of other provision which should characterise the commitment of any efficient government, central or local.

However, before we deal with a specific example of the implications of increasing local government debt, and how it might be avoided or at least greatly diminished, it is worth recalling very briefly the nature and origins of the monetary system which leads ineluctably to such indebtedness.

THE FRACTIONAL RESERVE MONETARY SYSTEM

We noted in earlier issues of The Social Crediter that, of the total money supply in our economy, only some 5% is created debt-free by government. ***The balancing 95% of the total supply is created by chartered commercial banks, who claim its ownership and lend it into circulation, only in the form of interest-bearing debt.***

One of the results of this process is, quite inevitably, that the community as a whole - represented by national and local governments, business and consumers - bears a burden of continuously increasing debt and interest on debt which, failing radical monetary reform, eventually cannot be repaid.

inside this issue

Hence our periodic and escalating debt-repayment crises and the subsequent bailing out of commercial banks and other financial institutions at taxpayer expense. (1)

This arrangement - the modern fractional reserve monetary system - which has progressively led us to this state of affairs was first advanced in 1694 by William Paterson when, *"acting on behalf of a private syndicate the composition of which has remained obscure"*, he showed William III of England how he might afford to go to war with France without having to persuade a reluctant Parliament to grant him the necessary funds.

Previously it had been the practice for *"the sovereign to make the nation's money, in amounts corresponding to the estimated needs of the economy, and to spend or issue it into circulation...(but)...*

Under the new system introduced at the end of the 17th.century, the King not only authorised the ***banks*** *to make the nation's money,* but also ***agreed to borrow it from them at interest to finance his administration.***

The interest would be paid by the taxpayer; and since the money paid by the bankers was guaranteed by the wealth of the nation, the taxpayer ended up paying interest on what was really his own property". (2) (emphasis in original)

Since that time, virtually all of the world's peoples have been enslaved by unrepayable debt and the wider effects of the debt-money system. America, the most powerful nation on earth, has been transformed from the world's greatest creditor nation in 1946 to the world's greatest debtor today, with a national debt of $5 trillion. Across the world Japan, once thought the engine of global economic growth, has a national debt which is expected to reach the equivalent of £4.5 trillion in 1999, and which, for the first time, will be greater than the country's annual gross domestic product.(3)

UK LOCAL GOVERNMENT DEBT: AN UNREMITTING BURDEN

Meanwhile, as another recession threatens in the UK, local communities too are faced with yet further curtailment of important services as their local governments struggle to overcome the impact of escalating local debt and accumulated interest. Lashmar notes that on current debt totalling £50 billion, UK local authorities must pay some £4 billion in annual interest.

He calculates that if this £4 billion of annual interest were spread evenly across Britain it would, from an average council tax bill of £500 per household, cost the average household £160 in annual interest payments alone!

And so everywhere the cry is, *"Where's the money to come from?"* when elected representatives, especially at local level, are faced with agonising decisions on whether to spend, or even to borrow to spend, on housing improvement or education, social services or infrastructure or any of a thousand and one other issues on which they are continuously pressed.

Interestingly, Lashmar notes that of the councils identified in his Debt League, *"The City of Glasgow Council has the greatest debt - more than £2 billion (some 94% of the City's operational assets) nearly twice as much as the next most indebted council, Manchester, with £1 billion".* It is especially striking since in 1960 Olive and Jack Grubiak were also noting, in the context of their examination of The Guernsey Experiment, that *"One of the worst examples of debt - ridden communities can be found in Glasgow, with its local debt of over £167 millions. Every year enormous debt charges have to be paid out of the ratepayer's pockets; in 1960, the figure is £9,412,665 (almost half the total rates collected)."*

They went on in an appendix, to illustrate with examples, how such a state of affairs could arise. They then produced a scheme for Glasgow which would greatly minimise the impact of interest-bearing debt on local governments. Their approach remains highly relevant to the problems of local government financing and is well worth consideration again today. Although the initial heading below is different, what follows is a lengthy verbatim extract from the concluding part of their booklet.

BACKGROUND TO GLASGOW'S DEBT, LOCAL PROVISION AND THE COUNCIL TAXPAYER

It is of interest to compare certain figures in connection with the Glasgow Fruit Market, with those of the Guernsey Markets already given. In Glasgow, the original Fruit Market in Candleriggs was built in 1817, at a cost of £60,000. This money was raised in conventional fashion, by an interest-bearing loan. Unlike Guernsey Markets, repaid 10 years after they were built, the Glasgow Markets were not repaid until 1956 - 139 years later! We have been unable to obtain precise information about the total interest paid over the 139 years - however, it is on record that between 1910 and 1956 no less than £267,886 was paid in interest alone!

No sooner has the debt been repaid than the necessity for scrapping this very expensive, but now obsolete, Fruit Market has arisen.

In the Further Development Plan for Glasgow, the Fruit Market will be moved to a new site to relieve the present traffic congestion. It is hardly possible to forecast the cost of this project, but between acquiring land, building and compensation, it may well be considered that the entire market will cost several million pounds.

If this sum of money is raised in the usual manner, as an interest-bearing loan, the effects on Glasgow ratepayers will be doubly disastrous. Market rents will be sharply increased, probably trebled, which will put many small wholesalers out of business.

Those who remain will be forced to recoup their additional expenses by increasing prices on goods sold, which will raise retail prices in Glasgow. Then there is the expense of the loan itself. It need hardly be pointed out that if the original loan of £60,000 took 139 years to repay, a loan of several million pounds will be a burden on countless future generations of Glasgow citizens !

It can be safely assumed that every Public Work carried out on the financial basis of an interest-bearing loan, eventually costs the ratepayer almost three times its original cost - for instance, a house costing £2000 to build will eventually cost £5,500.

So it is that every Local Authority in Britain, not just Glasgow, is in the same dilemma. To take another instance - Spittalfield Market in London proposes to spend £700,000 on improvements. The tenants have agreed to have their rents increased to yield a total of £30,000 - but at 5 per cent interest, even the first year's debt charge of £35,000 will leave a deficit of £5,000 to be added to the capital of the original loan. Each successive year will see the debt growing, instead of being repaid, as in Guernsey.

The new plan for Covent Garden, London's fruit market and main distribution centre for the country, will cost £20,000,000. When this new market begins to operate, rents will be practically trebled to meet the high interest charges on this loan. This will mean that distribution costs will rise throughout the entire country to meet the higher rents wholesalers will be required to pay for their market stances.

The yearly revenues of the Guernsey Markets helped to build roads, harbours, schools, houses, etc., and to improve the island of Guernsey.

The yearly losses of the Glasgow Markets, due entirely to debt charges, have come out of the Glasgow ratepayers' pockets.

It is noteworthy that during the blackest times of the depression in the 'twenties and 'thirties, Glasgow paid the highest interest charges!

Debt, private and public, is the cancer that preys on the vitals of our civilisation, not only in Britain, but throughout the civilised world. Many of our greatest thinkers have recognised this fact. Sir Mortimer Wheeler and Sir Compton Mackenzie, in their recent television programmes on Roman and Greek civilisations, have denounced high taxation and usury as main factors in the downfall of Rome and Greece..... The contrast between bankcruptcy and prosperity, between negligible taxation and legalised robbery - in a word between Guernsey and Britain, points the lesson.

The flaw is in money creation..... Guernsey leads the world in commonsense finance - shall we follow, or shall we continue to flounder ever deeper into the quagmire of debt, taxation, and final extinction? The decision is yours.

They went on to outline a specific scheme which would allow local government the prospect of ensuring that interest and debt-free money could be available to the Council with which to undertake important local service provision or other works.

A QUICK SOLUTION TO LOCAL FINANCE PROBLEMS

To bridge the gap between action at national level, and the present local borrowing, a rates voucher scheme has been suggested. This scheme was originally drafted in, and for, Glasgow, but it could be applied anywhere.

Legally, the scheme is watertight and practicable, and could be put into operation without any difficulty, with immediate and lasting benefit to the community.

Historically, the scheme has many precedents in the shape of money tokens issued in hard times by innumerable towns and industries...

There is no danger of inflation from this scheme, since the only difference between that and orthodox policy would be as follows: if money were raised as a loan, it would be issued into circulation as debt. Under the Rates Voucher Scheme, only the same amount of money would be issued into circulation, in the form of Rates Vouchers, but not as a debt. In each case, the basis for the issue is the same, Glasgow's assets, ability and needs.

Proposed Rates Voucher Scheme

For several months Mr. J.K.Grubiak was a member of the Partick East Ward Committee, during which time he occupied much of the monthly meetings by asking the councillors some questions on interest charges, etc. which must have given these honourable gentlemen some awkward moments. Many of the questions he asked were, at any rate, never answered, and there must have been many a sigh of relief when he resigned.

Eventually, however, during his short, but lively, attendance he learned quite a lot about the city and its management. Glasgow has a waiting list of 14,000 families for Corporation houses. As the rates in Glasgow stand at 27/7 in the £, the housing programme for 1959 had to be cut to 4,500 new houses. It is fairly obvious that the waiting list, even without the addition of future generations, will be waiting for many years to come. Not to mention the fact that many if not most of Glasgow tenements are beyond hope of renovation, and should be demolished. We in Glasgow are reckoned to be in the worst housing position in Western Europe - our slums are quite notorious.

During recent years Glasgow rates have rocketed because of the large sums borrowed at high interest rates. Last year Glasgow required £46,444,849 for total expenditure. We received a Government grant of £17,537,376. Sundry revenue was £6,317,691. This left a remainder of £21,500,246* to be collected from Glasgow ratepayers. Out of that amount, we paid debt charges of £9,412,665. In other words, about 40 per cent of rates collected in Glasgow is paid out in usury. Compare this sum with that spent on housing - £3,136,017; or on health - £2,503,230.

These interest charges, together with the unpaid (and unpayable) capital, are mounting every year into an intolerable civic burden. There was an increase of £2,000,000 in one year only, between 1957/8 and 1958/9 in interest charges alone. Glasgow today has total assets of £211,230,759, but her liabilities now total £167,779,665. This still leaves us debt-free assets of £43,451,094 - enough to back a municipal bank, if action were taken before further shrinkage.

This desperate position set Mr. Grubiak thinking of ways in which interest charges could be eliminated, and a rates voucher scheme was found to be the answer, based upon certain principles for monetary reform.

There was, and is, in existance a scheme by which ratepayers may purchase vouchers in advance of rates payments throughout the year.

These vouchers are printed in units of £1.00 value, and are available for sale at Corporation offices, or recently, in the banks. Just a kind of savings scheme for the public and, for the Corporation, a method of getting some rates in advance.

Mr.Grubiak's idea was to make those vouchers negotiable, in effect, to use them as legal tender, and have them circulating round Glasgow as £1 notes. The following copy of the scheme as submitted is self-explanatory.

The Scheme

In Glasgow, at present, essential public works are being restricted through lack of funds, not shortage of materials or labour. Housing, in particular, is being badly held up for purely financial reasons. Partick alone could be greatly improved by the demolishing of vast numbers of condemned houses, and erecting multi-story flats in their place.

Yet rates are so high that further taxation is almost impossible. We are already crippled by interest payments on existing debts, which are increasing every year.

Unfortunately, loans entail high rates of interest, which eventually mean that although the original sum has been paid in interest charges, the capital sum remains as debt. In the present situation, the following proposals could be carried out by extending the use of the existing rates voucher scheme, at great and lasting benefit to the citizens of Glasgow.

1. Mr. Grubiak proposed that rates vouchers of £1 and 10 shillings be printed up to half of total rates to be collected in the coming year.
2. These vouchers should be used in part payment of wages of council employees, from the lowest to the highest. On the technical point of legality, it could be put that the employees were buying vouchers after payment of their wages in the usual way.

3. The council should pay their contractors partly in rates vouchers.
4. Glasgow businessmen and shopkeepers should be given authority to accept these vouchers from their customers.
5. The above shopkeepers and traders should be allowed and encouraged to use these vouchers immediately in payment of their rates. Arrangements should be made for accepting payments of rates daily.
6. Part of the City Collector's office should be used as a civic bank, for exchange of surplus vouchers, or their safe depositing on account. Deposits should also be received, and bank accounts opened, for ordinary savings at 2.5% interest. These deposits could be used to lend to our contractors, who pay excessively high debt charges on bank overdrafts at present.
7. Customary precautions, such as watermarks and serial numbers, should be taken against forgery.

Advantages of the Rates Voucher Scheme

1. Every year the Glasgow Corporation is forced to borrow money from the Treasury at high interest charges on short term loans before their rates are collected. Debt charges on these and other loans amounted to over nine million pounds in 1956/60. The use of rates vouchers in part payment of wages would reduce the amount of money required in loans, and therefore reduce debt charges and rates.
2. Cheaper loans and overdrafts to our contractors should secure lower tenders from them, and so reduce the cost of public works.
3. By using the vouchers more and more, it will be possible after a few years to achieve repayment of our civic debt, and thus accomplish a major reduction in rates.
4. There is a large and growing problem of unemployment in Glasgow. **As long as the workers, machinery and materials exist (as they do), it should be possible to put them to work on civic improvement, housing etc., by paying men wages in rates vouchers.** This would increase the wealth and amenties of our city, and provide work for the unemployed.
5. The same vouchers would be used indefinitely

It is Mr. Grubiak's considered opinion that, in order to fully implement the Scheme, a Municipal Bank should be opened.

That is far from being a revolutionary idea; there is at least one precedent in Birmingham, whose Municipal Bank is well-established and successful. It should be relatively simple to get the necessary legislation passed through Parliament.

Glasgow has the necessary assets for the establishment of a Municipal Bank; there is no reason, legal or otherwise, which would forbid this step.

The benefits derived would accrue to every Glasgow ratepayer for generations to come.

Notes

1. The Social Crediter, Sept./Oct., Vol.77 No.5
2. Economic Intelligence Review, quoted in The Philadelphia Trumpet, Nov. 1998. p.7
3. The Times 7th.Dec. 1998. p.50
4. The GUERNSEY Experiment, Olive & Jan Grubiak, 1960 Omni Publications, California 90250 (6th.printing). pp.13:19

* Possibly due to a misprint. This figure should have been stated in original booklet as £22,589,782

BOOK REVIEW

The Grip of Death: A study of modern money, debt slavery and destructive economics. Michael Rowbottom, John Carpenter Publishing £15.00

Reviewed by Frances Hutchinson

I approached this book with a high degree of scepticism. Its sheer size and weight, coupled with the lurid cover, led me to suspect that, although "magnifique", it was (to paraphrase Bosquet) certainly not economics. I soon recognised my mistake. Rowbottom is to be congratulated on his analysis of the current economic debacle through a synthesis of the theories of past monetary critics in the light of present trends. The glowing endorsements by David Korten, Herman Daly, Rt.Revd. Peter Selby, Brian Gould and Richard Douthwaite are well justified. Although not formally trained in economics, Rowbottom's work places him on a par with other social reforming economists such as Henry George.

Aptly subtitled, the book addresses a general readership, posing questions which need to be asked if monetary reform is to secure community control over economic activity. Rowbottom poses some fundamental questions about the efficiency of the market economy. There is nothing inevitable about the "techno-marvel, quick turnover, rapid change, junk-produce "consumer" economy." As Rowbottom observes, "consumers are no more in control than are the autumn leaves in an October gale".

Throughout the book, the author's criticism of the economics professionals simmers just below the surface. In his view, all economic agents, including workers, consumers, business and professional people, remain dependent on a means of exchange which is presently beyond democratic control. Yet economists fail to relate studies of finance to the crucial areas of prices, income and modern debt. ***"At the heart of the economy is money, and at the heart of modern economics is a misunderstanding about money"*, observes Rowbottom.**

As far as professional economists are concerned, money might just as well originate under the goosberry bush.

Rowbottom's statistics are detailed and startling. He charts the growth of the property owning democracy. Until the early decades of this century the bulk of debt within the economy fell on agriculture and industry. The practice of creating a loan on the mortgage ("death-pledge" or "death grip") on land or property was first undertaken by mediaeval goldsmiths employing usury in the hope of large profits and the chance of securing property. The practice was condemned by the mediaeval Church.

By mid-twentieth century debt ceased to be limited to agriculture and industry, as consumers came to borrow vast sums of money against expected future incomes, throwing themselves into "debt-slavery".

Significantly, the desire to buy a house provided banks with a *"secure bankable asset against which they could create the money"*. Simultaneously, the banks and other financial institutions have created loans and extended the money supply, creating the illusion of economic growth, while securing control over an increasing proportion of the nation's assets. Over the past 35 years the proportion of the UK housing stock that is mortgaged has risen from 19% to 37%. In effect, 37% of the nation's housing stock is currently owned by financial institutions. While mortgage repayments continue over long periods of time, and represent greater proportions of the average annual income, they bear little relationship to the actual costs of housing, much of which has already been paid for, and should be regarded as assets, rather than debts. Overall, an increasing proportion of the nation's assets, both public and private, are subject to secured debt by the financial system. £411 billion against the housing stock, £399 billion against industry, farming and the service sector, and £380 billion against the public assets of the nation through the national debt. Within the UK, as elsewhere, the legal title and ownership of these assets rests with privately owned financial institutions.

Rowbottom deliniates the vital role of the World Bank and IMF in creating debt-driven economies in the Third World, demonstrating that the underdeveloped and indebted countries of the world are acting as part of the money supply to the developed nations. The historical processes leading to the present dominance of the debt-financing system over local, national and international economies is presented in superb detail in three chapters of the book. Given the political will, reform of the financial system can take many forms; *"this is the beauty of money. As a mathematical entity it is infinitely subservient and capable of coping with a wide variety of policy variation and emphasis basically, money is capable of doing what we want it to do"*.

It is difficult to fault the author's conclusion that *"The true worth of money as an invention, frankly, has never been fully explored "*.

Although the book is an excellent extension of Douglas' work, the author uses direct references to Douglas very sparingly. He may therefore avoid some of the time-wasting entered into by would-be intellectuals with nothing better to do than engage in circular arguments as to whether the "A+B theorem" was "right" or "wrong". Douglas' basic thesis held that the way money is created and circulated within the economy determines policy in production, distribution and exchange.

It therefore becomes necessary to review money mechanisms in order to make them work for the benefit of the community as a whole, rather than for a few powerful corporations and individuals.

Following Douglas, Rowbottom advocates a study of the operations of financial institutions in order to facilitate social justice and economic democracy. The beauty of Douglas' work lies in its holistic approach. Douglas saw an understanding of money and money mechanisms as a means to specific ends, predominantly the creation of an economics of sufficiency based on the elimination of wage-slavery so that spiritual and artistic values could once more flourish. Hence the way forward cannot be based upon a single issue - money reform or land reform or basic income or good work or tax reform or reform of the educational system or organic/local farming and economic systems. As social credit activists have long recognised, social credit embraces all of these essential concepts. Rowbottom is to be congratulated on his skillful updating of the Douglas theories.

This work forms essential reading for social and environmental reformers in general and social crediters in particular. It fills a major gap in accepted theory, illustrating the reasons why demands for reform are continually thwarted by business-as-usual justifications on the basis of theoretical correctitude. Although economically sound, this book does not require specialist knowledge of economics, and is packed with quotable quotes. Despite a few minor inaccuracies and repititions it can be recommended as a good and worthwhile read.

Frances Hutchinson is the author of ***What Everbody Really Wants to Know About Money,*** and co-author of ***The Political Economy of Social credit and Guild Socialism.***

READER'S LETTERS

Eric de Maré, architect, adventurer, long time social crediter and author of some twenty books (including A Matter of Life or Debt), has sent us a copy of a letter which the national daily press would not publish but which appeared in his local paper the Stroud News And Journal on October 7th., 1998. With it he enclosed a note suggesting that we might re-publish it and encourage readers of The Social Crediter to follow his example by writing in similar vein to national and local media on the basis that "it is the best form of propaganda we can at present apply". He suggests letters like his can also be cheaply photocopied and sent to MPs.

What are the rules of the money game ?

Madam - The financial crises that distress the world, the latest in Japan and Russia and soon probably Europe and the US, raise the simple question, *"what's wrong with the monetary system?"*

Common sense tells us that the whole human race is being kept chronically short of purchasing power to buy what can be produced with ever greater ease. If that is not so, why universal indebtedness, why hire-purchase and house mortgages, why vast unproductive mass advertising, our largest industry, why inflation which implies that money is being used like a joke measuring tape made of elastic, why the international struggles for export markets that lead ineluctably to war?

Money is generally regarded as being in itself a rare commodity that is always hard to come by. In reality it is merely a convenient abstraction, a token or ticket system now increasingly composed not even of paper but of electrical impulses; it has no value in itself; therefore what is physically possible to achieve must always be financially possible. Industry does not create the money with which to make and distribute the real wealth it produces. This it must "find" either by borrowing or re-investing its profits.

Banks produce no real wealth but they do make about 94% of all money we use. Most people believe that they just lend deposits which they hold. In fact they make it out of nothing, up to ten or more times the value of the cash people have deposited with them and on this they charge high interest on what costs them nothing. So the banks rule us all with effects that are devastating. By what right?

Supporting the system is the universally-held Gospel of Toil engrained in the cultures of the centuries, but now obsolete.

What are machines for but to take over human effort? Wages, salaries and dividends in the aggregate can no longer provide enough purchasing power to equal total costs of things for sale. Hence poverty amidst plenty.

EMU can't solve that absurdity. The undistributed Wages of Machines must be created and distributed by the State without taxation or inflation. This can be done first as debt-free grants to retailers to enable them to sell their stocks below cost prices, thus eliminating inflation for good; secondly, as basic, growing incomes payable to every citizen, over and above any earnings, representing the birthright shares of the fruits of our cultural inheritance belonging to us all and of which the micro-chip is the latest and most remarkable contribution. Our aim should no longer be full employment of the masses but full enjoyment of the individual in the liberty of creative, machine-granted leisure.

As Oscar Wilde remarked in his wisdom, "work is the refuge of people who have nothing better to do".

Eric de Maré
Stroud News And Journal
Oct.7th.1998

Your views on whether we should introduce a small "Readers Letters" section to future editions of TSC will be welcome.

LAND REFORM : ANOTHER VISION

Brian Smith

NOTICE

The following essay by Brian Smith reflects both personal experience and a deeply held conviction that current land ownership and use arrangements in Scotland, must be radically changed. It deals with a subject about which there has been great and widespread interest for very many years and which will feature strongly in the agenda of Scotland's Parliament, when it begins its deliberations in July.

It is also a subject that is sib to the principles that underly the Unitax proposals discussed in TSC Vol 77, No.6 and is consistent with the Social Credit concept of the human cultural inheritance (justification for the proposed National Dividend) ie., that ***"the value residing in cultural knowledge and natural resources was the exclusive property of no section of the community. The cultural heritage constitutes the real wealth of the community, and should be available for communal ends".*** (1)

"Who claims to rule the earth?
Who claims to own it?
Who can buy and sell the life of the land?
The call of the sea birds?
The dew of the morning?

Tell me all that has been done in the name of freedom,
Show me all the wars fought for peace
And I will show you the poverty of the many
And the power of the few."

Tell me where you come from, you who read these words. I will tell you plainly where I come from. I was not born in Scotland, though my mother's maiden name, 'MacAulay', has the whiff of the clearances about it.

My life experience compasses the urban villa, the urban tenement, the rural bothy, and for the past nearly thirty years, an old school on a depopulated sea loch's shore, first with wife and family, latterly alone. It is isolation in easy reach of Glasgow. The nearest villas are mostly flatted and "sold" to "owner occupiers", a misleading term since most are in hock to the money lenders, be they bank or building society.

"Tenant" describes the minority who are tenants of the local authority or rent a room or a flat in the villas which characterise this comfortable area and served as holiday homes before cheap air fares bought certain sun and warmer firths to swim in.

"Landlord" is not descriptive of the local experience. I am one of the few whose house lies within the bounds of, but is not part of a local estate. It had an owner too poor to carry out any landlord's repairs. Yet he walked off to England with £1.5m when he eventually sold up and went South. I spent what would be £18,000 at today's prices rescuing the school from dereliction. I am now opening it to the public as a gallery.

But if I leave without agreement on restitution, the present "landlord" might acquire the value of the improvements without paying any compensation. Fortunately, he cannot show title to the property, which relieves me from paying rent.

The absence of compensation for tenant's improvements is a legal weakness which must be addressed by the Holyrood Parliament. Meanwhile the national housing stock deteriorates because neither side will pay for necessary repairs. When a tenant leaves, "landlord" takes all.

An adjoining estate had a very absentee "landlord". He paid a brief annual visit and employed one man where a house, staff and farm had formerly flourished. His successor "owner" is a property developer whose ambition is to turn every asset on the estate into figures on his balance sheet.

Every farm building and cottage has been turned into a rich man's letting house, no expense spared. Tracks have been cut, scarring the hillside to allow four-wheel-drives to take prospective private shooters nearer the hand reared "game".

Planning permission has just been sought and granted to breach the local plan to allow the building of a Victorian shooting lodge with four twin bedded rooms with ensuite bathrooms for self catering pheasant shooters. A compliant council committee agreed. More recently, permission has also been granted to add a glass lean-to onto an early Victorian country house which the land owner proposes to turn into an "up market", i.e. expensive hotel.

The value as a local employer is questionable and the contribution to the local economy speculative. All profits leave the country.

Meanwhile there is great discussion stimulated by Scottish Natural Heritage about adding a marine component, embracing sea loch and estates, to the Lomond Trossachs National Park. If agreed, there is the real prospect of conflict between commercial bloodsports and conservation. And this in an area which for many years was at ease with itself with never a shot fired in anger or for "sport". Yet for the present, the law seems to favour the "shooters".

What has this to do with land reform?

It is a question of semantics. The words we use unthinkingly shape the way we do think, about the reality they describe.

Land ownership and land reform are not burning issues for many of those who feel themselves to be unaffected by them.

The middle classes can look vaguely up to landlords and down on tenants without regarding themselves as vassals of some superior. Landowners can comfort themselves as superiors whether they got there by birth or wealth.

But what of the homeless,? In my county at last count there were roughly 3,000 empty houses and today there are some 3,000 people on the council waiting list. But the homes that are being built by local speculative builders are not affordable homes for young couples with children. They are comfortable retirement homes for those with money to buy.

At the heart of the problem lies a general acceptance of the status quo, because no attractive alternative is in the field.

The astonishing commitment to "owner occupation" as being a desirable end would baffle a European. In a society which recognises that people may have to move to jobs, it is in the general interest to have more housing for rent.

The discussion documents published by the **Land Reform Policy Group** are worthy but careful and do little but tinker with the present situation.

They certainly do not address the problem of language in the land reform discussion. Therefore.....

PROPOSITION
Land reform is in part, a semantic problem.

COMMENT
We must stop talking about land owners. Land ownership is a confidence trick. Instead we should talk not of landlords but of "landuse" and "landusers".

PROPOSITION
All land belongs to the community. This is a restatment in populist terms of the concept that the land was the king's and his barons were landowners by the king's grant.

COMMENT
For the next century, we must secularise the royal prerogative. Thus: a "landlord" becomes a "landuser" paying an annual land tax to the commununity for the privilege of using their land for his/her profit.

An owner occupier is likewise simply a "landuser" because his property sits on a piece of land, be it measured in square metres or thousands of hectares. He/she pays a proportionate land tax. There should be no place for the deference or disgust which the title "landlord" frequently invokes, because what is involved is a simple, universal commercial transaction for the right to use community land.

The effect this has on land use prices is a separate issue. It is expected to be benign.

A landuser may be a local authority, Scottish Homes, a Water Board or a private individual.

PROPOSITION
A "tenant" is a "renter" or property user, contrasted with a "landuser".

COMMENT
The renter "rents" from a landuser or property user the property he wants to use. A straight commercial transaction. No "vassalage" given or implied.

Every house of a landuser or renter has its precinct or curtilage - the private piece round the house which people should properly respect. Outside the precinct, freedom to roam, having regard to the landuser's rights.

PROPOSITION
All landusers pay an annual fee to the community's ultimate land manager, Parliament, or to some authority to which Parliament might delegate appropriate management responsibility.

COMMENT
This is the point at which the community gets a return from its distribution of land to applicant landusers.

Likewise, the property user or renter may be required to pay a part of the landuser's fee through his rent, but it is the landuser who is charged with the duty of payment. This enormously simplifies assessment and collection. The principle of the land tax is well known. Such taxes have long been part of our culture as feu duties. It is agreed that a land tax cannot be shifted onto a renter of land by a user. Here is the incentive to the landuser to put derelict urban land to use.

QUESTION
Are you finding alternative words for the status quo?

ANSWER
Yes, but to think in a different way, you must have language to do it with. If we think of our land of song and fable as being really our land, we must think of a fair and just way of managing it "to the richness of the many and the poverty of none ". The idea of "landownership" in Scotland is not writ on tablets of stone.

Presently, there is a built in resignation to the prospect of ever rising land prices, no return to the community for the use of its most valuable asset and permanent tension between "haves" and "have nots" which divides communities.

QUESTION
Is the "state" or the "local authority" the determiner of the use to which land is put and the annual fee to be paid for that use?

ANSWER
There would be negotiation between the parties to arrive at an agreement. There are presently many constraints on land use imposed by planning conditions which have been accepted under the present system.

No landuser would be free of social responsibility. No authority would wish to drive users away by over greedy assessment of the value of its land.

There is a space for both market forces and the application of appropriate controls relating to any proposal for land use.

QUESTION
How do you see this change of culture being implemented?

ANSWER
Laws may have to be made by the many but changing language is an individual choice. We may mock the politically correct language but use it unawares. We should speak of landuse rather than landownership in coversation as well as in official documents. Computerised land registers are promised in the Land Policy Group proposals.

A requirement to register all claimed holdings by a certain date would concentrate the mind. The prospect of paying to enjoy broad acres would create a turmoil of readjustment and increasing opportunity for would-be serious users.

What was not registered would be available for distribution to prospective users which would generate employment as well as profit. Upheaval? There have been such disturbances before. The dissolution of the English monasteries. The clearances of the Highlands. The industrialisation of the central belt.

Rethinking the land question is a priority for our Parliament.

I have said my say about the principle of community land ownership - it is for others with appropriate expertise and our political representatives to deal with the detail of reform. In that process however, community ownership of the land and its natural resources must be the underlying proposition on which the wider proposals are developed.

Brian Smith has had a varied career as shepherd, advertising copywriter, teacher and stimulator. His recent concern was as founder editor of ASCC NEWS, the magazine of the Association of Scottish Community Councils. He is presently engaged in opening his home on Loch Striven as a public gallery and lifelong resource centre. Enquiries can be directed in the first instance to the editor.

Notes

1. Frances Hutchinson and Brian Burkitt, The Political Economy of Social Credit and Guild Socialism, Routledge, 1997, p.61

If you wish to comment on an article in this, or the previous issues, or discuss submission of an essay for a future issue of *The Social Crediter,* please contact the Editor directly:
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The Social Crediter is the official journal of the Social Credit Secretariat. It promulgates the analysis and prescription for radical change to the current financial/economic system developed by C. H. Douglas in the 1920s. At the centre of our concern is the need for radical reform of the international fractional reserve, debt-money system. Then other major socio-economic changes, including the introduction of a National Dividend, might follow and that, at last, all of the world's people might have the potential to enjoy economic sufficiency, while simultaneously living a full and satisfying life in harmony with each other and the natural environment. It is our conviction that whatever is **physically possible and socially desirable** CAN be made financially possible. This should be everyone's concern and radical reform, so that this potential might be realised, is urgent.

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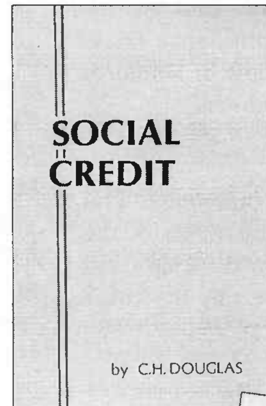

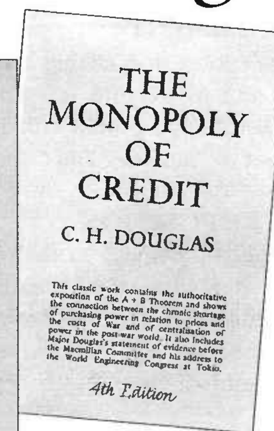

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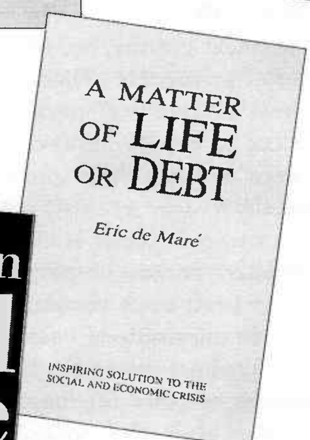

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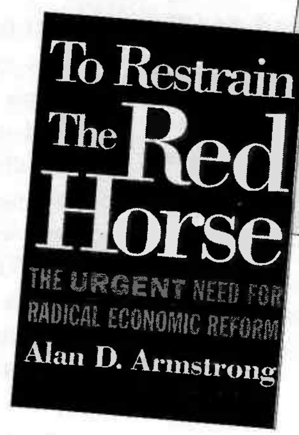

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