

The importance of property to a democracy

Free societies allow individuals to buy and own property. Communist and authoritarian societies claim all property for the state.

Making everyone a tenant of the state gives a state much more control over its citizens. It also usually leads to a crony system, where those who toe the line and are in with those in power, get favourable access to property. Corruption normally follows the concentration of power in the hands of the state, and often is practised surrounding state property or trading assets. The privileged regard state property and nationalised industries as personal fiefdoms, earning rent from them at the expense of everyone else.

Largely free societies do need to impose some restrictions on the freedom to own and use property as individuals and families wish. It is common to discourage anyone seeking on death seek to freeze a property which the dying person liked, to prevent a mausoleum community developing full of empty properties. It is usual to require permits to change the use or develop a site which someone owns, in the interests of protecting the neighbours and creating some order over infrastructure and service provision. It is very common to impose taxes on property ownership. Whilst this is mainly for the state to have more revenue, the taxes may be designed to influence use of the property.

The drift in free societies is to more and more state intervention in the buying, selling, use and enjoyment of property. Taxing property related activities can be easier than taxing income or spending, as the property has a fixed address and a registered owner. What begins as a legitimate interest in orderly development of a neighbourhood can become a large experiment in social engineering, with the state granting huge windfall gains to some who are allowed to build on their land, and denying others any scope for modest self improvement of their property.

In the UK today the argument about rich people owning homes they do not live in for much of the time has become an issue. It is difficult solving the problem without very intrusive regulation and policing. How many nights should a person stay in a given home to qualify as reasonable? What do you do about someone starting up a relationship with a new partner and then spending the nights with them rather than in their own home? How do you capture the complexity of family life with grown up children spending more time in their parents' homes? You could have a law which discriminated against foreign owners, with suitable definitions of who is foreign. This would not be a very welcoming approach, and could have side effects like putting rich individuals off investing in the UK or considering moving more permanently here. It might cut total tax revenue considerably.

I am suspicious of the idea that the state should tell people how much property they need or are allowed. The state can and does affect the pricing

of property which will of course influence the decisions of property buyers and users.