

# LAND & LIBERTY

JANUARY & FEBRUARY, 1975



## *A Plague of Meddlers*

THE Meddlers had a busy year in 1974. They continued to meddle with the currency, debasing our once proud pound sterling. They meddled with housing and virtually put an end to the market for rented accommodation. They meddled with the markets in merchandise and in money and created uncertainty and frustration by meddling with taxation and dividends. The list is endless.

And what are we promised for 1975? More meddling with land use, with prices and incomes, with the people's rights not to join a trade union, with the freedom of the press and with national and international trade generally.

We are being groomed for placid acceptance of membership of a Community which will meddle with almost every facet of our daily lives and place us at the mercy of powerful political overlords and sectional interests.

Voices from a variety of sources have been raised in protest at much of this government meddling; for the meddling has been of the wrong kind, or there has been too much of it or too little; it has been too early or too late. Above all, others — particularly the Opposition in Parliament at the time — could have done the meddling far better.

Alas there have been too few voices calling for government to get out of industry, trade and finance and out of the economy at large.

But of course this would never do, for the alternative to meddling is the dreaded *laissez faire* which brings unemployment, homelessness, rising prices, bankruptcies,

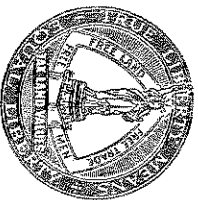
*Britain Meddling Through  
Land-value Rating in South Africa  
A Case for "Monetary Correction"?  
Land Nationalisation No Answer  
Origins of Land-use Problems  
Menace or Promise?*

# Land & Liberty

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international bickering, adverse balances of trade etc.!

Adam Smith still remains the economic bosey man used to threaten those who might doubt the efficacy of socialistic meddling and men like Enoch Powell, Sir Keith Joseph, and those who think like them, are pilloried for defending him.

Party political differences have long ceased to be differences of principle, which is perhaps why many life-long supporters of the Conservative Party have not found it all that difficult to prefer Mr. Wilson to Mr. Heath as Prime Minister. This is less of a compliment to Mr. Wilson than a measure of their fear and distrust of the Conservative socialism of Mr. Heath.

Freedom to produce and to trade without meddling from governments, of paramount importance as it is, is yet not enough. To the principles of freedom we must join the principles of equity — equality of opportunity among men in their relation to the primary source of all wealth — the land. Justice must replace state charity and handouts, to give that corrupted phrase "social justice" the meaning it should rightly have.

Unprincipled is not too strong a word — indeed it is semantically accurate — to describe the political and economic meddling that has increased over the years and now threatens to overwhelm us, as desperation drives politicians to ever more excesses in their "management" of the economy. And ironically, this meddling has created problems far more complicated and interlocking and far more intractable than those it professed to solve.

# A Menace and a Promise

by  
"The Prophet of San Francisco"



**T**HOUGH we may not speak it openly, the general faith in democratic institutions, where they have reached their fullest development, is narrowing and weakening; it is no longer the confident belief in democracy as the source of national blessings that it once was. Thoughtful men are beginning to see its dangers, without seeing how to escape them; they are beginning to accept the view of Macaulay and to distrust that of Jefferson. The people at large are becoming used to the growing corruption; the most ominous political sign is the growth of a sentiment which either doubts the existence of an honest man in public office or looks on him as a fool for not seizing his opportunities. That is to say, the people themselves are becoming corrupted.

Where this course leads is clear to whoever will think. As corruption becomes chronic; as public spirit is lost; as traditions of honour, virtue and patriotism are weakened; as law is brought into contempt and reforms become hopeless; then in the festering mass will be generated volcanic forces which will shatter and rend when seeming accidents give them vent. Strong unscrupulous men, rising up upon occasion, will become the exponents of blind popular desires or fierce popular passions, and dash aside forms that have lost their vitality. The sword will again be mightier than the pen, and in carnivals of destruction brute force and wild frenzy will alternate with the lethargy of a declining civilisation.

Whence shall come the new barbarians? Go through the squalid quarters of great cities, and you may see, even now, their gathering hordes. How shall learning perish? Men will cease to read, and books will kindle fires and be turned into cartridges!

It is startling to think how slight the traces that would be left of our civilisation did it pass through the throes that have accompanied the decline of every previous civilisation. Paper will not last like parchment, nor are our most massive buildings and monuments to be compared in solidity with the rock-hewn temples and titanic edifices of old civilisations. And invention has given us not merely the steam engine and the printing press, but petroleum, nitro-glycerine and dynamite.

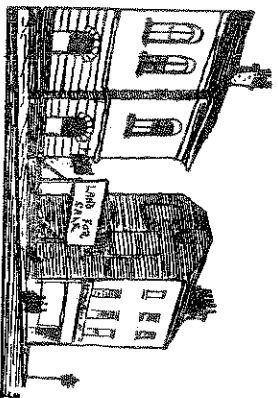
Yet to hint today that our civilisation may possibly be tending to decline seems like the wildness of pessimism. The special tendencies to which I have alluded are obvious to thinking men, but with the majority of thinking men, as with the great masses, the belief in substantial progress is yet deep and strong - a fundamental belief that admits not the shadow of a doubt.

But anyone who will think over the matter will see that this must necessarily be the case where advance gradually passes into retrogression. For 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. The web of beliefs, customs, laws, institutions and habits, constantly being spun by each community and producing, in the individual environed by it, all the differences of national character, is never untravelled. That is to say, in the decline of civilisation, communities do not go down by the same paths as those by which they came up.

And 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 was caused, by a change of taste. The artists who most quickly followed the 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, would regard that which they most admire as the best of its kind. And so too of religion — the superstitions that a superstitious people will add to it will be regarded by them as improvements. 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.

Whether in the present drifts of opinion and taste there are as yet any indications of retrogression, it is not necessary to inquire; but there are many things about which there can be no dispute that go to show that our civilisation has reached a critical period and that, unless a new start is made in the direction of



## Labour's Land Plan

### OBJECTIONS SUMMARISED

- \* It will get bogged down in a quagmire of bureaucracy since all future development must go through the Town Hall.
- \* Short of printing the money, there is no source from which sufficient funds can be found to finance land and property purchases.
- \* Even if money is raised by legitimate borrowing there will be no immediate income to offset interest payments which will become an additional financial burden on already near-bankrupt local authorities.
- \* Private developers are not likely to apply for planning permission for any kind of improvement as this will invite compulsory purchase under the local authorities monopoly of development rights.
- \* Increases in land value realised without re-development will not be subject to tax, thus land owners are not equally treated.
- \* Favouritism and discrimination will be inevitable, and bribery a constant temptation.
- \* Political doctrinaire decisions are likely to override economic and social considerations when development is monopolised by the local authorities.
- \* Existing demand calls forth only a trickle of supply from local authorities.
- \* There will be no price mechanism to discipline local authorities in their use of land. Existing use, where low, will invite a squandering of high potential-use sites, by putting them to inferior economic uses.
- \* Local authority development has not been noted for its efficiency, fitness, economy or appearance, nor for its reflection of what the community wants, and this will be aggravated at the expense of individual enterprise.
- \* Taxation on development gains will go to Central Government instead of to local communities who will bear all the costs.
- \* There is no reward, inducement, or incentive for land owners to co-operate in any way (or to refrain from obstruction) in the Government's scheme.

social equality, the nineteenth century may to the future have marked its climax. . . .

This truth involves both a menace and a promise. The evils arising from the unjust and unequal distribution of wealth are not incidents of progress, but tendencies that 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 that ignore natural laws; and that in removing their cause we shall be giving an enormous impetus to progress.

In permitting the monopolization of the natural opportunities that nature freely offers to all, we have ignored the fundamental law of justice. But by sweeping away this injustice and asserting the rights of all men to natural opportunities, we shall conform ourselves to the law — we shall remove the great cause of unnatural inequality in the distribution of wealth and power. It is not enough that men should vote; it is not enough that they should be theoretically equal before the law. They must have liberty to avail themselves of the opportunities and means of life; they must stand on equal terms with reference to the bounty of nature. Either this, or Liberty withdraws her light! Either this, or darkness comes on, and the very forces that progress has evolved turn to powers that work destruction. This is the universal law. This is the lesson of the centuries. Unless its foundations be laid in justice the social structure cannot stand.

— Henry George 1897

### THE MINERS — A SOLUTION

A RECENT editorial in *The Spectator* offers a solution to the protracted and still to be resolved battle between the miners and the elected representatives of the people over wages: break up the National Coal Board's and the National Union of Mineworkers' monopoly in coal both by lifting all restrictions on the import of coal and alternative energy sources and by offering the new coal seams to private enterprise.

Given that this course is not feasible in the near future, says *The Spectator*, "the only course now is to leave the NUM and the NCB severely alone in their negotiations, making it clear that no government subsidy will be available to keep coal prices artificially low; whatever the costliness of an eventual pay settlement.

More reliance on oil imports and dearer coal would be the unpalatable consequence says the editorial, "but it will hasten the day when coal will be priced off the market which, in the state of affairs that has been allowed to build up over a decade, is the best result that can be hoped for."

# Why look further than a Direct Tax on Land Values ?

BRUCE KINLOCH

*Daily Telegraph*, November 25

THE ADMISSION by Mr. Denis Healey that the proposed Development Land Tax legislation will be very complex and "outside the general arrangements for the taxation of companies or individuals," suggests that the Government has a mind to set up a special body to collect the tax, perhaps on the lines of the Land Commission of the Development Levy Board, which all people in close touch with land and development agree could spell disaster.

The problem behind any legislation to control the use of land is that politicians are unable to accept that the ownership of land and any development which takes place on it are two separate functions.

As far as the Labour party is concerned, property and land speculation is now firmly entrenched as part of its more doctrinaire policies. And the introduction of land nationalisation legislation appears to be one of the less contentious ways for the Government to placate the Left wing of the party.

The principal objectives of the legislation set out in the White Paper — Land — are to enable the community to control the development of land in accordance with its needs and priorities and to restore to the community the increase in value of the land arising from its efforts. The Government intends that in England and Scotland, the acquisition and disposal of land should be vested in local authorities and that in Wales, an all-Wales body should be set up.

The proposals relate to all land that is required for houses, shops and factories but not for land which is to remain in use for agriculture or forestry. The intention is that all land required for development or redevelopment shall be bought by the appropriate authority at current use values without any enhanced value from the prospect of any future development.

## Virtues of the land-value tax

The dangerous folly of the proposed legislation is that its principal objectives could be brought about by a simple tax on the value of the land itself without the introduction of another ill-thought-out bureaucratic device which will not bring one single acre of development land on to the market without a long and involved battle over its value.

The existence of some valuable under-used or badly used land is no reason to set about nationalising all land needed for development. The primary reason for land not being put to its best use is surely because

landowners are encouraged to keep valuable land idle or under-developed for speculative gain. The Land Hoarding charge introduced by the last Conservative government failed because it only applied to land which already had planning permission. There was no incentive to put development land without planning approvals to its best use.

Our present taxation and rating system exempts the enhanced value of such land from taxation. What greater inducement could there be to the fullest use of all land than lifting taxation from development and enterprise and placing hefty taxes on land values?

A tax on houses, cars, machines or any other manufactured goods brings with it the tendency to diminish production. Tax land — and there will be no less available, for land is not produced; it is always there. But a direct tax on land values would ensure that all land was put to its best use. The landowner would pay tax on his land irrespective of what it was being used for. If he was lazy and allowed his land to stand idle he would pay the same tax as the man who put his land to the maximum use.

But as the earnings of the enterprising landowner would compensate for the land value tax he paid there would be real incentive for all landowners to get the maximum benefit from their holdings.

## Nationalisation not the answer

Supporters of land nationalisation will argue that under a system of land value taxation the community would still not control development land and that developers and landowners would remain in a position where they could dictate what type of development or use the land is put to.

It is in this area of the development field where the need for positive planning becomes apparent. The authors of the White Paper on Land appear to accept that local authorities are the best judges of what is best in planning. This is not surprising as most politicians only have experience gained as members of a planning committee of a local authority to draw upon.

The streamlining of our planning machine, which is currently under review by Mr. George Dobry, Q.C., on behalf of the Department of the Environment, should be implemented before any steps to nationalise land are taken.

The other strong argument put forward by those in favour of land nationalisation is that local authorities will make huge financial gains from the scheme outlined in the White Paper. They suggest that by buying

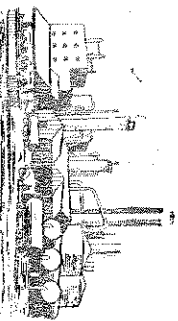
land at existing use value and then selling leases at market price will be a lucrative business. That presupposes that developers will be willing or able to carry out schemes where they do not own the land, or have the advantage of some of the enhanced value gained from their endeavours.

The White Paper indicates that the success of its proposals rests with co-operation between local authorities and developers. There will need to be safeguards to ensure that such close co-operation is possible before it has any chance of being successful.

But above all the fact that local authorities will sell or lease sites to developers at market values means that the land element in the cost of houses to sell will be just the same as without land nationalisation, surely not what the architects of the White Paper had in mind.

At the time of publication of the White Paper, Mr. Anthony Crosland told a Press conference that the proposals had been prepared with great speed. Indeed the woolliness of the arguments contained in the document bear this out.

## OIL SHALE RUSH AND A COLORADO TOWN



TWO oil companies, bidding \$210-million last year to lease a 5,000 acre Federal shale tract have started off an oil shale and real estate boom in Rifle, Colorado. "Real estate speculators" says the *New York Times* in a recent article, "swooped in like shock troops." Local communities are concerned about what will happen to their land, their communities and their way of life. (Their way of life includes unlocked doors, unlocked cars and unwritten debts.)

"At worst" says *The New York Times*, "Rifle could swell to a rural ghetto stuffed with raucous outsiders living in unplanned strings of roadside house trailers and hovels."

Rifle's population could swell from 2,290 to 20,000 over the next fifteen years.

The real estate company, First Colorado Corporation, led the rush into Rifle by buying up all the property it could find — more than a quarter of a million dollars' worth in the small city leaving no individual lots on offer. Prices have doubled. Agricultural land is fetching \$10,000 an acre.

The spill-over of population from Rifle will mean the building of new towns in the surrounding areas to house up to 100,000 people.

"The key question," says *The New York Times*, "is where does all the money come from to build all the schools, parks, libraries, hospitals, fire and police departments, government buildings, water and sewer

systems, roads and streets to serve them all? They can't be taxed until they arrive."

It has presumably crossed no one's mind that the most equitable, most natural way of paying for all the local services would be to tax the main beneficiaries of the services and of the oil shale — the owners of land.

To tax the residents after they have already been "taxed" by the land owners for permission to reside is to heap injury upon injury.

## Not Helpful

A PROPOSAL to put even further patches on our battle-worn rating system is put forward by the Association of County Councils in its evidence to the Layfield Committee of Inquiry into the future of local government finance.

The Association proposes a local surcharge on Income Tax (LSIT) to supplement existing rates which would be modified so as to impose different levels of rates on domestic and non-domestic properties. The system would operate by means of a percentage surcharge on the income tax actually payable, and would, says the Association, meet the criticism that rates are at present not spread "fairly" among the population.

This hybrid proposal seems to be seeking the worst of both worlds — the continuing taxing of buildings and improvements and the complications of a local income tax with its repercussions on earnings, taxation relief, allowances etc., not yet thought out.

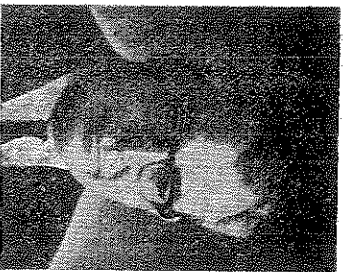
Grants from the central Government, says the Association of County Councils, should continue — though at a reduced level.

Not, we think, a very courageous or helpful contribution to the debate.

## Helpful

FOR anyone with the interests of local government — and the survival of local autonomy — at heart, the idea of transferring to central government the revenue responsibility for whole services must be anathema. . . . There are two ways in which Layfield might allay the fears of those among us who suspect that, even after eighteen months' deliberations, the inquiry may produce a mouse no bigger than the 1971 Green Paper. First, it might offer an immediate challenge to those who have been advocating the idea of a local income tax by issuing in advance of its final report the presumed reasons why such a tax would not work. That might at least help to bring forward the public debate which must come at some time, and the sooner it is held, the better.

*Municipal Journal*, November 29, 1974



# LAND USE PLANNING

Robert Clancy

"Our current environmental and resource problems are hardly the result of following a *laissez faire* philosophy, they are rather the result of monopoly power."

NUMEROUS problems connected with land use and natural resources have come to a head. Matters that have long been brewing, such as urban sprawl, environmental pollution, the energy crisis, seem to be hitting us all at once.

We had thought of the automobile as an unmitigated good, with more and more of them as a desirable goal. Now they are suddenly looming as an enemy of society and we find that we have so neglected most other forms of transportation that we do not know which way to turn.

There is widespread fear that we are using up resources faster than they are being replaced and there is a demand for government to play a more active role in conserving resources and planning the use of land.

In the last election in the U.S., voters in many parts of the country were asked to consider bills relating to the environment; more public transportation, control of pollution, land-use planning, etc. The voters wanted to see the environment improved but were understandably reluctant to pay the high cost of many of these measures, via bond issues, higher taxes, etc.

The Government appears to be vacillating between a course of action and inaction. Some feel that the Government already has too much power and should not be given more in order to control the use of land. Others feel that the Government is now a weak follower of a consumer society and should take a stronger stand for the common good.

Planners in various bureaus at the Federal level would like to see an overall national plan for the use of land and the conservation of resources, contending that local and even regional plans are not

enough since they could conflict with one another.

In New York State and surrounding areas, various quasi-public agencies headed by such powerful figures as Robert Moses and William Roman, have exercised such domination that we cannot feel encouraged by this example to give even broader powers to a Federal agency.

At issue are differing philosophies of dealing with the land-use problem, and we cannot settle the matter without resolving which philosophy we are going to follow. There is a whole spectrum of courses of action to choose from, ranging from simply turning a person loose on a resource and letting him do as he pleases, to assigning him to do a specific job on a specific location. An example of the former is going out in a boat on the ocean to fish; and of the latter, where a worker as in Red China, may be taken from a city job and sent to a farm commune in order to till the soil. And there are all sorts of gradations in between. What we will do depends a good deal on our premises.

One school of thought contends that such things as land use must be centrally planned for the good of society; people cannot be left to their own devices or they will go on a rampage, as witness the current crisis.

But our current environmental and resource problems are hardly the result of following a *laissez*



*faire* philosophy, or any philosophy at all; they are rather the result of a grab for monopoly power. Nor

should it escape notice that many of the problems have been compounded by governmental deeds and policies.

Deserving of more attention is the philosophy that states that the greatest good to society comes from the liberty of the individual and equal rights to all. Essential to this concept is the equal right to the use of land. This is a point that is too often overlooked by planners. As opposed to the planning philosophy, this freedom philosophy would make the maintenance of equal rights the chief function of an over-all policy — an item also overlooked in a monopoly society.

Interestingly, a good deal of the freedom philosophy was practised by the early American colonists. A group of people would settle in a designated area, allow each member an area of land sufficient for his uses and reserve an area for common use.

What we need today is a land policy that allows the individual freedom in the use of land with due attention to the common good. Both purposes would be served by imposing a minimum of taxes and regulations and calling for the payment of rent to the community via the taxation of land values.

Something will have to be done about our land and resource problems — it might as well be the right thing.

## Planners' Parable

WALKING through the jungle, a lion spied a mouse sitting sadly by a bush. So he asked the mouse what was wrong. "I am so small," the mouse replied, "and all the other animals look down on me."

"Then," said the lion, "I can help you. Just stop being a mouse and be a lion instead." The mouse was very grateful. "I shall certainly do what you suggest," he said. "But how do I stop being a mouse?"

"That," said the lion, as he walked scornfully away, "is for you to decide. I formulate the policy."

# VALUATION PRACTICES WITH SPECIAL REFERENCE

John McCulloch, City V

(Address to the International Association of

The four provinces of South Africa each have their own respective Rating or Valuation Ordinance. In Natal, land is valued as though vacant, with improvements valued at depreciated replacement cost. In Durban, the largest city of Natal, the land is valued by the Valuation Department, and the improvements by the City Engineer's Department. Farmland outside municipal boundaries in Natal is not valued or rated. In Natal only Durban, Pietermaritzburg and a few smaller jurisdictions have a Valuation Department, most of the balance are valued by the Local Health Commission, the remainder being valued by private contractors.

It is interesting to note that in the Transvaal a special amendment was made, namely "that the valuer shall inspect or cause to be inspected all property..." This had to be done because certain private contractors were not inspecting and measuring improvements, merely driving past properties and giving a "guesstimate" of value.

In the Cape Province most valuations for rating purposes are done by the Provincial Administration who in some cases utilize private valuers under contract. In the Cape all land including farms is valued and rated, and a situation can arise where a farm portion extending over the provincial boundary can be valued and rated on that portion situated in the Cape and be free of rates in the portion over the boundary. In the Cape Province land is valued as though vacant at market value with improvements valued at depreciated replacement cost and basically the same conditions apply in the Orange Free State. In the three provinces mentioned, land and improvements are rated and this improvement rating and valuation of improvements at depreciated replacement cost constitutes the basic difference between these provinces and the Transvaal, and where the "City of Gold" namely, Johannesburg, is situated.

Johannesburg is the largest city in Southern Africa with 140,000 valuation parcels; approximate land value is \$3 Billion, which at 2 cents in the Rand (equivalent to 100 cents) produces approximately \$70 Million per annum.

The Transvaal Rating Ordinance (No. 20 of 1933) has, since its inception, been greatly amended and has been the subject of much litigation, which produced many precedents. The following examples are of special interest:

## 1. *Dickenson versus Valuation Court, Vereeniging and others 1944 TPD 83*

Basically the judgement was that the burden of showing the incorrectness of a valuation falls on the objector. Until there is some evidence before the Court which questions the correctness of the valuation, the Court is concerned only with the result and not whether the method used was correct or not. The valuer in this case was perfectly entitled to refuse to give evidence at the objector's request.

## 2. *Glencain Buildings Limited versus Johannesburg Municipality 1926 TPD 68*

Basically the judgement is that an objector may not use values of neighbouring properties as a basis or argument for objection purposes. Comparative factors must be proved in the ordinary way and cannot be taken from the final values of neighbouring properties.

## 3. *Randfontein Estates Gold Mining Company Witwatersrand Limited versus Randfontein Municipality 1939 TPD 406* (Commonly known as the Florida Hills Case)

Basically the judgement requires the unsold stands in a township to be valued in the Roll as an entity or remaining extent and such total in terms of the "Mac Fie Judgement" of 1917 should be given a discount.

For the past three years my Council and my Department in particular, together with other Local Authorities have been involved in drafting a new Rating Ordinance which has now almost been finalized. The layout is more logical but there are many policy changes which will obviously have to stand the test of the Courts. The new Ordinance destroys the decision of the Florida Hills Case by the instruction to valuers to value each unsold stand in a township as though owned by a person other than the township owner at market value.

Some valuers feel that this new principle would be in conflict with the valuers' oath, in other words if 250 stands were unsold to allocate "market value" to one stand with the knowledge that 249 stands were vacant and available, would be impossible. My personal view is that it is possible because the valuer should be capable of making the necessary adjustments in terms of selling tempo and economic conditions prevailing.

Another aspect is the introduction of the additional total value column in the Valuation Roll. In the Transvaal, only land is rated, all the other provinces rate land and improvements, and the introduction of a land value and improvement value was at the instance of a large Local Authority who wish to rate on a total value.

I am totally land-value rating orientated, in fact, the development of Johannesburg is due to this site value rating principle. How many cities in the world have had buildings on a site replaced three times in a period of 80 years? Johannesburg has more modern and high-rise buildings than San Francisco. Market

# N SOUTH AFRICA

## TO THE TRANSVAAL

, City of Johannesburg

ing Officers, San Francisco, September 1974)

value site-rating requires the land to be put to its maximum use, and it is my opinion that large cities in the United States of America and the United Kingdom, London in particular, are being allowed to stagnate because of the "Total Value" concept which tends to promote the retention of old unattractive buildings with the impractical underdevelopment of good sites.

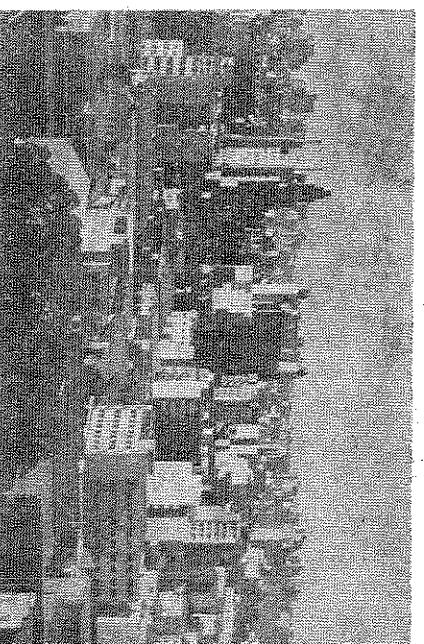
Site-value rating requires the best use of the land to be utilized — when viability becomes low the building must be replaced. Another aspect of importance is the inclusion of a clause which allows a Local Authority the right to grant a maximum of 40 per cent remission in rates to a class of property in terms of town planning zoning or use. This use aspect had to be brought in for the benefit of Johannesburg where there are many townships with "General Residential" or flat development rights, where there is only single residential development. The remission of rates aspect is basically meant to be of benefit to the single residential dwelling owner.

Johannesburg with an area of 200 square miles, has 487 townships plus large areas of farm and mining land and of the 487 townships there are 308 purely residential townships of which 270 are completely homogeneous.

An amusing incident was that during one of the township tests one of my bright young men found a correlation between value and the number of cold water taps on a residential property. For a number of blocks it was found that if an amount of R2,000.00 was allocated per cold water tap, market value was achieved and it was then thought that a major breakthrough had been made in the valuation process. But, alas, in the next block a number of property owners had added more taps in gardens and orchards, and some had removed taps, with the result that my bright young man's theory was destroyed.

The theme of the Transvaal Rating Ordinance is "Market Value" and I think possibly Johannesburg has achieved as near this as has ever been done before.

I have four divisions in my Department, namely, a Central City Division, a Residential Division, a Division for all income producing property outside the Central Business District and a Farms, Mines and Industrial Division. In addition there is a State Central Deeds Registry system, namely the Deeds Office which provides my Department with certified sales data of every transaction which I receive "hot off the press"



A Business Section of Johannesburg.

usually 24 hours after registration of transfer. There is a problem, however, with "share transaction" disposal of property.

Such transactions are not publicly disclosed and are usually only discovered by press cover and via the "grapevine". However, "share transaction" deals must be treated with suspicion unless there is complete clarity that only property is involved in the deal and not other "non property" facets which render the value of the information doubtful.

Basically land is valued as though vacant, the land residual method being used to arrive at land values in fully developed residential areas; obviously vacant land sales in semi-developed townships are considered. Improvements are valued at replacement cost less depreciation. For income-producing property the land is valued as though vacant, cognizance being taken of the rights the stand has. The gross income is obtained, a net income arrived at and capitalized at a rate in terms of prevailing conditions. The land value is deducted from this capitalized total leaving a building residual which in the case of rent-controlled premises is very much below replacement cost, a fact which causes numerous objections to valuations.

The Rent Boards which consider applications for increases of rent look at municipal valuations. If the rent does not increase over a three-year period but the land value does, the improvement value decreases and a property owner has not much chance of an increase in rent — because of the vicious circle of circumstances, not a very healthy state of affairs.

In the Transvaal a new Provisional Roll appears for each Local Authority at three-year intervals. The Roll is open for public inspection for 30 days and objections can be lodged at the end of this period. The Courts of the Transvaal are comprised of members not attached to the Local Authority, being appointed by the Administrator with, in most cases, an advocate as President. In other provinces Local Councillors can be appointed to serve on the Court. The Johannesburg Valuation Court comprises an advocate as President, plus two advocates, an ex-chief magistrate and an attorney. In the 1973/1976 Valuation Court

proceedings, of the 140,000 property owners only 1,300 objected, and only 167 actually appeared before the Court in person.

In the Transvaal an appeal against a Valuation Court decision is heard at the Magistrate's Court with a further appeal to the Supreme Court on a point of law. It is interesting to note that Johannesburg has not lost an appeal to the Magistrate's Court. At the first hearing of the Valuation Court objections to all interim valuations in the previous Roll are first dealt with. Once the Valuation Court has completed its work the President signs all the Valuation Rolls which then become fixed and binding for the remainder of the three-year life of the Roll.

Valuation Courts in the Transvaal are also used to consider objections to valuations for Development Contribution purposes. The law regarding development contribution has been amended three times since 1966.

The following gives the various phases:

1. The first phase was a valuation on the day before the rezoning and a second valuation on the day of the achievement of enhanced rights — the development contribution was 50 per cent of the difference in values. This method was done away with because of the various interpretations of a valuation hypothetically the day before a rezoning was approved — some Local Authorities said no potential at all on the day before, others said 99 per cent potential on the day before, with the result that developers paid varying amounts in different areas.
2. The second phase was a contribution based on the municipal land valuation on the date of application for a rezoning and the interim valuation on the date of promulgation — the contribution being 33½ per cent of the difference between the two values. This system had serious drawbacks, the main one being that the date of application may have been two or three three-year periods in the past, with the result that the difference was not a true reflection of prevailing conditions.
3. The latest method is a valuation with the new rights and a second valuation as though the application for enhanced rights had been rejected, the contribution being 33½ per cent of the difference in values.

Again there are various interpretations as to "potential" but the Johannesburg Valuation Court has accepted interpretations that the rejected value must reflect what the market would do if hypothetically an application for a rezoning had been rejected, in other words, what alternatives are left for a rejected site virtually tainted with the kiss of death, its value being what similar stands of similar original zoning are commanding on the market.

I must refer to the unique problems which Johannesburg has in the municipal valuation field. Johannesburg started as a result of the discovery of gold in 1886. It began as a tough mining camp with little

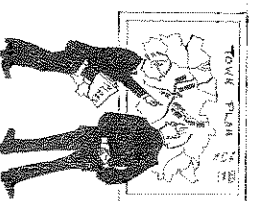
future hope of permanency. This lack of permanency resulted in people not wanting to buy land but to lease it. There are still leasehold stands in Johannesburg. Most central city stands have two numbers, a freehold number and a leasehold number. Up to now we have used leasehold numbers because the numbers are in a reasonable chronological order, but to have a standard basis a change is now being made to a standard freehold number.

The gold outcrop reached the surface at what is now the middle of the city. This outcrop travelled from east to west and the gold layer went from the surface at a 45° angle downwards to the north. The result is that the city is virtually divided into two sections by this outcrop area which varies in width from a few hundred yards to a few miles.

The central city development stops dramatically on the south where development is restricted by a depth of undermining of less than 800 feet. This belt of little or no development has been the cause of many problems. This land which comprises 12 per cent of Johannesburg is in most cases proclaimed land held under mining title. In terms of the Ordinance land "held or used exclusively for purposes incidental to mining" is exempt from rates. When the price of gold was pegged at \$35 per fine ounce and the type of ore was reaching a grade where it was no longer economical to mine, a new development commenced.

The mining industry then became aware that the protected land was more valuable than the gold ore underneath it and the mining companies started developing land, in other words, the timing of rating was in the hands of the mining companies. To develop mining land requires the permission of the Government Mining Engineer and the Mining Commissioner and with their approval a reservation for township purposes is given, which was not rateable.

In 1970 the Appeal Court (The Crown Mines Case) gave judgement in favour of the Johannesburg City Council and a reservation for township purposes became rateable.



However, with the increase in the price of gold, the mining industry became more interested in the gold extraction function and development of land became a secondary function. Permission to use the surface of proclaimed land held under mining title can be obtained from the Mining Commissioner in various forms:

1. A Surface Right Permit is granted for various uses. For example a S.R.P. (Surface Right Permit) is granted for agricultural purposes, for a mine dump, a slimes dam, a golf course, a track for horse racing etc. In these circumstances the S.R.P. is valued as though freehold in a township, with the restricted right regarded as a restriction in

- title. Two values are given, namely the value of the S.R.P., and the value of the dominium or freehold ownership, and the total of these two values should reflect unrestricted freehold values. The apportionment of these two values varies, in the case of the Turfontein Race Track the apportionment was 50 per cent and 50 per cent; depending on situation this apportionment varies. For example, an S.R.P. in a remote area amongst mine dumps would only have a nominal dominium whereas the dominium value of an S.R.P. in amongst development would be much higher.
2. An Industrial Stand: this permit gives the right to establish an industry on a portion of mining land and it is valued accordingly.
3. A Trading Stand: this gives the right to establish a business on a small piece of mining land.

As can be seen the mining situation is a difficult one particularly in view of the fact that most of this land is ripe for development and extremely valuable, and it is not often obvious that the surface is being actively used for mining purposes, although there may be underground activity 12,000 feet below. It has been assessed that less than 50 per cent of the gold ore has been extracted, so it might be true to say that there is more gold under Johannesburg than there is in Fort Knox.

It is interesting to note that most of the permits for the extraction of gold require that on publicly proclaiming the cessation of mining activities, the mining company must replace in the excavations what was removed, namely the mine sand and slimes. To my knowledge this has never happened and I doubt whether it will with the increases in the price of gold.

## Off-beat Economics

T. O. EVANS

**A**RGUING for a return to the simple life, a writer in *Mamas*, Los Angeles, makes the common mistake of blaming the natural laws of economics for man's own follies, for his injustices, his ignorance and weaknesses. Greed and competition, says the writer, are two of the harmful effects of our economic system. If we were less greedy, we would, he says, be less competitive. "All those who desire to reform the economic system can take an effective part living simply and urging and encouraging others to do likewise."

Now there is nothing wrong in living simply, indeed it is a virtue. But it is a personal decision and has nothing to do with economic laws.

Since under "capitalism" man exploits man, the best way to end or reform capitalism is to opt out of it

personally, argues the writer. But what is the capitalist system? As a system of economics it involves free and private enterprise and free and open competition. Is this bad? Is it bad that one can shop at Marks and Spencer's, Woolworth's, Littlewood's or British Home Stores, according to choice rather than at one state store or "people's co-operative"? If we are to eliminate competition in the class room, for instance, are we to total all the marks earned and divide them equally among the pupils? And greed is not a result of capitalism, it is a state of mind that can show itself under any system.

Living simply, the writer argues, cuts down on the individual's share of exploitation as it cuts down on unnecessary labour and resources, enabling these to be used to "better" advantage. The author explains what he means in this passage:

"Since poor people imitate the rich, we see girls on small wages buying furs, expensive shoes and cosmetics, and depriving themselves of proper food and warm clothing in order to do so. In such a case the ostentatious luxury of the rich clearly is a factor in causing hardships and sickness, and resulting in unnecessary labour on the part of the poor, to repair those losses. The fashions in luxuries often change arbitrarily and suddenly, and such changes create unemployment. Those who work at luxury trades, are, in time of economic depression, in the most insecure position of all, because then the spending for luxuries is the first thing to stop. Therefore the fewer people there are engaged in luxury trades, the more secure the population will be."

Apart from the fact that girls on small wages are unlikely to be able to afford expensive shoes and furs and that in buying a fur coat a girl is actually obtaining warm clothing, this paragraph reveals the author's weakness in the field of economics and logic even if it does him credit for his concern for the poor.

It would not be so bad if the author had not previously said that "... much intellectual clutter and underbush has to be removed in order to see clearly" and "since our thinking runs predominantly to economics, we (should) consider first the economic aspects."

That there is something fundamentally wrong with the way we live today, few would deny, but philosophical remedies cannot be divorced from economic remedies, nor must we forget that economic ignorance is more to blame for our present condition than avarice and greed.

Whether we like it or not, man lives in an economic environment — he has since he first struck fire, invented the wheel and shaped his first tools, and until he recognises as the starting point the economic and moral difference between what he himself fashions into useful economic articles and the gifts of nature, no real and satisfying economic and social progress is possible.

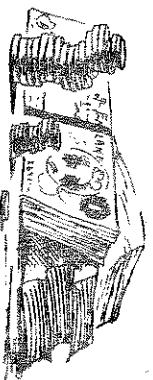
\* Richard B. Gregg, *Mamas*, September 11 1974

**THIS** pamphlet\* deals with the problem of monetary correction through indexation, though only in the absence of any political will by governments to abolish inflation by restricting the money supply. The author, therefore, repeatedly emphasizes that he is not arguing that this is the best method to prevent inflation, it is simply the only politically acceptable one in present circumstances. He does, however, believe that indexation has certain practical advantages in its modes of operation which will ultimately create a political will to stabilize money-value.

The most fascinating part of the work is undoubtedly Friedman's devastating analysis of government's dishonesty in using inflation as a hidden tax. But as a monetarist, he tells us that whereas short-run changes in prices, whether particular or general, can have many causes, "long-continued (and I would have added across-the-board) inflation is always and everywhere a monetary phenomenon that arises from a more rapid expansion in the quantity of money than in total output." He then proceeds to point out that the advantages accruing to governments from increasing the money supply are many and various, although the main one is that it amounts in all essentials to "taxation without representation".

Even so, in the present age, inflation has had other stimulants as well as the basic one of extracting money from the taxpayer through *implicit* rather than *explicit* taxes; among these are attempts to maintain fixed exchange rates (now mercifully abandoned!) and, more important, a commitment to full employment. Likewise, Professor Friedman reminds us that the revenues of governments from inflation are also particularly attractive, since the printing of paper money not only allows the painless financing of expenditure, it also swells in paper terms the size of profits and permits the levying — through fiscal drag — of dispropor-

# Indexation a Short-run Answer to Inflation



Prof. F. J. JONES

portionate taxes on all returns to industry and thrift. Savings, especially national savings, are in this regard a gold-mine for a government in times of inflation, because their real value constantly declines to the latter's benefit; so much so in recent years that the author expresses moral indignation and declares that "the savings bond campaigns of the US and UK Treasuries have been the largest bucket-shop operations ever engaged in".

Not surprisingly, it is at this point that he introduces his qualified prescription for reform, which is essentially a somewhat less painful anti-inflation strategy than the full-blooded monetarist one. His prescription, as previously stated, is indexation, and Friedman uses an agreement drawn up by General Motors with its workers as an illustration of what he proposes. The agreement, in fact, failed because indexation was not introduced into it, and the conclusion he draws from this example is that if indexation had been accepted it would have prevented industrial strife. With regard to the criticism that indexation itself causes inflation, on the other hand, he shows virtually by definition that this cannot be the case, since it is merely a topping-up process after inflation has taken place and thus can never be its initial stimulus. Yet here again he acknowledges that the device is only second best,

to be used sparingly in the absence of a political will to practise more radical solutions.

If we are to criticize this pamphlet in any way, it is certainly not because of the practical proposals it contains, but rather because of a certain imprecision in its formulation of monetary theory. Despite a recent television programme in which Professor Friedman berated his British colleagues for their inability to distinguish between money and credit, he seems to have fallen at times into the same trap himself. Hence he states that "flat money serves as a base on which the banking system creates additional money in the form of bank deposits". But, in fact, only national banks normally create money and all other banks create credit. Credit, however, is not inflationary unless an equal amount of specie is created to cover it, because for every creditor there is an equal and opposite debtor to cancel each credit out. The increasing of credit can consequently have no influence on money-values whatsoever as long as governments forgo resorting to the printing press.

Again, the above-quoted definition of inflation as a more rapid expansion of the money supply than increases in productivity, is inadequate even from Friedman's own point of view, since it appears to concede that it is legitimate to inflate to mop up the natural increase in productivity, provided that the object is to keep monetary values steady. But what is this if not another hidden tax! Surely it is morally far better to split money up into smaller, more convenient denominations from time to time while retaining its overall value rather than to inflate in step with every increment of growth? These occasional theoretical lapses, however, do not in any way detract from the force of Friedman's ingenious prescription for taking the sting out of monetary disinflation in present circumstances, and his plan for indexation can be wholeheartedly endorsed. But because of a certain fluidity in his definitions, his pamphlet may be construed as conceding slightly more from a monetary standpoint than its author seems to intend.

\* *Monetary Correction, a proposal for escalator clauses to reduce the costs of ending inflation*, by Milton Friedman, published by the Institute of Economic Affairs, 1974.

# Power and the Press

A SHAKE-UP of practices and production techniques in the newspaper industry; higher prices for newspapers; encouragement for more regional dailies — including local ones for London. And a stand against attacks on press freedom.

These are recommendations which Aims of Industry makes in its evidence to the Royal Commission on the Press as being desirable in the industry\*.

Aims concentrates on two aspects: first, the threat to freedom of expression through censorship over editorial and advertising content; second, the danger to the survival of the Press resulting from restrictive practices and overmanning and inability to adopt technical changes which would save it.

A number of cases of newspaper employees bringing pressure against cartoons, comment and advertising are described in the evidence.

"We believe that these instances . . . represent a frightening attack on the Press's freedom and should concern everyone.

"Once the principle had been accepted that not only staff writers but outside contributors had to be members of the NUJ, it would create what would be in effect a closed shop situation virtually without limits. A further consequence would be that union discipline could require that public relations people in business and industry must cease their output when journalists on newspapers were on strike."

One of the gravest implications of a journalists' union closed shop is that the union can lay down who shall work and who shall not. "This is seen in operation in Czechoslovakia, where a person cannot write unless he belongs to the union, and cannot belong to the union unless he signs approval of the Russian invasion.

The Press should be open to

\* *Evidence for the Royal Commission on the Press. Aims of Industry, 5 Plough Place, Fetter Lane, London EC4A 1AN*  
Price 6p

anyone who has something worthwhile to say in his own field of specialisation, says Aims. "If radio and television have leading figures in politics, economics, academics, sports, etc., appearing while the Press is not allowed to use their services, even more public support would be lost to the other medium."

The evidence looks at the effect on editors if they were forced as union members to submit to pressures from employees working under them. "The reason why newspaper editors and proprietors are vulnerable to pressures from workers is, of course, an obvious one. Of all commodities, there is no other as perishable as a newspaper. A newspaper that is not published loses not only circulation but advertising revenue. It cannot afterwards make up losses."

Aims suggests that union pressures were behind the delay of more than a week in publication of Hansard containing the report of a House of Lords debate on April 10 of this year in which details were given of over-manning and print union pressures in Fleet Street.

Although it was officially denied

## Miscellany

### Subsidies—The Hidden Beneficiaries

ARGUING against the principle of subsidies in general, Russell Lewis (*Daily Telegraph*, December 11) denounced as the most entrenched, the subsidies for housing and agriculture. There would be little need for the former but for rent control which has caused the housing shortage, he says, and as for agriculture "... both the European price supports and the British deficiency payments are unsatisfactory because both deposit the bulk of the benefit into the laps of rich farmers."

Subsidies, says Mr. Lewis, arise from politicians thinking they can improve on the free market. "Worse still, they sometimes set out deliberately to bribe sections of the electorate with the taxpayer's money. Our problem is that, once established, every sub-

that the report was held up by an industrial dispute. "It was too much of a coincidence that Hansard did not appear immediately, as its custom, on the one day when the text included some hard criticism of the print unions' action."

The Aims submission warns against government intervention in the industry, especially subsidies or such ideas as an advertising revenue board that would redistribute wealth from one paper to another.

"Why should anyone subsidise a grossly inefficient industry? Subsidies would, in fact, only help perpetuate the present crazy situation. They would treat the symptoms and not the cause. They would do nothing at all to attack the industry's basic problems."

Another consideration is the danger to a free press once it is beholden in any way to a Government, "whatever that Government's policies. We would agree with the Member of Parliament who argued 'Once there are subsidies there are strings, and once there are strings there is an end to the real legitimate freedom of the Press.'"

sidly becomes someone's sacred cow."

He might have added that subsidies in the economy ultimately find their way through the economic sieve into land values.

### Shhh... Touch Wood

A LETTER to *The Times*, December 10 rebukes the National Institute of Economic and Social Research for announcing that it expects the rate of inflation in Great Britain to rise to 25 per cent. The announcement itself, suggests the writer, will give it a good chance of doing so and he calls for a moratorium on all future forecasts from all quarters. This, he claims, "would make a far bigger contribution to bringing down the rate of inflation than any policy recommended by such bodies and individuals."

Maybe we could, in the event of

power cuts in 1975, have all thermometers in the nation fixed at a comfortable temperature. We could then snap our fingers at any strikes or power cuts.

The writer of the letter to *The Times*? It was A. P. Thirlwall, Reader in Economics, University of Kent at Canterbury.

## Floating Gold Standard

THE weight of gold received in redemption of a note should vary with every change in the free bullion market value of the metal. A sound note will then preserve its value in gold.

Those who urge a return to a fixed-price gold standard point out that printing paper money is a continual temptation to politicians who want to bribe their electorate. Agreed, but the remedy is not to replace on us the shackles of a fixed gold price, but to withdraw the right of note issue from government banks, who suffer no such temptation. We assert that this freedom to issue notes redeemable on demand in gold at its current market price, will produce a money as stable as is possible in the relations of fallible human beings — certainly far more stable than any paper money issued under a fixed-price gold standard.

—*The Individualist*, December 1974

## Two-and-a-half year Rates Study

THE Chartered Institute of Public Finance and Accountancy and the Institute for Fiscal Studies have jointly commissioned a research project into local government finance. The study will have a practical bias, although a contribution to theoretical issues will be made.

The aim of the research will be to contribute to practical improvements in the arrangements for financing local government, and in particular the project will be concerned with empirical studies of the grant and rating systems.

The research will be undertaken by the Centre for Urban Economics at the London School of Economics and will take about 2½ years to complete.

## Caveat Emptor

by Malcolm Mercer (FRVA)

*Rating and Valuation*, Dec. 1974.

IRISH estate agents have also caught the property language bug, or so it appears from some of their advertisements. Perhaps someone amongst my RICS friends would consider preparing a dictionary of property terms to aid the prospective buyer and to help him to appreciate the true meaning of the advertised description. To help this budding author I would offer some definitions as starters which appeared recently in the *Belfast Telegraph*:

**Set in Ultra Modern Estate** — it will be four years before there is a road to it.

**Convenient to Schools** — You can't hear yourself for screaming kids.

**Double Glazing and Foam Filled Walls** — Don't close the lounge door or you'll create a vacuum and get sucked up the chimney.

**No Wasted Space** — There's no place for the mop bucket.

**Country Atmosphere** — There's a pigery next door and watch where you step.

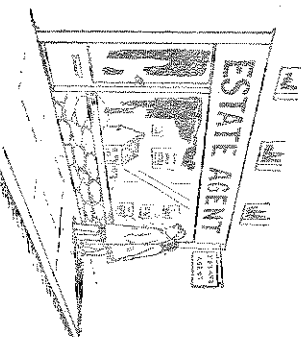
**Open Plan** — Vandals broke in and stole all the doors.

**Mosaic Floor** — The tiles are cracked.

**Panoramic View** — The buses don't go that far up the mountain.

**Convenient to Airport** — At the bottom of the runway at Aldergrove — or "What are those big tyre marks on the roof?"

**Cul De Sac** — We had to build a peace line to keep the private armies apart.



**View of River** — Rising damp.  
**Period Style** — Falling down.  
**Georgian Style** — George the Sixth.

## Britain Better Out

FIVE concessions in the present terms of membership of the EEC, which would justify Britain remaining a member without impairing its national interest, are given in a report of a working party headed by Dr. Brian Burkill, a Bradford University economics lecturer, who argues that the benefits of withdrawal substantially outweigh the "frequently exaggerated costs of exclusion."

The five concessions are these:  
\* Britain's contribution to the Market budget must be greatly reduced.

\* The common agricultural policy should be reshaped to allow Britain the option of returning to the deficiency-payment system of farm support.

\* Food producers outside Europe must have continued access to the British market.

\* The Government must regain the freedom to fix the level of British tariffs on non-agricultural imports from outside the EEC.

\* The Government must have unfettered control of the economy, in particular capital movements in and out of the country.

Parliament should also retain the power to study and reject all proposed EEC regulations before they are implemented. None should have legal force without specific Parliamentary approval.

Neither economic theory nor actual experience corroborate arguments made in favour of the EEC, says the Report. Britain's membership has already been damaging to the country's economy.

## Land Divided

MULTIPLE tailor Burton Group has had an appalling year... but at least the directors have not taken their trimming scissors to the dividend.

But for property sales Burton would have made a loss of £520,000 against profits of £8,090,000 last time.

The property disposals, though, brought in a profit of £3,870,000 — against £136,000 previously, providing a small increase in the total dividend. *Evening Standard*, Dec. 13.

# Letters

## LAND AND THE COMMUNITY

SIR, — Readers of LAND & LIBERTY will recognise that the idea of "stewardship" or "trust" with respect to land and natural resources is natural and fundamental. In fact this idea was expressed, one way or another, in early land-holding practices. With the passing of centuries, the idea of stewardship of land was all but lost. Private ownership of land is now considered an inviolable right by those people who can afford title to such property.

This comparatively modern system of land tenure has become a major source of social and economic inequity; land being increasingly translated into corporate ownership, has frequently lead to misuse and over-exploitation. The ecological and social problems that have arisen as a result of this tendency are amply documented.

Those of us who are concerned over the damage to natural systems which industrial man has caused, and are anxious to take practical steps to improve the situation by exemplary action, find that we are almost powerless to do so since individual ownership invariably demands the highest economic use which is not always the best social use. In so far as the introduction of land-value taxation would cheapen land and make it more widely available for use, we cannot but support it; but the ecological crisis is already with us. Legislative changes take time, and a do-it-yourself approach could complement political activity while increasing its chances of success.

The Community Land Trust represents an effort to fulfil this need by creating an alternative to existing practices of landholding, which creates a sense of stewardship of the land. A Community Land Trust is a legal entity which holds land for the benefit of all mankind, present and future. The aims of the Trust are to ensure that the land is used and cared for in ways which give the most benefit to present and future generations, and preserve and enhance its natural beauty and productivity; and to provide access to land for

those who will use it in accordance with these aims.

A great deal of work has been done in the last few months towards establishing a national Community Land Trust in this country. The legal form adopted is that of a non-profit limited company, which will seek charitable status. The organisation and administration will be carried out by a democratically elected Council, and there will also be a self-perpetuating body of Trustee Members, well-known individuals who will act as the guardians of land held in trust.

The Trust will act:

(a) as a "receptacle" for gifts and bequests of land from those who wish to ensure that their land continues to be used in accordance with the aims of the Trust.

(b) as a purchaser of land, using funds contributed by individuals and groups who wish to further the aims of the Trust.

(c) by granting long-term, secure leases to users of the land. The lessee would have security equivalent to ownership, only to be lost if he misuses the land within the terms of the aims of the Trust. The value of buildings and improvements on the land should accrue to the lessee in accordance with Henry George's philosophy.

There have been suggestions about the possibility of attracting investments from small savers, particularly those who at present have difficulty finding morally acceptable and socially useful organisations in which to invest.

There is much in common between the fundamental philosophies of the Community Land Trust and of land-value taxation.

The establishment of the Community Land Trust is the first major project of the New Villages Association, an organisation dedicated to decentralisation and localised production. Any reader who would like more information on the Community Land Trust, or is willing to give help in the form of professional aid (particularly in the fields of finance and land survey) is invited to write to me.

Yours faithfully,

DON WARREN

3 *Salubrious*, Broadway, Worcs.  
WR12 7AU.

## CLOBBERED

IT IS time for non-public companies to stand up to this Government who profess to wish to see a profitable private sector when in fact they are creating conditions which will destroy them.

This must be one of the reasons why we are suffering such a deplorable lack of investment in this country. If we are going to be clobbered by a wealth tax plus a gift transfer tax after we have paid our capital gains tax on top of surtax and income tax what the hell is the point in staying in business?

— Correspondent in the *Financial Times*.

## ECC CORN LAWS

SIR, — To those of us who believe in Free Trade the shortage of sugar and increase in its price comes as no surprise.

Our concern is that economic conditions do not become as serious as they were in the "hungry forties" of the last century. Then it was the infamous "Corn Laws" — which by means of tariffs regulated the import of wheat as a method of maintaining prices — and the potato famine in Ireland which precipitated the crisis.

Today the same stupid concept prevails that trade can be regulated and protected by Government legislative measures. Through our membership of the Common Market sugar supplies have been manipulated so that producers and distributors of beet sugar, as opposed to cane sugar, are uniformly protected and the effect on consumers supposedly minimised by State subsidies.

The hungry seventies are inevitable unless we withdraw from the Common Market and open our ports to the free flow of food and goods from all countries.

Only by this means will supply and demand be equated, a realistic monetary exchange value achieved and the prosperity made possible by the accomplishments of science and research brought about.

Yours faithfully,

STEPHEN MARTIN  
*Fordingbridge, Hants.*

# What Others Have Said

## The Best of Titles

**IT IS OBVIOUS** that the bare land with its contents and the waters that flow through and about it constitute the nature-provided environment of human beings and are rightly the subject of their equal claims. Also that the value-for-use of these natural resources is conditioned on population. It follows population as its shadow. It appears with the people and disappears when they go. This value, therefore, should, by the best of titles, be retained by the community as its most excellent source of public revenue. The more the community draws upon this vast, community-conditioned fund the less will be the forced contributions from labour and capital. This means that the greater and better distributed will be the purchasing power of the people.

H. J. Davenport, Professor of Economics, Cornell University.

## Passive Factor of Production

**SUSTAINED** by some of the greatest names - I will say by every name of the first rank in Political Economy from Turgot and Adam Smith to Mill - I hold that the land of a country presents conditions which separate it economically from the great mass of the other objects of wealth.

Thorold Rogers, *Manual of Political Economy*.

## The Distinction

**HERE ARE** two men of equal incomes - that of the one derived from the exertion of his labour, that of the other from the rent of land. Is it just that they should equally contribute to the expenses of the State? Evidently not. The income of the one represents wealth he creates and adds to the general wealth of the State; the income of the other represents merely wealth that he takes from the general stock, returning nothing.

Henry George, *Progress and Poverty*.

## A Policy for the Seventies

**AN OFFER** is made of a mode of raising revenue, which takes from none what they have rightly earned, which need rob no one of what he has rightly bought, and which will replenish the Treasury, no man being mulcted, no man wronged; and are we to reject this offer and for ever allow so many private interests to gather round this public domain that it shall be useless and perverted? . . . We vex the poor with indirect taxes, we squeeze the rich, we ransack heaven and earth to find some new impost palatable or tolerable, and all the time these

hardships are going on; neglected or misapplied, there have lain at our feet a multitude of resources ample enough for all just common wants, growing as they grow, and so marked out that one may say they form Nature's budget. Such seems the rationale of the subject of which the land question forms a part. And so we may say that, if property in land be ever placed on a theoretically perfect basis, no private individual will be the recipient of economic rent.

Sir John MacDonell, *The Land Question*.

## Continuous Betterment

**THE RENT** of any one portion of soil does not depend on the labour or capital that has been expended on that portion . . . . For instance, if, in the heart of London, a space of twenty acres had been enclosed by a high wall at the time of the Norman Conquest, and if no man had ever touched that portion of soil, or even seen it from that time to this, it would, if let by auction, produce an enormous rent.

Patrick E. Dove, *Elements of Political Science*.

## Tax Sites not Improvements

**AS** a matter of fact, the owner contributes nothing to local taxation. Everything is heaped on the occupier. The land would be worthless without roads, and the occupier has to construct, widen and repair them. It could not be inhabited without proper drainage, and the occupier is constrained to construct and pay for the works which give an initial value to the ground rent, and, after the outlay, enhance it. It could not be occupied without a proper supply of water, and the cost of this supply is levied on the occupier also. In return for the enormous expenditure paid by the tenant for these permanent improvements, he has his rent raised on his improvements, and his taxes increased by them.

Thorold Rogers, *Six Centuries of Work and Wages*

## Effects of Taxation

**TAX** manufacturers and you check production. Tax buildings and improvements and you slow development. Tax trade and you hinder or prevent exchange. Tax capital and you raise the cost of production. Tax wages and you lessen incentive. But you may take the whole value of land in taxation and the land will not diminish nor be any less productive. On the contrary, land-value taxation will reduce the price of land and make more land available, stimulate trade and open up new opportunities to labour and capital for the production of wealth.

- *Why Rents and Rates are High*