

HENRY GEORGE SCHOOL MAGAZINE

JUL 1957



HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

4 Great Smith Street, Westminster, S.W.1

Tel.: ABBey 6665.

Price: Fourpence

12650

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(Edited by a panel of Tutors)

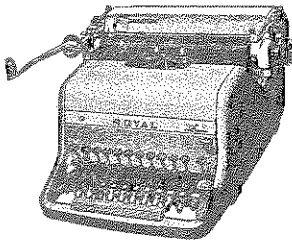
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Volume 5, Number 7

July, 1957

Editorial



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The purpose of the School Magazine is to provide articles, news and comments dealing with political, social and economic matters as an extension of the study classes of the School; to expound the first principles of economic science and social justice and show their validity, relevance and significance when related to current economic problems; to sustain interest among ex-students and to inspire participation in the School's work.

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The Sunday Observer has been running a series of articles by Lord Altrincham entitled "The New Toryism". He would probably be horrified if it were given the label "The Old Communism", but how else can one interpret a passage such as: "Let it be said at once that there are no absolute rights of property. Thus it is quite just, and manifestly necessary, that the State should make very substantial inroads into the resources of private individuals in what is now the mammoth task of meeting its own obligations"?

A man has an absolute and complete right to the whole of what he produces by his own labour or to the whole proceeds of any service that he renders. He has an absolute and complete right to exchange his products or the proceeds from services rendered for the products and services of others. To deny that right is to imply that somebody has a greater title to a man's possessions than the man himself - a proposition that is as absurd as it is unjust. To claim, as Lord Altrincham does, that the State has this greater title does not make the proposition any less absurd or unjust.

But what of the source from which all man's possessions are drawn - the land and all natural resources? These were never produced by man, but were the gifts of God (or Nature) to all men, and the putting of natural resources on the same basis as man's products by calling them both

indiscriminately "property" is the cause of all the fallacious, contradictory and confusing arguments that arise over property rights. The acceptance of private property in land is at the same time a denial of the rights of property in man's products, as some of these products have to be given to the owner of the land, in the form of rent, solely for permission to use a portion of the earth's surface.

How then can the economic need for security of tenure be reconciled with the rights of property in man's products, and yet with the rights of all men to their share of God's gifts? Demonstrably, private ownership of land does not effect this reconciliation, and the Socialist doctrine of nationalisation, apart from its bureaucratic implications, would inevitably lead to State direction as to the uses to which land should be put.

There is only one way in which the individual and the community rights of property can be reconciled, namely, by using as the National Revenue the economic rent of land. By paying their annual rental to the Exchequer, via the landowner if he should be a separate person, users of land would be guaranteed security of tenure in perpetuity. Much of our present confiscatory taxation, which punishes success and hinders initiative and enterprise, could thereby be abolished.

It should be remembered that the more a nation's efforts and energies are taxed, and the more a nation's spending is done by its Government, the less free that nation becomes. Far from it being "quite just that the State should make very substantial inroads into the resources of private individuals", it is manifestly more unjust that the State should take one penny of the earnings of labour, capital, enterprise and initiative until such time as it has previously taken the whole of the economic rent of the country in taxation. This value of land, reflected in its economic rent, arises solely from the presence and activities of the community, and as such is the Fund from which all Government expenses should be met.

"MAD-HOUSE" LAND VALUES

(See last month's issue - "Birthright of a Nation for Sale" - land sold to an American syndicate for 4/5d. an acre)

Esperance is booming. Values for town sites have more than doubled in the past two months - but owners are still reluctant to sell. Townspeople foresee values going still higher because they believe that within six or seven years Esperance will be one of the

most important ports in the south...

Mr. Harris, Secretary of the Esperance Road Board said, "Land values have jumped overnight. Five years ago the town was static. Now with the plans for another 650 farms being developed by the Chase syndicate, it has become a mad-house."

- Daily News, Western Australia, 20 November 1956

In Defence of Monopoly

by Dr. F.J. Jones

A justification of level price tendering is contained in a leading article in "English Electric" (January 1957), the works magazine of the English Electric Co. Ltd. The author states in an introduction :

"Readers will have seen from time to time comments in the press about the practice called "level price tendering" for contracts in the electrical industry. It is a practice which has been widely condemned by many who have a very imperfect knowledge of the issues involved. Much publicity has been given to the views of these critics. Not nearly enough has been done to present the other side."

He then proceeds to give his own views by asking a series of typical questions and supplying what he considers to be more balanced answers than those of his critics. Consider the arguments he puts forward :

"Why is any co-operative regulation of prices necessary?"

The author points out that contracts are frequently given on a basis of "sealed tenders" and thus the buyer knows every seller's price, but the seller knows only his own. He goes on to say :

"Such a state of affairs gives advantage to the buyer who wishes to resort to Dutch auction practices. This does not merely depress the level of price for a single contract; it progressively depresses the general price level, for next time the previously unsuccessful tenderers will cut their price to below the level at which they suspect the successful tenderer achieved his previous contract."

Apparently a war of attrition develops as a result - unless sellers can safeguard themselves by protective action.

Comment: First of all, a Dutch auction is defined in the Oxford

Dictionary as a sale in which the price is reduced by the auctioneer until a purchaser is found. It follows that if the merchandise has value on the open market, then it will not drop in price below that value. This is the creed of free enterprise to which all large businesses are supposed to be dedicated. Furthermore, there can be no objection from the consumer's point of view to a

price war, since he thereby obtains his goods at a cheaper rate. No one can assume that the manufacturer will ever be foolish enough to sell his goods below cost price, since he would be heading straight for bankruptcy. To suggest that the "sealed tender" gives an advantage to the buyer is an extraordinary statement. It merely permits him to buy at the cheapest rate, a right which has always been recognised by believers in free enterprise.

"Why has similar co-operative price regulation not been found necessary in, to take a single example, the motor car industry?"

In answer to this question the author says that "the true state of competition is open at all times for all to see... any manufacturer can walk into any dealer's showrooms and see exactly what his competitors are offering for the money."

Comment: Surely there is a difference between quoting for a contract and buying a specified object, since an object such as a car is standardised and therefore does not vary in price as contracts must, owing to the nature of the work involved. If we carry to its logical conclusion the theory that one must know one's competitors' prices in order to price one's own goods, then we must suppose that it is impossible for the manufacturer of a new product to be able to judge its market value. However, he judges it by the simple procedure of selling it at as high a price as he can get commensurate with optimum production. Electrical manufacturers know the market for their own products at least as well as other manufacturers so that they should have a pretty shrewd idea when they are overstepping the mark in a tender.

"Surely, even under the pressure of Dutch auctioning tactics, sellers will not be able to sell their goods below actual cost?"

The gist of the argument put forward in answer to this pertinent question is that in heavy equipment industries there is a great difference between simple direct cost and long term costs. Under the constant pressure of Dutch auction tactics the writer suggests that there would be the following inevitable chain of events:

1. Disappearance of net profit
2. Inadequate contribution to long term costs
3. Technical deterioration
4. Danger to safety standards
5. Loss of skilled personnel
6. Dismissal of workers
7. Monopoly brought about by the stronger concerns buying up the weaker ones.

This, it is asserted, has happened both in America and in Germany.

Comment: It is not only in heavy industry that there are long term costs - they appear in any manufacturing process, for they

amount to replacing capital equipment. If a manufacturer cuts his margin of profit to such an extent that he cannot replace his capital as quickly as it is used up, he is heading for bankruptcy. He will perhaps gain a few contracts in the short run, but his more prudent competitors will merely sit back and wait for him to go bust. What the writer has enumerated is not what would happen to a whole industry under free market conditions, but what would happen to the foolish manufacturer. Monopoly conditions in America and Germany were not brought about by Dutch auction practices, but by privileges bestowed on certain firms through legislation, i.e., through tariffs, etc.

"Surely this is taking an extremely pessimistic view?"

The writer admits he has pursued the argument to its logical conclusion, but even in the early stages, he maintains, technical progressiveness will be impaired.

Comment: If a manufacturer is competing in an open market he must be technically progressive at all costs. He can only "stagnate" if he is protected by price fixing and tariffs. In an open market he must either be up-to-date or go to the wall. His profit margin will never shrink below a fair return on the capital involved, since, for those things he must have, a buyer is always ready to pay an economic price.

"What about export business?"

The writer says that protection is needed even in international trade, and regrets that certain countries have banned the forming of international cartels! It is due to the lack of effective international price co-operation that prices have now sunk to such a deplorable level. The British exporter is apparently staggering some way behind in the price cutting race and this stage of affairs affords an awful warning of the inevitability of price cutting wars. It appears that British manufacturers all quote a level price even for international tenders, and this, in the face of international competition, must be "at the lowest level which any one of the British manufacturers thinks at all worth while."

Comment: The writer wishes to place the manufacturer in a dominating position at home and abroad by the formation of cartels. He seems to suggest that foreigners are quoted a low price because of international competition and that the British people are held to ransom, unable to participate in this competition, because of the special privileges their own electrical manufacturers hold in this country, i.e., tariffs against foreign imports. It follows, therefore, that the writer has by implication damned price fixing from his own mouth, in that he shows how much better off the foreigner is under FREE TRADE than we are under PROTECTION.

No Idle Dream

by JOHN BATHE

Late in 1894 a small group of people met near Mobile, Alabama to form a Colony. At the time this was nothing unusual. It was the fashion amongst social reformers to try such experiments. Most of them were socialistic and failed within six months, but this one was different; it was called Fairhope - the first experiment in Georgeism. It still exists.

The Colony, which is owned by the Fairhope Single Tax Corporation, covers an area of over 4,000 acres. On some of its land stands part of what is now the town of Fairhope which has a population of over 4,000 people. Unfortunately, the American Government, in imposing on the participants all the "benefits" of State Paternalism (i.e. taxes, inflation, tariffs, etc), has detracted from the experiment. State Paternalism has, however, not succeeded in destroying it.

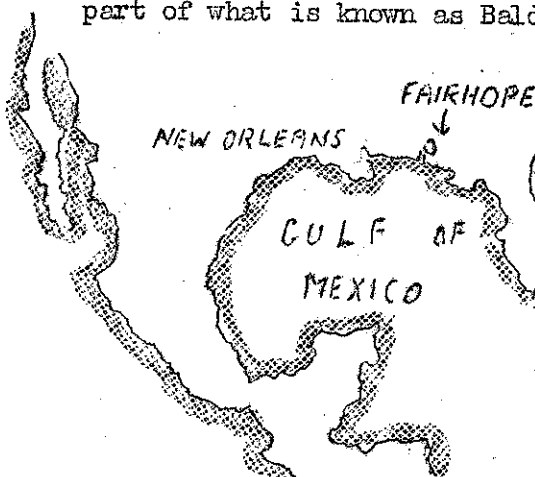
The Colony did not get away to a good start. Few Georgeists favoured the idea. The argument that such an experiment would spur local authorities to demand local option in taxation matters in order to change over to Land-Value Taxation did not appeal to many. Most of them thought the Colony would become socialistic. This was a real danger. Even some of its founders were Socialists and there were socialistic features in the Colony's Constitution. The result was that during its early years, the Colony owned and controlled a newspaper, stores, telephone service - the first in the world - wharf, steamship and a semi-public railway. With the exception of the wharf, all proved failures. The Colony has since turned its back on collectivism. In the meantime, the rest of the World has become more socialistic.

The problems that arose from time to time in the history of the Colony, such as that of refunding or paying lessees' taxes, or those that came about in the early years because of the Colony's excursions into socialism, need not concern us here. The value of Fairhope lies in how far it illustrates and makes the case for the taxation of land value and untaxing of improvements. What are the economic effects of the experiment? Last year the University of Alabama Press published a book on the history of the Colony entitled "Fairhope 1894 - 1954". The authors are Professor Paul Alyea,

an economist who teaches finance at Alabama University, and his wife. The merits of the Alyeas' book - not least among them its readability - far exceed its faults. The book is not an examination of Land-Value Taxation. What information it gives on the economic effects is therefore not as detailed as those familiar with the work of our Australian friends, the Land Value Research Group, would like. In spite of this, however, the material provided by the Alyeas is most welcome.

Fairhope has developed at a faster rate than any comparable area in the neighbourhood. It has outgrown many older communities. It is more prosperous than other areas. Why? From the agricultural point of view, the land is of poor quality - the early Colonists were too poor to buy the best land in the vicinity. The Colony is not served by a railway and has generally been less accessible than neighbouring communities. In fact, there is no reason why Fairhope has developed faster than its neighbours other than the Georgeist nature of the experiment.

The Alyeas, who are not Georgeists, quote figures on the value of property in the area which support the theory that Georgeist ideas encourage a higher standard of development. The Colony's land forms part of what is known as Baldwin County, an area of roughly one million and forty thousand acres. The County's property valuation assessment in 1953, excluding utilities, was \$23,650,780. Property on the Colony's land - roughly only a two hundred and sixtieth part of the County - accounts for one-sixteenth of the assessed taxable value of all property in the County. Only four hundred acres of Colony land are within the town of Fairhope - a fifth of the town's area. The property on this land accounts for 60.82% of the value of the town's taxable property! Despite the above, of the



Colony's seven hundred and eighty-eight urban leases in 1953, twenty-five were unimproved. There are two reasons for this. First, in America rent is an allowable expense against income tax, i.e. a person may, in anticipation of his business expanding, hold a suitable unimproved Colony site and be able to do so because the rent he pays for his vacant site would otherwise go in income tax. The main reason, however, is that the Fairhope Single Tax Corporation has rarely collected the full economic rent of land. On occasions it has collected substantially less. The result is that individuals have from time to time found it profitable to speculate in Colony land - without the handicap of having to buy it in the first place!

The method used by the Corporation to value land has much to commend it but its application leaves something to be desired. The

Colony does not employ a professional assessor to make the valuations. The Corporation, in recent years, has been reluctant to increase rents with the increase in land values because few of its present tenants understand the economic implications of the Henry George theory and so might feel insecure if rents increased rapidly - as they always do in fast growing communities. On this matter the Corporation have been subjective instead of objective. It has given leaseholders a financial incentive for not bothering to understand the experiment. The interest of lessees could be aroused by charging the full economic rent and their wrath avoided by the Corporation undertaking to pay all the Colony's property taxes instead of just a percentage. This the Corporation could well afford to do.

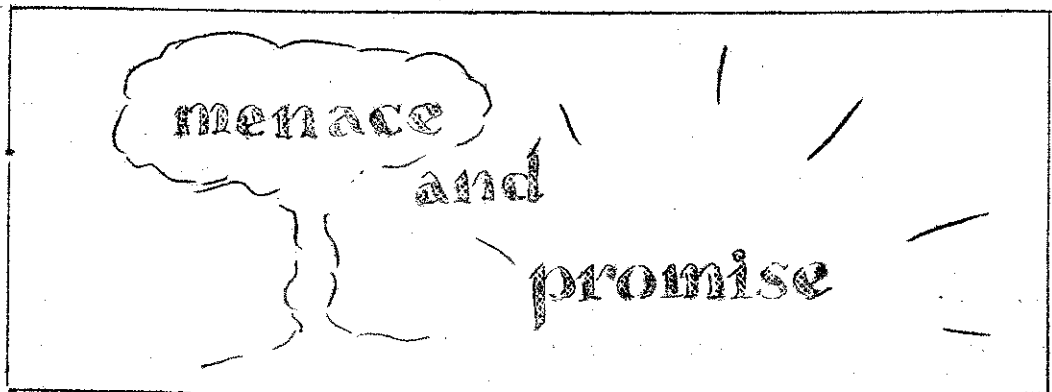
Apart from valuations, the Corporation has shown considerable efficiency in running the Colony. Its officials deserve credit for the way they have solved many of its problems.

The future of the Colony lies in its value as an example of an alternative way of life to authoritarian planning; as an example of how, where there is no monopoly, people (motivated solely by the urge to satisfy their own desires) unconsciously build a community far better than anything conceived of by State Planners. As such it can do much to convince the World of the wisdom and justice of what has become to be known as land value taxation.

THERE IS MONEY IN LAND. Running currently in the "Sunday Times" is a series of articles by Ralph Hewins on the life of the late Calouste Gulbenkian, the Armenian millionaire from Constantinople known as Mr. Five Per Cent, who is reputed to have made over one hundred and fifty million pounds.

Before he was twenty-one Gulbenkian had written a book on the oil industry which was to establish him as a leading authority on the subject. A Minister of Abdul the Damned, Sultan of the Ottoman Empire, interviewed the young Gulbenkian about the prospects of oil in Mesopotamia and to quote Gulbenkian his advice "prompted the Ministry to obtain for His Majesty immense tracts of land in different provinces of Mesopotamia. Very little money passed for the purchase of these territories." Comments Ralph Hewins, "Henry VIII's seizure of the Monasteries was a trifle compared with the Sultan's land grab in 1890."

Ralph Hewins also refers to an acquaintance of Gulbenkian, one Mantachoff an oil millionaire. As an illiterate peasant he sold second hand china until he bought for practically nothing a bit of land near the Baku oilfields in Turkey. Oil was found in his garden and overnight he became worth 400,000 dollars.



WALTER LIPPMANN: All over this world, but most particularly in the countries where civilisation is supposed to be most advanced, there are collected in great cities huge masses of people who have lost their roots in the earth beneath them and their knowledge of the fixed stars in the heavens above them. They are the crowds that drift with all the winds that blow, and are caught up at last in the great hurricanes

They are the people who eat but no longer know how their food is grown, who work and no longer see what they help to produce, who hear all the latest news and all the latest opinions but have no philosophy by which they can distinguish the true from the false, the credible from the incredible, the good from the bad. Is it so surprising that as civilisation has become more streamlined, democracy has become more unworkable?

For these masses without roots, these crowds without convictions, are the spiritual proletariat of the modern age, and the eruption of their volcanic and hysterical energy is the revolution that is shaking the world. They are the chaos in which the new Caesars are born.

HENRY GEORGE: The evils arising from the unjust and unequal distribution of wealth, which are becoming more and more apparent as modern civilisation goes on, are not incidents of progress, but tendencies which must bring progress to a halt; they will not cure themselves, but, on the contrary, must, unless their cause is removed, grow greater and greater until they sweep us back into barbarism by the road every previous civilisation has trod. But it also shows that these evils are not imposed by natural laws; that they spring solely from social maladjustments which ignore natural laws, and that in removing their cause we shall be giving an enormous impetus to progress.

Contemporary Comments

BRITAIN CAN TAKE IT

In order to prevent recurrent chaos in potato marketing, I have prepared a sound and comprehensive potato marketing plan. Under this plan the entire crop of potatoes would be bought, irrespective of demand, by a central board at a guaranteed price of £9.15s. or more a ton.

Over 300,000 tons of surplus potatoes would be then dyed violet (an artistic touch) and sold back to the growers for stock feed at £2 a ton. You and I, of course, would gladly find the missing £7.15s. or so, and everyone would be perfectly happy.

A silly plan, you say? Too late - it is already in operation.

- Peter Simple, Daily Telegraph, 6th June.

THE CURATE GOT A YEARLY GIFT

The Rev. J. Goodfellow was a zealous young curate who dearly loved his church and wholeheartedly served its congregation. At Whitsun, his vicar used to ask his flock to contribute towards a gift to the curate on the grounds of his "devoted and earnest ministry among us."

One year, the local inspector of taxes decided that it was time for him to intervene. He claimed that the clergyman should pay income tax on his yearly gift. Instead of paying, the clergyman went to court. "This money isn't salary but a gift which the congregation bestows upon me in appreciation of my efforts in the church," he contended. "It is well established that income tax cannot be collected on gifts." "The curate's own argument shows that the money was given him because of his services in the church," the inspector answered. "Money paid for services is salary and not a gift. The Inland Revenue is entitled to its tax." The curate had to pay.

This is the kind of absurdity which arises from our wrongful tax laws. Whether it was intended that the money should be a free gift or payment for services is not important. There is no moral distinction between taxing gifts and taxing earnings. It is the lack of morality generally which is the weakest part of our present taxation system.

HARASSED LAND SPECULATORS

Many rich men like to live in Britain, but dislike two British institutions: our winter and our death duty. If you buy houses and land in places where weather and duty are less rigorous, you can escape both.

Real estate overseas pays death duty only at the local rate. So there is a steady emigration of rich men's capital to buy such property. It has to be to the sterling area, for the Treasury

will not allow you to buy land elsewhere. But there are several available places offering sunshine while you are alive and light estate duty when you die.

The Bahamas are a popular choice. Maximum death duty there is four percent. Jamaica is more demanding: the top rate there is $33\frac{1}{3}$ percent; but even this compares very favourably with the top British rate of 80 percent. Last year Southern Rhodesia came strongly into the field. Nearer home, the Channel Isles offer the splendid prospect of no death duty at all. But there is a drawback - it is very hard to find any real estate to buy.

- Evening Standard, 22nd June 1957.

OFFICE RENTS STILL RISING Though every week now office accommodation is being offered to let, rents show little sign of levelling out. In and around Piccadilly, much-sought-after but rarely available London addresses in Pall Mall or St. James's may mean paying as much as 30s. a year for the space occupied by the waste-paper basket! One recent letting in the area brought 36s. a square foot.

More general rents are between £1 and 25s. a square foot, while space in Kensington has been offered for between 12s. 6d. and 15s. The greatest demand is in Westminster, particularly in the region of Victoria, and in first-class provincial towns like Birmingham, Manchester, Liverpool and Newcastle, central positions command rents very near comparable sites in London.

- Daily Telegraph, 27th May, 1957.

THE K-PLAN Since Keynes, we have had a spate of his acolytes who, curiously enough, seem to favour the letter 'K': Kahn, Kramer, Kaldor, and Kalecki, coupled with Klaus Knorr and I have now one of the latest Keynesian books by Kenneth K. Kurihara.

As a glimpse at the fantastic equations which are supposed to throw new light on our problems, we have "Objective Determinants of the 'C' Function," "Concepts of the Multiplier and the Accelerator," "Non-Linear Investment Function and Dynamic Switches."

Could anyone explain how we are to act on "... the interaction of endogenous and exogenous variables and international oscillatory processes"? - from a letter by J.F. Eggleston in The City Press.

THEY WANT THEIR CUT. West Germany's ambitious plan, backed by six major oil companies, to turn the former naval base at Wilhelmshaven into Europe's largest oil transshipment port, has run into last-minute difficulties.

North German farmers who have refused to accept the oil companies' offer for compensation have blocked the laying of the proposed 225-mile pipeline from Wilhelmshaven to the heart of the industrial Ruhr. Three thousand farmers are asking for a lump sum of £160,000 or an annual rent of £8,500 before they allow the pipeline to be sunk three feet deep into their land.

- Sunday Times, 30th June, 1957.

The Chickens Come Home To Roost

(Crazy farming economics in the U.S.A.).

From time to time we have reported to readers the development of the Soil Bank Scheme in America, and this is a summary of an article published recently in "U.S. News & World Report".

When just over a year ago Congress launched the Soil Bank Scheme, it was decided that farmers should be paid to take land out of production to remain idle until such time as particular surpluses disappeared. Now, however, doubts are gathering and many members are asking questions such as "Will the Soil Bank actually reduce the surpluses?", "Are there loopholes in the law that enable people to profit by 'farming the Government'?", "Just who is getting the Soil Bank cheques?",

It is reported that in some parts of the U.S. non-farmers are buying land, then renting it to the Government under the Soil Bank and are paying for it with federal money. Particular attention is drawn to the large cheques being paid out - eleven farms between Connecticut and California have each received a cheque for more than \$25,000! But it is not the size of these cheques that worries the Congressmen so much as the 'exploitation' of the Soil Bank Scheme. Growing concern is felt over the prospect of the crops being raised on land taken out of production such as wheat, corn, cotton, rice, etc., (those at present, with big surpluses), as it is feared that the 'surplus headache' will merely be transferred from one group of farm products to another.

Here are two good examples of the way sharp business men can profit from the scheme:

1. "After buying a rundown cotton farm, a contract is signed with the Government to plant the land with pine trees and leave it in the Soil Bank for 10 years. Under the terms of that contract the owner will receive an annual rental of about \$6 to \$7 an acre depending on the type of land in the farm, and the Government will pay him up to 80% of the cost of clearing the land and planting the trees. Thus on land costing around \$35 per acre, he is guaranteed a gross return of \$60 to \$70 for the next 10 years, and at the end of that time he still owns the

land and has a stand of trees on it.

2. Another businessman with a farm run by a paid manager (which makes his costs higher than his returns) decides to lift it "out of the red" as follows:

He gets a Government payment of \$420 for idling 10 acres of cornland. Then for putting 100 additional acres into the Soil Bank he can get \$1,400 a year; on top of this the remaining 90 acres of hay and pasture will bring in \$378 in Government payment if banked. His total income thereby would amount to \$2,198, so that he could pay taxes on an idle farm while maintaining it as a personal dwelling.

Many farmers are now beginning to grumble, even those taking part in the scheme, saying, "It was a good idea to start with, but, the way it's set up now, a farmer just shuffles his fields around and gets Soil Bank money for doing nothing to reduce the surplus." This is plainly shown by the following :-

| In 1955: | In 1956: | Result: |
|--|--|---|
| Before the Soil Bank programme began, the farm owner planted - 128 acres in soil-building crops such as alfalfa, 1,053 acres in soil-depleting crops such as corn and wheat. | This farmer added 62 acres to his cropland, joined the Soil Bank and planted - 52 acres in soil-building crops eligible for Soil Bank payments, 4 acres in other soil-building crops not eligible for payment, 1,187 acres in soil-depleting crops such as corn and wheat. | By putting 52 acres into the Government's Soil Bank, the farmer received a cheque for \$2,181. But he also put 134 more acres into soil-depleting crops than in 1955, laying the basis for a 12% increase in his grain output - which the Soil Bank was intended to reduce. |

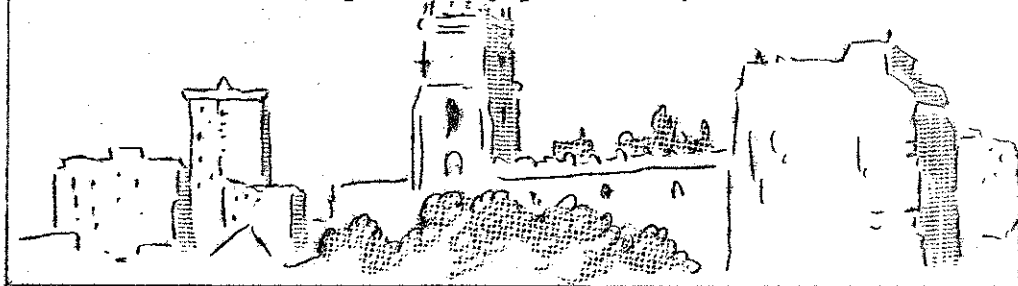
Is there a remedy? Though many Congressmen and farm leaders are critical of the scheme, most of them view it as a basic solution and are trying to find ways to strengthen it. One well-known economist suggests that there is a simple way of closing the loopholes, in fact the only way. He states that it must be done by increasing the total acreage already in hay, pasture, soil-building crops and idle land. It should be recognised that before the Soil Bank became law, each farm had a basic acreage of this nature, and that a farmer should only get Soil Bank payment when he has increased this basic acreage by taking land out of production and holding it idle in the Soil Bank.

Yet, despite all the doubts and misgivings, most observers are certain that Congress will make no revisions this year, so that farmers and businessmen will have a further period during which to take advantage of any loopholes they find in the scheme!

(When special interests come in at the door, good economics fly out of the window! - Eds.)

It's 10,000,000 an Acre

- Peter Brooks. (The Star" July 4th).
(Reprinted by permission).



The narrow, winding streets of historic London City may not be paved with gold - but they are certainly worth their weight in it. In fact, land and property are so expensive that the small trader is being driven out of the City. One plot of land I've seen has been valued at £10,000,000 an acre. That's an exception but others I know are priced at several hundred thousand pounds an acre.

'GOLDEN ERA': There was the usual hubbub of activity as I went to revisit this modern El Dorado in the heart of the capital. Bowler-hatted, pinstriped-trousered men elbowed their way in and out of offices and banks. Messenger boys were scurrying everywhere. The streets were choked with the never-ending crawl of traffic. The City looked prosperous. It is prosperous. But this post-war boom of prosperity brings problems. A typical City man is Mr. Gerald Dyas, director of a chain of 21 ironmongery shops in London. He gave me one aspect of this "golden era"; it was a tale that was to be often repeated.

SEARCHING: A family business started in the City in 1872 grew by good service into a chain of 35 shops. In the war 12 shops were destroyed. And this is the story of one of those blitzed dozen. "The lease of the premises was up and the City Corporation compulsorily purchased the site according to their powers," explained Mr. Dyas. "This was sold to the Bank of England. The shop was rebuilt and the lease offered to my firm." The figure asked was £2,250 rent a year plus rates of about £1,000. In 1939 the firm of Dyas paid £300 rent plus rates. "Obviously we couldn't afford that so we lost the business," added Mr. Dyas. Now his firm is seeking new sites - outside London.

Similar stories can be told by the Retail Traders' Association. Officials there are worried about the number of traders leaving the City. "Rents are very high," I was told. "People just can't afford

to rent a ground floor shop and if they have no shop window it's no use being in many types of business." Since 1939 the number of shops in the City has decreased by 53 per cent and restaurants by 18 per cent.

FAVOURITE: I inquired from several firms about renting an office suite. There are plenty available - but at a price. If I wanted a ground-floor suite the rent would be about £3 a square foot of floor space a year. Up the lift to the fourth or fifth floor the price dropped to £2. I found too that with the new skyscraper blocks of offices the top floor is becoming a favourite. So the rent there is likely to be £3 a square foot.

In a side alleyway near Cannon-street I found a hairdresser, three storeys up in an old building, who paid 25 s. a square foot, or, for 400 square feet £500 a year. A dental surgeon had three rooms on a third floor but many one-man businesses use a top floor, little more than an attic, as their headquarters.

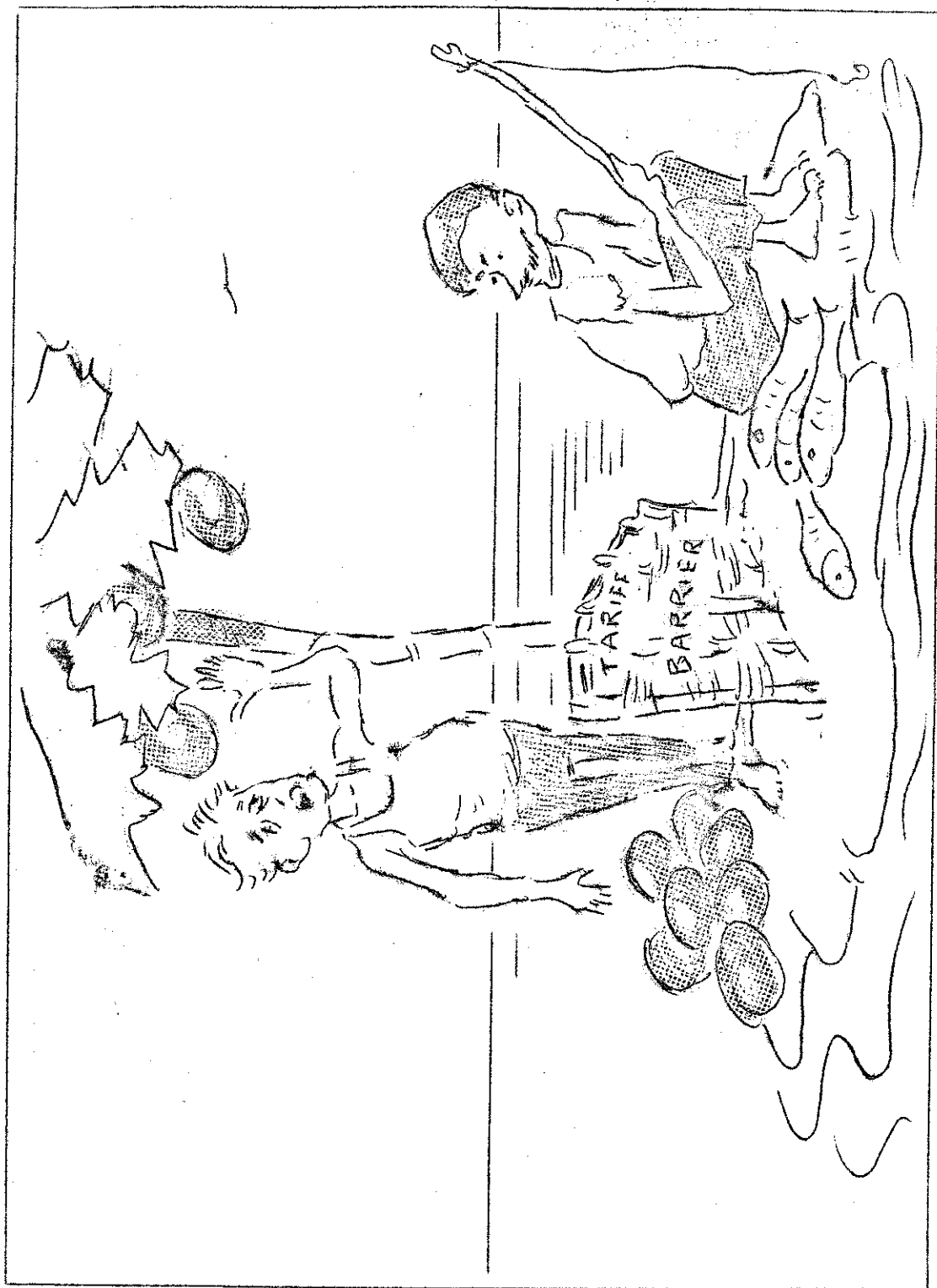
For these people, however, things are not too bad. They do not need a shop window. The select new sites and blocks are going to the banks, insurance companies and multiple firms, I found. I was shown several plots of land. One between Aldersgate and Moorgate cost £180,000 an acre.

SO DEAR: How about that plot of land, only 12,000 square feet on the Temple of Mithras site? Money couldn't buy it. In 1954 it was valued at the rate of more than £10,000,000 an acre.

By day the City is the throbbing centre of the world. At night it is dead. Who can afford to live there? Most private residences have vanished. And then the only thing that is golden is the sunset.

Men do not become what by nature they are meant to be, but what society makes them. The generous feelings and high propensities of the soul are, as it were, shrunk up, seared, violently wrenched and amputated, to fit us for our intercourse with the world - something in the manner that beggars maim and mutilate their children to make them fit for their future situation in life.

- Hazlitt



"YOU MAY HAVE BEEN A CUSTOMS OFFICER, CARRUTHERS, BUT ISN'T THIS GOING A BIT TOO FAR?"



The Poverty of Progress

In social development, as in everything else, motion tends to persist in straight lines, and therefore, where there has been a previous advance, it is extremely difficult to recognise decline, even when it has fully commenced; there is an almost irresistible tendency to believe that the forward movement which has been advance and is still going on, is still advance.

How the retrogression of civilisation, following a period of advance, may be so gradual as to attract no attention at the time, nay, how that decline must necessarily, by the great majority of men, be mistaken for advance, is easily seen. For instance, there is an enormous difference between Grecian art of the classic period and that of the lower empire; yet the change was accompanied, or rather caused, by a change of taste. The artists who most quickly followed this change of taste were in their day regarded as the superior artists. And so of literature. As it became more vapid, puerile and stilted, it would be in obedience to an altered taste, which would regard its increasing weakness as increasing strength and beauty. The really good writer would not find readers; he would be regarded as rude, dry or dull.

And so would the drama decline; not because there was a lack of good plays, but because the prevailing taste became more and more that of a less cultured class, who, of course, regard that which they most admire as the best of its kind. And so, too, of religion; the superstitions which a superstitious people will add to it will be regarded by them as improvements. While, as the decline goes on, the return to barbarism, where it is not in itself regarded as an advance, will seem necessary to meet the exigencies of the times.

- HENRY GEORGE

QUESTIONS ON HOUSING PROBLEMS
(From a Quiz held at Welling Branch)

- Q: How many owner/occupied houses are there in Great Britain today?
- A: $4\frac{1}{2}$ million.
- Q: Will income from rent increases be liable to income tax under the new Rent Bill?
- A: Yes.
- Q: If a controlled tenant pays her rates in an inclusive rent to her landlord, does this release her from responsibility of rate payments?
- A: No. The occupier is responsible for rates - if a landlord has not made payment of the rate contribution as agreed, she must pay them but may deduct them from her rent.
- Q: Which of the following building materials are subject to import duty? Aluminium, asbestos, copper, distemper, glass, glue, iron, steel, lead, paints, pigments, pottery, tiles, varnishes, zinc, tin.
- A: The lot.
- Q: Does rent control today still cover houses that were originally controlled in 1915?
- A: Yes.
- Q: How are road charges calculated on an unmade road where property owners are liable for this payment?
- A: Payment is made in proportion to foot frontage.
- Q: If a neighbour's cockerel lays an egg in your garden, to whom does the egg belong?
- A: Impossible!
- Q: What is the general distinction between landlords' repairs and tenants' repairs?
- A: The distinction is landlords' repairs are those which affect the outside of the house. The tenants' repairs are those affecting the inside of the house. But of course private agreement may cut across these distinctions.