

# The re-emergence of the land question in Ireland

Prepared by Feasta, the Foundation for the Economics of Sustainability, with the Henry George Foundation

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*This briefing examines the history of the Irish land question and its re-emergence in recent years, as a background to an international conference: **Land, The Claim of the Community** to be held at the Tara Towers Hotel, Booterstown, Dublin on 9th and 10th October 2003.*

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## The first land reform

***“The history of Ireland must be based on a study of the relationship between the land and the people”***

*Thomas Nulty, Bishop of Meath, ‘Back to the Land’ 1938 p.33*

The Land question has always been central to Irish history. Now, following a relatively quiet period, is at the centre again. Starting in the 1870s a massive land redistribution was carried under the Land Acts, the Congested Districts Board and the Land Commission, dividing the nation’s land more or less evenly amongst Ireland’s many farmers. As a result, 15% of Irish citizens now own farmland, a very high percentage compared to Britain. But this redistribution of land rights excluded whole classes of citizens, including the entire urban population as well as the landless labourers, who largely disappeared after the famine.

***“Peasant proprietorship is simply landlordism in another form”***

*Michael Davitt, ‘Leaves from a Prison Diary’ 1885*

For a long time this omission was not a serious issue, as farming and land ownership were not highly profitable. Farmland first acquired real value when Ireland joined the EEC, and the common agricultural policy began to guarantee payments linked to production. Farmers could also augment their income, or ‘set up’ their children, by the sale of house sites. More importantly, housing development land near the cities became a source of effortless fortunes, and the subject of intense political lobbying. Nonetheless, the lottery in land was allowed to continue delivering modest benefits to the bulk of farmers and huge prizes to a lucky few, partly because the situation did not seem to threaten the wider economic and social fabric of the country. Taxes on land were even reduced or eliminated: first rates on domestic dwellings in 1978, and then on land in the 80s. Tax incentives and rates relief schemes followed: first for urban areas and then for rural Ireland. Finally capital gains tax on development land was reduced to 20%.

***“ The enhancement of land values relative to GNP, which has been taken further in Ireland than any other country, has operated more effectively here than elsewhere to select out the least competent to operate the land.”***

*Raymond Crotty, ‘Ireland in Crisis’ 1986 p.74*

## A new land question emerges

The downside of privatised land ownership soon began to appear. Housing became more and more expensive, rent levels in the private rent sector rocketed, and local authorities could not afford to buy building land. Cities and towns sprawled as more and more land was zoned, and single house site sales began to impact on the environment, community servicing costs and farmland prices. The knock-on effects of high land costs have become a very real threat – to infrastructure development programmes, business competitiveness, Ireland’s attractiveness as a tourist destination, and even to social cohesion and democracy.

The first attempts to revisit the land question have been sectoral:

- The various Bacon Reports, and subsequent fiscal measures, attempted to regulate investors and assist first time buyers.
- Part V of the Planning and Development Act requiring developers to subsidise housing through transfers of land, completed units or money.
- The National Spatial Strategy attempting to regulate for a more balanced and sustainable development throughout the country.
- The current Bill going through the Dail to regulate rents and provide security to tenants in the private rented sector.

These initiatives have all produced unintended side effects, requiring further government action and regulation. Some issues – such as access to the countryside for recreation – were seen as political hot potatoes, and have been completely avoided. Other important issues were fudged, like the rural land conservation designations and the contentious issue of planning permission for scattered housing in the countryside.

***“Government should ensure that actions of the state on behalf of the community and in the interest of socially necessary development do not result in significant gains to landowners.”***

*Focus Ireland, Threshold, Society of St Vincent de Paul and Simon Communities of Ireland, 'Housing Access for All' 2000 p.23*

This piecemeal and timid approach has been largely ineffective. As a result, calls for a genuine revisiting of the land question have grown stronger.

- Trade Unions and the Community Sector have insisted on real advances in housing availability and affordability.
- The Department of Finance has woken up to the dire financial consequences under the Kyoto Agreement of Ireland's sprawling spatial patterns and high car use.
- The EU has hinted strongly that it will not co-fund inflated land acquisition costs for infrastructure, will not accept watering down of environmental directives nor demands for additional payments for public access to rural land under CAP restructuring.
- Finally, the highly influential OECD report on Ireland of May 2003 came out in favour of property taxes, charges on resource use, and independent finance for local government:

***The cost of housing is an important element of domestic inflation and needs to be reined in. The price of housing has been rising rapidly despite increasing supply, and as more new houses have been built further away from the city centres the commuting time has lengthened and pressures on infrastructure have intensified. (Point 13)... The share of tax revenue in local government finance in Ireland is one of the lowest among OECD countries, while the share of central government grants is amongst the highest. (Point 105)... Introducing a local property tax could help enhance accountability of elected representatives, as local residents will be bearing the costs of local services. In addition, property tax is less volatile than other taxes. Such reform would widen the tax raising competencies of local governments so as to achieve a higher degree of congruence between revenue and spending responsibilities. (Point 130)***

*OECD: Economic Survey of Ireland, 2003*

## **A new land reform?**

As a result of all these pressures, a major rethink about how land ownership benefit is shared and how land use is controlled has begun at all levels of government:

- The All Party Committee on the Constitution has announced a major review of the provision on private property in the Constitution.
- Martin Cullen, The Minister for the Department of Environment and Local Government, has announced a study of alternative means of financing local government.
- The question of the compulsory purchase of development land has been raised by Minister Noel Ahern and a new 'use it or lose it' policy of land acquisition at existing use plus 25% value has been suggested.

Clearly, the time has now come to address the core issues of land ownership, review initiatives abroad and suggest workable tax and other mechanisms to deliver social cohesion and sustainable development in Ireland. It is against this background, and with these aims in mind, that Feasta and the Henry George Foundation are holding the ***Land: The Claim of the Community*** conference at the Tara Towers Hotel, Booterstown, Dublin on 9th and 10th October 2003.