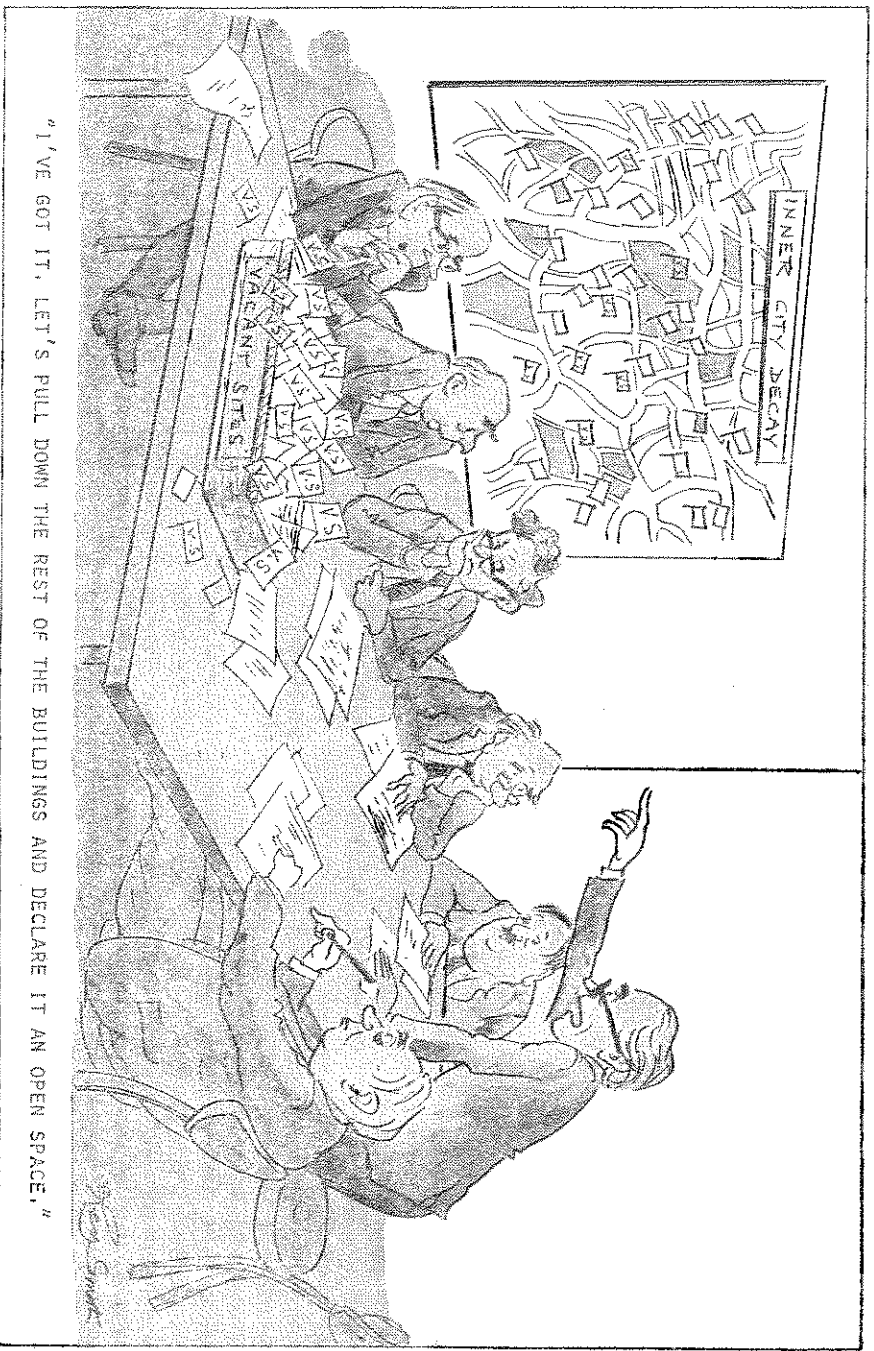


# LAND & LIBERTY

JANUARY & FEBRUARY, 1978



## Intractable Problems or Intractable Politicians?

GOVERNMENT policies may arise from electoral pledges, a deal with sectional and power-wielding interests—the unions, left-wing extremists, (or the liberals), or from growing concern over a long standing problem that, despite patchwork palliatives, looks like getting out of hand and

threatening electoral prospects. The problem of the inner cities is one of the latter and is the subject of a White Paper discussed by Peter Rhodes elsewhere in this issue.

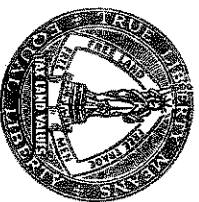
"A formidable battery of research documents" from a variety of local bodies paints a grim pic-

ture of poverty, deprivation, decay, congestion, homelessness and unemployment and these reports have prodded the Government to a "new commitment to attack urban deprivation." So a new soporific is being prepared which includes the handing out of £100 million more of taxpayers' money

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to finance more planning, organisation and control of property and people; all this while the larger part of vacant land, much of which has been idle for decades, is held by the local authorities and public corporations.

Attempts to simplify the issue of the decay of inner cities by reference to the basic principles of land economics and the market economy are countered by charges of being unrealistic; that conditions must be dealt with as they now exist in the "real world" despite the fact that these conditions have been brought about by government legislation which ignores causes on the one hand and aggravates effects on the other.

Legislation rarely solves an economic problem; what it usually does is to change its shape, or create a substitute or additional problem. Nothing, absolutely nothing that successive governments have done since the last war, has touched the problems thrown up by our unjust land tenure system. On the contrary, land legislation in this country has been an unqualified disaster as have the rent Acts and all property legislation. Is it any wonder then that we have a problem of the inner cities which at root is a land problem?

\* \* \*

Mr. Healey, Chancellor of the Exchequer, is on record as saying at the end of last year that some form of incomes policy must continue after the current "phase III" ends on July 31st. "The Government has a duty to give the country some idea of the aggregate increase in earnings that is compatible with growth and keeping inflation under control," says Mr. Healey. He went on (in an article in *Socialist Commentary*) to say that the Government "must have an attitude about what is the proper level of wage increases in the various parts of the public sector."

To have a pay policy for the public sector and a free-for-all in the private sector can be very unfair to the public sector, said Mr. Healey, and he suggested that comparability with outside wages could be the basis for public sector wages.

So instead of a free-for-all there could be not a free-for-some, but a free-for-none, the Government

being the only free agent. "The Government," said the Chancellor, "is thinking of a system whereby it would specify how much the nation could afford in higher wages and leave it to unions and management to distribute the cake."

This is a nonsensical and dangerous concept that not only assumes perpetual monetary inflation (the initiating cause of the demand for wage increases) but proffers a six-inch nail for the coffin of individual liberty.

Workers in powerful unions can demand and get larger increases than the weak and non-unionised, but although this is a completely separate issue from that of wage-earners generally trying to keep pace with inflation, the issues are not kept separate and the confusion engendered is used as an excuse for wages control under the subtle guise of "guide-lines".

The best thing is to let the free market in wages operate—where it can—and thus isolate the problem of union monopoly power where it exists. As for a free-for-all in wages sending up prices, this is inevitable once the vicious circle of inflation is initiated and maintained by monetary debasement, which must be allowed to work its way through the economy.

At least, higher wages and higher prices are no worse than lower wages and lower prices, and would have the advantages of freedom and flexibility. Such a policy should of course be accompanied by strict control of the money supply.

\* \* \*

**THE** National House-Building Council has warned the Government that there could soon be an upsurge in land and house prices.

In evidence submitted to Mr. Peter Shore following the Government's discussion paper on housing policy, Mr. Andrew Tait, the Council's director-general, says, "There are recent signs that land prices are rising dangerously in some areas. If planners over-react to the inner city fashion by refusing to zone new land around the cities, the result will be a land and house price explosion."

The "suspicion" that exists between the local authorities and builders has restricted the availability of house building sites and

has increased costs through delays in planning approval, says the Council.

On the subject of the Development Land Tax, the Council says that the bill for the tax will ultimately be footed by the purchasers of new houses, not by the builder nor the landowner. This, it says, introduces an inequity between purchasers of privately built houses and tenants of local authority housing, since council development is exempt from the tax. It is suggested that this could be remedied by means of a subsidy paid out of the proceeds of the tax. The subsidy would be used to reduce the rates paid over the first five years by the purchaser of a new privately built house. This, it is argued, would create a bigger demand for houses, so creating more jobs and reducing unemployment in the building industry.

This measure might indeed have some such effect in the first instance, but ultimately the rates subsidy will be reflected in increased prices for new houses which will in turn lead to higher prices for residential development land. Clearly this will help neither the builder nor the house buyer.

Surely a better way of eradicating inequities introduced by the Development Land Tax and at the same time helping builders and house buyers, would be the abolition of this harmful tax and the substitution of an annual *ad valorem* charge on all land, excluding improvement values. Given an abundant market supply of land which this would lead to, builders could really get on with their job.

\* \* \*

**NEVER** since the aim of assisting the poor in the "third world" has existed, policy has in the main centred around the idea that boosting the gross national products of the under-developed nations would of itself improve the lot of the poverty-stricken.

Now, in a recent address to the governors of the World Bank, to which *The Economist*, December 31 1977 referred as "so stunningly simple a statement of the obvious . . .", Robert McNamara has shattered this illusion.

"Economic growth," says Mr.

McNamara, "cannot assist the poor if it does not reach the poor." *The Economist* concurs, pointing out that even where high growth rates have been realised, the poorest have been by-passed when it came to sharing the benefits. Mr. McNamara says:

"The truth is that in every developing country the poor are trapped in a set of circumstances that makes it virtually impossible for them either to contribute to the economic development of their nation or to share equitably in its benefits. They are condemned by their situation to remain largely outside the development process. It simply passes them by."

The new conventional wisdom in approaching the problem incorporates, says *The Economist*, the "basic needs" approach wherein the poor community is itself encouraged to participate in the provision of needs such as food, health-care, housing, education and jobs. Mr. McNamara points out that experience has shown that without "effective government policies to moderate skewed income distribution," this approach does not work either, and that to make it work would involve tricky political decisions "which may cut across the personal interests of a privileged minority."

Indeed! The world should be grateful to Mr. McNamara for his ability to question accepted orthodoxy. What political decisions and manner of income redistribution he envisages we do not, of course, know. But we suggest that a good starting point would be an examination of the ways in which the systems of land tenure in the poorer countries affect the distribution of wealth, the nature of production and the availability of employment or means of self-employment. If this were done and the acquired knowledge put into effect, then perhaps the *developed* nations could begin to learn from their poorer neighbours.

#### NEW SUBSCRIPTION RATE

We regret that we are obliged to increase the annual subscription to Land & Liberty to £4.00 or \$7.50 U.S. The new rate will take effect as subscriptions fall due.

# Growth—Escalator or Treadmill?

B. W. B.

**"Economic growth is not, in democracies, an organised process undertaken by the community as a body and working to some grandiose master plan."**

ONE of the great pleasures of my youth—one which I placed immediately after "song"—was motoring. It was a day to remember, in 1954, when I took ownership of my first motor car. An eighteen year old Austin 7, it was not the sort of acquisition to put me on the wrong side of Jack Jones; but if it did not actually mark my entry into the affluent society, at least it showed that I was on my way, brothers.

Soon, however, I found that a large number of other brothers were also on their way. Most of them were pressing against my bumpers as we waited at the traffic lights down the road or crawled through the local High Street. And in my more frustrated moments I saw some glimmer of sense in the idea, then being tossed around, that the time had come for the Government to put the brake on the growth of the motor car and ration each year's increase in new drivers. After all, now that I'd got *my* licence there was no earthly reason for the Government to be dilatory or indecisive in dealing with a growing social problem.

Ten years later my motoring passed a milestone when, with the help of the Channel ferry, I transported my family for a holiday on the shores of the blue Mediterranean. True, the establishment we stayed at was not palatial; indeed, it was quite small and we had to remember to loosen the guy ropes at night. True also, we shared our little patch of the Mediterranean shore with a few thousand Dutchmen, Belgians, Germans, other Englishmen and a few French; and, moreover, that Mediterranean shore showed signs of that twentieth-century menace—pollution—and a drop of petrol from the tank was needed, now and again, to remove thick black oil from sunburnt anatomies. But despite these minor blemishes life had surely acquired a great new dimension.

All this time I had thought, in my self-satisfaction, that my progress from pedestrian to motorist and from ordinary holidaymaker to British tourist had been the deserved result of "getting on" in my occupation; the reward for being properly subservient to the boss and co-operative with his secretary. But according to a new book\* by Professor E. J. Mishan, I could hardly have been more wrong.

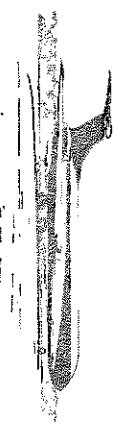
In the first place, the developments that I had been viewing with such contentment were, apparently, not so much progress as mere "economic growth". Pow-

ered mainly by the advance of science and technology, this is the process under which, every year, without any great effort on our parts, we produce more goods and gadgets, grow more food, motor more miles and take more expensive holidays in ever more exotic places than anyone ever thought possible. And in the second place, according to Professor Mishan, this process is not only not good but is deplorable. In this book he takes a close analytical look at economic growth and makes it clear that he does not like what he sees.

Take my old Austin 7 for a start—what the Professor calls the "private automobile". This, he asserts, is one of the greatest disasters that ever befell the human race.

"For sheer irresistible destructive power, no other creation of man—save, perhaps, the airliner—can compete with it. Almost every principle of architectural harmony has been perverted in the vain struggle to keep the mounting volume of motorised traffic moving through our cities . . . The automobile has multiplied like the locust and swarmed with noise and stench through every street and alley, with the consequence that all the mingling of crowds, all the gaiety in the street . . . have become things of the past."

And the airliner? This, he says, apart from "plunging us into an era of shrieking skies" has "conspired



with the automobile to create a tourist explosion that, within a few years, has irrevocably destroyed the once-famed beauty spots of the Mediterranean coastline." All right, Professor, *touche*.

All around him Professor Mishan sees evidence of the shattering decline in the standard of life brought about by the juggernaut progress of economic growth. Not only does travel lead to the destruction of the world's beauty spots, it also brings the spread of disease on a scale not met before. Drugs, originally introduced for fighting such disease have been found to have tragic side-effects and to lead to addiction. The march of technology brings weapons of war so horrifying in their potential effects as to put the whole human race in jeopardy. The environment, already sullied with urban sprawl and vulnerable to mechanical breakdown, crime and terrorism, has become polluted with noise and clamour, the stench of

\**The Economic Growth Debate: an assessment*, E. J. Mishan, George Allen & Unwin, paperback £3.50.

fumes and litter and the poisoning of rivers. The pace of modern living stretches to its limit the human nervous system, and stress diseases and tranquilliser drugs have become part of normal life.

But surely, the gadgets of modern technology bring more leisure in which we can enjoy its fruits? Not so, says the Professor. The demands of the growth society are such that leisure needs to be used for self-improvement, to keep abreast of developments for fear of losing our jobs. And even if there were any real leisure, the abrupt change from the normal round would tend to leave ordinary men and women in a state of "restlessness, indecision and anxiety."

What Professor Mishan preaches, in short, is that the sum of human happiness cannot be much enhanced by further scientific discoveries and that there should now be a ban on all scientific research and technology, exceptions being made, "on appeal," for research directed to "clear humanitarian purposes."

Few readers of the book will be completely at odds with its author. Who among us has not, at some time, longed to "quit the rat race" and to "get away from it all"? But Professor Mishan's almost unrelieved condemnation of modern society is not easy to take *in toto*. In his eyes, nothing in

this world is right. If unemployment were to disappear he would, no doubt, regret the ending of social life in the dole queues. If he should win the Pools he would doubtless bemoan his luck in having to count the money.

In any event, can there be any expectation that man would ever—could ever—switch off that power to develop and improve his lot that is the main characteristic distinguishing him from the animal? Economic growth, after all, is not, in democracies, an organised process undertaken by the community as a body and working to some grandiose master plan. It is, for the most part, the sum result of independent action by individuals, or small groups of individuals, working to their own inclinations and giving vent to their native inventiveness and powers of innovation.

It may be that social conditions—and social injustice—pervert the course of man's inventiveness. In which event the righting of basic wrongs in society can have only beneficial effects which might modify Professor Mishan's views about the process *per se*.

But if Professor Mishan really does advocate a general ban on man's inventiveness, then he might as well call for a general ban on breathing. Or perhaps save his breath.

## Change These Tax Laws !

I am glad to see this committee consider the subject of the valuation and taxation of farming and grazing land in Arizona, because the state's policies in this area since 1968 have resulted not only in the granting of preferential tax treatment to property owners who claim to be involved in farming and ranching but aren't, but also in the granting of tax relief totalling 90 to 99 per cent to Arizona's legitimate farmers and ranchers.

I don't think that was the intent of the Legislature when it enacted the provisions referring to "current use" and "future anticipated increments of value."\* Unfortunately, however, the vague language of the statutes and the failure of the Department of Revenue and its predecessor, the Department of Property Valuation, to establish strict requirements for the classification of farm and ranch

IN our September/October 1977 issue, we published an article "A First Step to Reform" in which Joseph Zashin recounted his efforts to have rectified certain inequities in the property-tax assessments of Pima County, Arizona. Stephen Emerine, County Assessor, in a letter to the Editor, has indicated that he is aware of these inequities and is concerned in attempting to change the relevant legislation so that more equitable assessments may be made.

Mr. Emerine enclosed a copy of a statement he made to the Senate Finance Committee on November 30, 1977, which we reproduce with his permission.

breaks to those who aren't entitled to them and we're giving larger tax breaks than perhaps any other state in the nation to Arizona's farmers and ranchers.

This would be bad enough if we were like most other states, in that more than half of our property was privately owned. As you know, however, only 17.9 per cent of the land in Arizona is privately owned and therefore subject to taxation. As a result, the impact of these loose agricultural tax laws and policies hit home owners, business people and other non-agricultural property owners very, very hard.

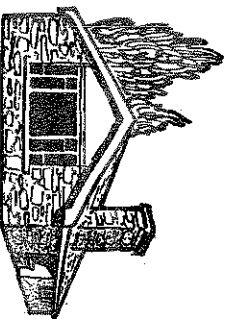
Let me use Pima County as an example. Our county is 5.9 million acres in size, and only 813,000 acres—or 13.8 per cent—is privately owned. Of that 813,000 acres, more than 271,000 acres—or 33.6 per cent of the taxable land—qualifies as grazing land under state laws and guidelines, while another 51,000 acres—or 6.3 per cent—qualifies for special tax benefits for farming land. The net result of this is that only 8.3 per

\*These provisions require that the Assessor consider "present use" and discount amounts paid for "future increments of value" thus making it impossible to assess underused land at its full market value. (Ed.)



cent of Pima County's land is actually assessed at anywhere near its actual market value, and therefore the burden of property taxation in Pima County falls almost entirely on the owners of one-twelfth of its land.

It's little wonder that home owners and business people are



screaming to you and to me about their tax burden.

Some of you are familiar with the area known as Rancho Romero north of Tucson, which was subdivided and ready for development until Pima County agreed to purchase it and trade it to the state for park purposes. Pima County paid \$1,400 per acre for the land. It was on the tax rolls at \$7 per acre because the developer managed to qualify under our current grazing regulations. South of Tucson and extending into Santa Cruz County is the 35,000-acre Empire Ranch, which GAC Properties subdivided for nationwide selling and which later was sold to Anamax Mining Co., which wanted its water rights, for \$12.8 million. That land has been on the tax rolls during all these actions and transactions for \$312,382 in full cash or 2.4 per cent of the actual sale price. Why? Because both GAC and Anamax can claim to be cowboys under Arizona's agricultural tax laws and guidelines.

Closer to Tucson, but still south of the city, is the 10,000-acre Farmers Investment Co. pecan farm. Its owners testified in a now-famous water case before the Arizona Supreme Court in 1973 that the value of the farm then was \$51 million. Using Arizona's agricultural valuation guidelines, it's on the tax rolls at one-tenth of its true value.

In other words, while virtually every home in Arizona is on the tax rolls at 85 to 100 per cent of its market value, Rancho Romero was on the rolls at less than 1 per cent, the Empire Ranch is on at 2.4 per cent and the FICO opera-

tion is on at 10 per cent. Did you or your predecessors intend to give a 90 to 99 per cent tax exemption either to legitimate farmers and ranchers or to speculators, mining companies and other non-agricultural property owners in 1968? I doubt it.

Let me suggest three steps that this committee could consider.

First and foremost, enlist the assistance of the Governor and House of Representatives to direct the Division of Property and Special Taxes of the Arizona Department of Revenue to revise and update its guidelines for the valuation of farming and grazing property. The first priority should be to tighten the guidelines so that they apply only to legitimate farmers and ranchers—not to speculators, mining companies, oil companies, insurance companies and other non-agricultural owners. In addition, the actual dollar amounts within the state's guidelines should be revised to reflect the ten years of inflation that have passed by since their last revision. I'm reasonably sure that no grazing land in Arizona is worth only \$12 an acre, \$7 an acre or \$3 an acre full cash value. All taxable land in Arizona should have a minimum value of \$50 to \$100 an acre—which is still far less than you or I can buy it for on today's market.

Secondly, this session of the Legislature should lay the groundwork for a statutory definition of just how much of a tax concession Arizona wants to give its legitimate farmers and ranchers in the 1970's and 1980's. Do you want to set full cash values on farming and ranching property at 50 per cent of their market value? Thirty per cent? Ten per cent? Fine... but set that limit in the statutes. Don't continue with laws so vague that there is *no* limit.

And finally, I urge you to follow the lead of other states, such



as New Jersey, Oregon and Illinois and enact a "recapture" law or a "rollback" law governing agricultural and grazing tax benefits.

Under such a law, a farmer or rancher must either apply annually for preferential tax treatment or he must sign a five or ten-year contract with the state guaranteeing that he will use his land for farming or grazing during that time period. If he keeps his word, he gets the tax break with no strings attached.

If he changes his mind, however, or breaks his word, he is assessed for the difference between the taxes he paid at the reduced farming or grazing rate and the taxes he should have paid if his property had been assessed at its full market value. Some states go back three years to collect these adjusted taxes, while others go back for five years. That decision is up to you.

None of these proposals will significantly hurt legitimate farmers and ranchers. They won't penalize the family that has grown crops or raised cattle for a generation or two in the past and wants to do the same thing for a generation or two in the future. They will, however, enable the state and its subdivisions to collect more of the property taxes that are rightfully theirs from the short-term hobby farmers, the land speculators and the other property owners who currently claim to be farmers and ranchers but really aren't.

\* \* \*

#### SMALL BUT SWEET

A rent of around £13 a square foot is to be paid by the Midland Bank for an 80,946 square feet office development in Cannon Street, central London. After an initial period, the rent is to rise to over £13.50 a square foot, reports the *Daily Telegraph*.

Even this nowhere near approaches the value achieved on the sale of a lease of one of central London's smallest shops. With a frontage of only five feet and a depth of fourteen feet, the total area comprises only seventy square feet. Yet a lease with only four years to run at a rent of £950 a year recently sold at a premium of £20,000 to a confectionery retailer.

The agents estimate that this premium puts the rent of the shop in the region of £120 a square foot, reports the *Estates Gazette*.

# Making the Public Sector More Public

**KENNETH WARREN, M.P., President, Freedom of Information Campaign**

**SECRECY** is an illness of Society.

Since the last war government in Britain has become more and more inefficient. The people have become increasingly unhappy at the way the country is run and they blame the politicians for bad conditions. The real trouble lies hidden behind a wall of secrecy. People are not told the truth because it is a secret and not in the national interest to disclose what has gone wrong.

When secrecy hides the work that goes into a job, slovenly irresponsible workmanship passes undetected. Standards fall and anything goes. The work of our government is traditionally secret. There is a convention of 'wisdom' that there shall be secrecy. Secrecy has become a disease spread by bureaucracy.

We have talent in this country yet other European countries seem to do better than Britain. This is not because the Germans or the French or the Dutch are better than the British but because their governments are more open in their work. Public servants must give a high standard of work when their work can be seen and inspected. In Britain the work of the public servant is not seen. They are not publicly accountable for their mistakes, omissions, blunders or standards of efficiency. As a result the people of Britain suffer inadequate government.

I am an engineer and if I design a bridge I am responsible for the construction of that bridge. My whole career and reputation will be destroyed if the bridge fails to carry the loads for which it was created.

Such harsh discipline makes for efficiency in the work of every engineer. The civil servant with his right to anonymity given to him by secrecy has no permanent public discipline to maintain the standard of his work.

The deterioration in the efficiency of government in Britain is particularly disastrous because the country is committed to state

ownership of industry. The long record of inept management of publicly owned enterprise, which is born of secretive government, creates ready made ammunition for those of us who oppose the nationalisation of industry. State ownership of industry does not have a sporting chance of success whilst the Official Secrets Act provides camouflage for the incompetent. If we are condemned to National Enterprise, then surely we are entitled to expect public ownership to be public. Under the existing laws of secrecy, private enterprise is the subject of public scrutiny whilst a national enterprise can be so secretive that Public Enquiries and Royal Commissions have to be appointed by Parliament in an attempt to obtain the most elementary information.

On general principles we are all concerned regarding the success of management by government. Taxpayers pay the piper and should have some say in calling the tune. Secrecy in government deprives them of this elementary democratic right.

There is another aspect to secrecy which transcends all party political considerations. I refer to the most basic of all human rights, the right to know the truth. In Britain we only have a right to know what we are officially permitted to know. It is illegal in Britain to know unless the knowledge has been officially released. Such a state of affairs is incompatible with true democracy.

Advantage has been taken of secrecy to build up in this country massive data storage systems. Networks of computer controlled data banks now provide the State with the most intimate and personal information regarding each individual. From cradle to grave information from all sources is fed into the State machine to build up a comprehensive profile of every citizen.

A complex society of 55 million in a small island does require sophisticated and efficient data

banks in order to strive for the optimum conditions of existence for its members. But the creation of such a facility in secret and its secret use can put every member of that society into grave danger. The individual can be condemned without trial if the data held upon him by the State is inaccurate. Only the individual himself could possibly know whether the data held upon him was true or false.

It is vital that the establishment of State data stores about individual citizens should not be in secret. The individual must know what is being done. He must also have a right to inspect and correct all data held upon him. In order for the individual citizen to be able to do this, there must be no secrecy about data bases and the citizen must have the right to inspect and correct his own files.

Reform of the laws of secrecy must be a package which gives privacy with Freedom of Information. The privacy aspect of Freedom of Information is very specific and is not controversial. The concept has been accepted and welcomed by everyone in the Consumer Credit Act which enables an individual to inspect and correct data held upon him by a credit agency. Everyone has understood the need for such protection as a basic human right of the individual. Now is the time for government to put its own house in order and apply the same principle to itself as it demanded from credit agencies.

When the Official Secrets Act is replaced with a Freedom of Information Act, the rights of the individual in relationship to the use of State data bases will have been safeguarded. The need for a Data Protection Committee may vanish. At present, while secrecy remains, the Data Protection Committee provides no true safeguard to the individual citizen.

There are many different reasons for interested groups to seek reform of the Official Secrets Act. Those reasons may well be in conflict one with another. But the principle involved is restoring the right of the citizens of Britain to know the truth. That principle transcends all party political barriers and it also transcends all personalities and factions.

# Site-value the Key

RICHARD

"We shall not see the whole of our countryside covered in council houses and Wimpey estates! In the first place, only so many houses will be built as there is a demand for. Demand will always limit the amount of development, whether residential, commercial or whatever.

Secondly, the greatest pressure will fall on those sites of greatest value, and the greatest values are to be found in city centres.

Site-value rating is not a rate on land but on the value of land. The assessment is the annual market rent of the bare site. The rent of land ranges from a few pounds an acre to tens of thousands of pounds an acre. The site-value rating liability will vary correspondingly. The heavy burdens will fall on land within existing urban boundaries. It is those sites that will be developed first. 'Greenfield' sites will not be developed for years, if ever, for there is far more vacant and underused land within urban areas than is needed for development in the foreseeable future.

So far, so good, but what about urban open space? Shall we see our towns and villages built upon from one end to the other, with nothing to relieve the rows upon rows of packed dwellings?

No, this would not happen. One can build only where planning consent is obtainable. The effects of an SVR-induced development boom is no different from any other building boom, except in breadth and extent, in that no development can take place unless planning permission has been given.

There will be no 'uncontrolled' development. The planning system could remain exactly as now and all controls would remain in force. Land would still be zoned commercial, industrial, residential, etc. and there would be maximum permitted densities applying to any area. Open space would not be affected. If it was designated as public or private open space, no development could take place.

When land is valued for site-value rating purposes, the valuer takes all these considerations—zoning, designation, permitted densities etc.—into account. No plot would be assessed at a value that could not be realised. The assessment is on the *annual market value* of the bare site, and the market value, of course, reflects precisely what can be done with the site.

**S**ITE-VALUE RATING is often regarded as having a harmful effect on the environment and as being generally anti-ecological. This, however, is a misconception and the opposite is more nearly the case. Most of our environmental problems are due, not to overuse of land, but to misuse and under-use of much land.

Every acre of idle land in a city centre means that, for a given population, a) that city will be larger in area than it need otherwise be or b) the density of development in the rest of it is higher than desirable, or c) part of the population is overcrowded or unhoused (or all three).

Every acre of developable land held out of use puts up the price of all other land. This makes houses more expensive, increases the rents of commercial and industrial properties, and increases the cost of providing schools, hospitals, roads and public buildings.

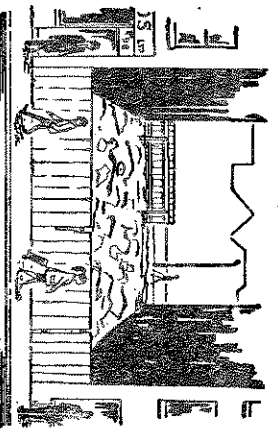
Every piece of potential building land on the edge of town, acquired at high price in the hope of later obtaining planning permission, and left idle in the meantime, pushes up the price of agricultural land, increases the cost of transport to the city and raises the price of home-produced food.

What can be done about it?

Site-value rating would put pressure on the owners of undeveloped sites with development potential to put those sites to use.

An immediate effect of the introduction, or even the announcement of the impending introduction, of site-value rating, would be to reduce the price of land. This would come about in two ways. In the first place, the site-value rate would fall on the owner of the site, and could not be shifted on to the tenant. (There is a simple economic proof of this.) Anyone buying land will therefore discount this new liability in the price he is prepared to pay.

Secondly, the fact that the rate has to be paid, whether the land is used or not, means that there will be a considerable move to make use of hitherto idle sites in order to gain an income out of which



to pay the rate. The effect of thousands of new sites coming on to the market will considerably reduce the price of land.

The effect of lower land prices will be to lower the cost of housing, public and private, and all public works, and to greatly stimulate employment and activity in the building industry.

However, we shall not see the whole of our



# Rating and Revenue

INHAM

covered in council houses and Wimpey estates. demand for . . . The greatest pressure will attest values are to be found in city centres . . . 'white' land on the urban fringes."

It is sometimes argued that such a valuation could not be done until every single site had received detailed planning permission. It must be pointed out that Hector Wilks, the professional valuer who twice valued all the land of Whitstable as a pilot study for site-value rating, did so very quickly and with hardly any difficulty—and nobody has challenged his valuation. Of course, some changes could be made, and Mr Wilks suggests some in his report but the lack of detailed planning permission for every single site in no way inhibits an accurate valuation.

The likelihood is that if we had always had site-value rating in this country, our towns and cities would have far more open space than they do now. Open space increases the value of land fronting on to it, and the natural optimum 'mix' of developed land and open space is that which would maximise overall land value. This might conceivably be as much as one third open space.

Following the introduction of site-value rating and the consequent fall in land prices, it will be much easier for local authorities to purchase land for 're-development' as open space. A virtual transformation of our cities could be expected in time.

The important point is that under site-value rating the planning authorities are just as much in control of development as they are now. Land can be developed only with planning consent. Land use can be controlled. Open spaces can be created. Historic buildings can be listed and preserved. None of that will change. Site-value rating will stimulate development *where development is already considered to be desirable* and the pressure will be taken right off 'white' land on the urban fringes.

What about agriculture and the countryside in general? Under site-value rating agricultural land would be rated in the same way as all other land. Agricultural land value is low compared with urban land value, and the rate burden falling on the farmer would not be heavy. The tenant farmer would not pay the rate anyway; it would fall on the owner, and all farmers would be relieved of the rates on their dwelling houses.

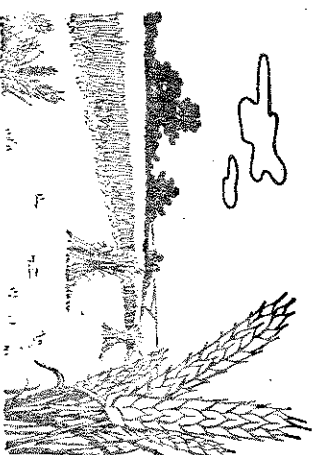
The price of farm land would fall substantially, which would make it much easier for new farmers to get established, and money that is now being put

into land would be free for investment in capital instead.

SVR would encourage the more intensive use of agricultural land, which would be no bad thing as very poor use is made of much land at present.

However this would not lead to 'taping' the land for short term profits. Under SVR all agricultural land, whether rendered good, bad or indifferent as a *result of the method of farming*, would be valued as if it was in average good condition. In other words it would be valued according to its natural fertility and not according to its man-made state. If a farmer over many years improved the quality of his soil by heavy manuring etc, his land would not be valued any higher than that of his neighbour who had not done so. Improvements to the fertility of the soil would not be penalised by the land incurring a higher rating assessment.

Similarly, the farmer who exhausted his soil by over-cropping or other bad practices and whose yields declined as a consequence, could not get a lower assessment on his land because of that. It would still be valued as if in good condition. The bad farmer would be induced either to mend his ways, or



perhaps to give up his farm.

The other major environmental effect of site-value rating would be on the extractive industries. At present large areas of land are laid waste by open cast mining, sand and gravel extraction etc., and little effort is made to restore the land after the operations are completed. There are thousands of acres of such eyesore land in this country.

Under site-value rating such land would be assessed as if it was in its original unspoiled condition. Thus as extraction was finished the land would have to be restored to near enough its original condition and put to use, for a site-value rate would continue to be paid on it. The cost of land restoration would thus have to be added to the cost of the material extracted to give a true economic cost. This would encourage conservation and discourage waste of natural mineral resources, as well as prevent the desecration of large areas of the countryside.

Similar considerations would apply to deep mining. The land on which waste was deposited would be rated as though in its previous use, thus discouraging large-scale tipping. The proper place for waste is back down the mine. This would again increase the cost of the mined product to what it always

ought to have been, and encourage economical use of it.

Amenity land, like urban open space, need not be rated. Such land should still be valued, and preferably valued as if in an appropriate alternative use, so that the community can see the revenue forgone. But designated rural land, like its urban counterpart,

would be excluded from development and would be unaffected by SVR.

In summary, site-value rating would have only beneficial effects on the environment, and would work entirely within the framework of the present (or any other) planning system.

## USA

### **Producers versus Non-producers**

OSCAR B. JOHANNSSEN

UNLESS the people's general philosophical outlook changes, there is grave danger that our relatively high standard of living will drop to the level of most other so-called civilized nations in the not-too-distant future.

The people appear to listen with approbation to the tirades of the non-producers against the producers. One would suppose that those who produce the wealth and services which we enjoy would be looked upon with admiration and respect. But, sadly, such is not the case. Instead it is the non-producers who are listened to so eagerly—the professional do-gooders and the bureaucrats and politicians who denounce the producers.

In a large measure, this is probably because so much of what is produced comes from corporations, some of them of enormous size. And yet it is precisely because production is carried on by large units that so much is produced at relatively low costs, for what is known as economies of scale are practised. This simply means that by producing in large quantities great economies are possible. Were it not for this fact, those marvellous machines we call automobiles could never be produced for the ordinary man.

Because these companies are so huge they are open targets for the non-producers. For example, the petroleum and natural gas companies have come under excessively violent attack. Yet it is these companies which discovered the oil and gas and delivered it to the people. They were the ones which went abroad and discovered oil in the Middle East and brought it back to America at such a low price that for years Americans had the cheapest gasoline of any

large nation. These companies were not the cause of the increased prices today, but the governments of the Middle East countries. But to listen to the assorted non-producers, you would think the only thing the companies had on their minds was to rip-off the people.

If anyone is ripping off the people, it is the politicians and bureaucrats, and their natural allies, the professional do-gooders. Our wonderful Congressmen ever so thoughtful of the public's good have just increased their salaries by \$13,000 to \$57,000 a whopping 30 per cent. But let the oil companies raise the price of gasoline a penny or two to compensate them for increased costs, and the cries of these self-serving politicians denouncing the companies are enough to wake up the dead.

The non-producers are handsomely paid. Not only that but they drape over themselves the mantle of saintly virtue. But it is a virtue which costs them nothing, for almost inevitably whatever reforms they advocate come down to interferences by government. They claim whatever credit is due, but the taxpayers foot the bill. And, of course, all of the reforms are worse than the disease for nothing fundamental is ever advocated, such as the communal collection of the economic rent of land.

It is nothing new, of course, for governmental parasites to feed on the people. That has been going on for eons. However, our society is a highly complex one. It utilizes extremely sophisticated electronic and mechanical devices which require huge amounts of energy in one form or another as a substitute for brute human labour. But to keep our society progressing materially, the greatest possible degree of freedom must be accorded to the producers. If such is not done, our society is so interdependent that it can regress much more rapidly than it progressed. For example, energy

is absolutely necessary. One would think that such being the case, the government would do all in its power to aid the energy producers to supply our energy needs. But precisely the opposite occurs. The government interferes not only with price controls, but absurd environmental restrictions. On the eastern coast, a huge reservoir of oil exists which the oil companies have been trying to tap for years. Only as a result of the Arab oil boycott did the federal government finally open bids, but now local and state governments have brought any activity to a halt. And yet it is these same eastern states which are the loudest in demanding cheap oil and gas.

Sooner or later, the people must regain some of the philosophical insight that the pioneers had, which is that for civilization to progress, the highest degree of freedom possible must be maintained. This means not merely freedom of press and assembly but more importantly freedom to produce. If economic freedom is denied, want and poverty reaches such depths that the people do not care whether they have the freedom to speak or not. They willingly sell their right to free speech for a loaf of bread.

Today, a new aristocracy is arising. It is the non-producers who feed at the public trough, all the while ascribing to themselves the virtues of Sir Galahad.

But our society cannot long tolerate such an aristocracy. It must be curbed. Unless it is, our civilization will go down the same path of all the other great civilizations before us, but probably our decline will be much more precipitous and bloody.

But to curb this parasitical class, the people's philosophy must change so that they look with scorn upon these parasites and afford the respect and admiration which the producers deserve.

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# Inner Cities — What Hope for the Future?

PETER RHODES

**"At the moment the trends seem to be settling in the direction of land municipalisation. This is certainly one way of ensuring that future rents find their way into the public purse but it is not necessarily the best way."**

**T**HE inner cities have had an abundance of social, physical and economic problems for many years. Personal deprivation, a poor and decaying built environment, lack of open space, traffic congestion and, more recently, persistent pockets of unemployment, are all characteristics of the urban rings surrounding the more vital areas of the country's major metropolitan areas. The persistence of these problems, in spite of general improvements in living standards and government programmes aimed at replacing slums, improving poorly maintained homes and supporting communities with a wide range of social and health services, has now brought about a renewed wave of concern.

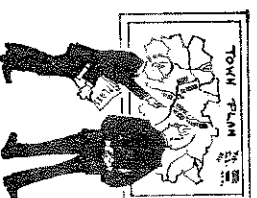
Anxious no doubt about the possible electoral consequences of not acknowledging the plight of inner city voters, the Government published a *White Paper*\* in June announcing a new commitment to attack urban deprivation, squalor and the lack of industrial development and flourishing small businesses. This new initiative by Whitehall, promising special partnership arrangements with selected local authorities, has arisen following consideration of reports recently published which describe the problems identified by various local bodies, including Education Priority Areas, Community Development Projects, Area Management Trials, Comprehensive Community Programmes, the studies of London Docklands and the three Inner Area Studies completed by consultants. This formidable battery of research documents combined with the views of some local authorities and other interested bodies recognises the results that have been achieved since the Second World War but highlights the issues which remain to be tackled—essentially issues of continuing poverty, poor environment, unco-ordinated programmes and declining work opportunities except in highly specialised fields.

Perhaps because of the interventionist policies of British governments since the War, the problems of the inner cities in the United Kingdom have not reached the size of those to be found in the United States. There are, however, similarities between the chains of events in both countries and it might be argued that the US, with its lower level of government involvement, has sustained a higher level of economic growth and productivity than the UK notwithstanding the wave of desperation evidenced

by urban deprivation, ghettos and visible squalor.

On both sides of the Atlantic the post-war years have been characterised by suburban expansion, the growth of new communities beyond the conurbations, the exodus of traditionally urban industry to lower cost green-field sites and the migration of skilled workers in pursuit of the footloose jobs and more pleasant environments. Those who have been left behind or those who have failed to qualify for jobs in the expanding service sectors of insurance, banking, marketing, advertising, research, entertainment and government, have inherited battle-scarred urban-casualty environments fragmented by modern highways or high traffic volumes and epitomised by substantial acreages of vacant or poorly utilised land. In the UK the Government now admits that much of the vacant land is in fact owned by the local authorities or other public bodies. The urban scene is also punctuated by substantial pockets of municipal housing, featuring blocks of flats disliked by their occupiers whose children have indulged in unusually aggressive forms of vandalism. Nearby, rent-controlled slums deteriorate further while their capital-starved owners fight against minimal compulsory improvement often in the hope that local authority purchase will take the problems off their hands.

The above scenario of trends and consequences is, of course, an oversimplification of both. The impact of thousands of private and public decisions on the inner city is quite complex, particularly as the decisions themselves have been made against a background of tax penalties, investment, development and employment subsidies, locational preferences and guidance policies. In addition there is the legislative



jungle of regulations, appeal procedures, compulsory acquisition, means-tested benefits, cost limits and, in the public sector, budgetary control. All these factors have had to be taken into account in making past

decisions and what is witnessed in the inner city today is the result of both action and inaction circumscribed by economic forces and public policy. Does the future hold any prospects for brighter and more prosperous inner city areas?

According to the White Paper, the Government's view is that while achievement in housing conditions, education and transport has been real, too little attention has been paid to the economic well-being and community life of the inner areas. The extent and changed character of inner area problems, it is argued, are only now becoming fully understood. The answer to the problems, it is claimed, is for the inner areas to be given explicit priority in social and economic policy. Comprehensive action is needed and as regeneration will take time, there must be long-term commitment. The Government's proposals are certainly widely based. They include:

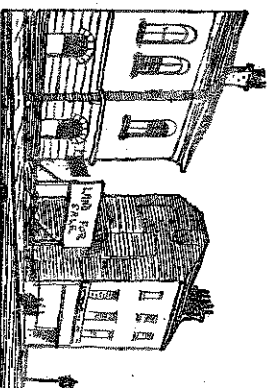
- ◆ Increasing the Urban Programme allocation from under £30 million a year, to £125 million.
- ◆ Reviews of manpower policies and action in the fields of education, health, personal services, housing, transport, planning and environmental improvements mainly in collaboration with local authorities.
- ◆ A new emphasis on industrial policies giving the inner areas priority after the Assisted Areas and before the new and expanding towns.
- ◆ New initiatives in the co-ordination and preparation of programmes through special partnership arrangements with local authorities and involving close consultation with community interest groups.

The White Paper also emphasises the part to be played by private enterprise especially in housing and industrial regeneration. In response to this, Slough Estates have published a short booklet\*\* on the problems seen through the eyes of the potential industrial developer.

This booklet reviews the impact of past policies and is critical of the way in which the private rental residential property market has been forced to decline thus restricting choice in housing and encouraging the more affluent to move to suburban or out-of-town locations. Similarly public planners are blamed for a negative attitude towards industry and for the inhibiting restraints of industrial development certificate control. The Government is urged to make a new approach by relaxing controls, speeding decision-making and by initiating new forms of partnership with the private sector. It is suggested that special boards should be established to promote development and that they should be enabled to raise money by issuing index-linked low-interest tax-free bonds, provide low-interest loans, resettlement grants and offer rent-free periods. Once completed, new developments should be sold or disposed of through long leases so that the capital could be recycled for further expansion. A particular need is seen for small

industrial units in modular single-storey buildings with good road access.

As far as land is concerned, both the White Paper and the Slough Estates point out that new viable land uses in inner areas may not reflect historic land



costs. Land held by the public sector may have to be sold at a loss or leased at a low initial rent. Another problem, of course, is that in some cases inner city landowners holding redundant sites may well be hoping for longer term economic revival. With no taxes on derelict land there is little incentive for them to reduce offer prices or seek short-term low rent-yielding tenants. Uncertain public sector proposals may also be causing blight as well as giving rise to pressures from community action groups calling for more public land acquisition. With many competing claims on their finances local authorities have often been reluctant to put land to temporary community uses, such as public open space pending redevelopment. The new initiative could help in this direction although some councils are already shouting that the Government is not offering financial aid commensurate with the scale of the problems.

It has been suggested by critics of the Government's proposals that more should be done to encourage the return of self-motivated entrepreneurs and skilled workers to the inner areas. In some US cities there are signs of this happening on a small scale and some neighbourhood regeneration is taking place. In addition, some new town-within-the-town large-scale private development projects have been initiated. The success of these ventures depends on tax concessions and the confidence of the lending institutions. In some cases sites have been amalgamated through public agency purchase and new buildings have been granted property tax exemptions for initial periods. There is no doubt that taxes levied on improved building values provide no incentive for redevelopment or rehabilitation. This aspect of taxation deserves to be considered further in the UK notwithstanding the recent Layfield Committee's examination of the rating system.

If anything positive is to be hoped for in the new interest being shown in the inner areas it is that the Government and local authorities might be more open in publicising available land resources, more positive in programming and providing infrastructure improvements and more sympathetic towards the needs of business. There is a danger in a mixed economy of the public sector using too much stick and not

enough carrot.

Recently the London Borough of Southwark has taken a welcome initiative in publicising a plan of vacant and potentially vacant sites as well as establishing a development fund to help industry. There will be many opportunities for partnership arrangements in the London Dockland Boroughs as well as between the Government and the local authorities. At the moment the trends seem to be settling in the direction of land municipalisation. This is certainly one way of ensuring that future land rents find their way into the public purse but it is not necessarily the best way. Even the White Paper admits that local authorities have not been the best of estate managers in the past. We can only hope that their performance may show signs of early improvement now that the Government is offering rewards for increased initiative. Robbing Peter to pay Paul it may be but it could bring promising results—especially if property-tax reform is looked at more closely as a consequence of the Government gaining a better understanding of the factors that influence investment decisions.

*\*Policy For the Inner Cities, White Paper (Cmd 6845) HMSO, 60p.*  
*\*\*The Inner City—A Location for Industry? Nigel Mobbs, Slough Estates Group.*

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## LEGISLATION, LIBERTY AND JUSTICE

**JUSTICE** is achieved only when injustice is absent.

But when the law, by means of its necessary agent, force, imposes upon men a regulation of labour, a method or a subject of education, a religious faith or creed—then the law is no longer negative; it acts positively upon people. It substitutes the will of the legislator for their own wills; the initiative of the legislator for their own initiatives. When this happens, the people no longer need to discuss, to compare, to plan ahead; the law does all this for them. Intelligence becomes a useless prop for the people; they cease to be men; they lose their personality, their liberty, their property.

Try to imagine a regulation of labour imposed by force that is not a violation of liberty; a transfer of wealth imposed by force that is not a violation of property. If you cannot reconcile these contradictions, then you must conclude that the law cannot organize labour and industry without organizing injustice.

*Frederic Bastiat, The Law*



# Getting Jobs Back to the Cities

**HENRY TIDEMAN**, a Chicago architect, recommends a reform of the City of Chicago's finances that would greatly benefit that city's industrial and housing development. His recommendation has crucial relevance for cities throughout the world. The following is adapted from a paper submitted to an International Symposium on Lower-cost Housing Problems.

**B**UILDINGS and their value come into existence only as a product of the builder. Taxes on buildings, in their inception, by absorbing part of the income from them, make buildings unprofitable, and because they are unprofitable, fewer buildings are built; men will not build at a loss. The ensuing artificial shortage, operating through the law of supply and demand, raises building rents, and it is only when events reach that stage that the tax on buildings can be and is passed on to the tenant. The resulting tax-created shortage continues indefinitely without ever being made up; the incentive to build the volume of construction needed to make up the shortage has been stifled by the tax, and rents continue artificially high as the tax continues to be passed on to the user.

Urban land, however, is not, like buildings, created by *anyone*; it has always existed. As Prof. Arthur Becker of the University of Wisconsin says, "Since urban land, considered in terms of its most essential characteristic as three-dimensional space, is a gift of nature, no economic inducement or compensation is required to bring it into existence." Similarly, the value of urban land is created not by the titleholder, but by its situation, by government activities, and by the presence and activities of others. Since a tax on land cannot make it better, cannot discourage its production or reduce its supply, it does not create a shortage of land which raises its price, and cannot be passed on to the user.

On the contrary, the tax on industrial land values—as is also true of taxes on other land values—makes it unprofitable to hold well-situated industrial land idle. It presses that land into the market and by increasing its use creates manufacturing jobs for those living in nearby housing. Not only does land-value taxation lead to the use of vacant land and the better use of that already occupied, it does so in a selective fashion, pressing first into use the most productive land, as evidenced by its having in men's eyes the highest value and therefore bearing the highest taxes. Taxes on construction discourage construction and raise rents; taxes on land encourage construction and lower rents.

(What is here true of factory construction is equally true of housing construction; the same land-value taxation which would tend to bring about the construction of factories with their jobs for the unskilled living in nearby housing, would also expedite

the construction of housing.)

The fact that industry would be encouraged is understood even by the local Assessor's office, since the comment of his observer at a session hearing Prof. Becker's testimony was that it would fill Chicago cheek to jowl with industry. Such a fantasy is hardly well founded. Industry does not exist in a vacuum either; it, in reverse, has its own relationship to housing. But from the standpoint of the poor living in adjacent housing, what could do more for them than a plethora of adjacent factories begging for employees?

Chicago industrial and other builders would no longer be driven not only out of the city but even leaping over land at its margin also held at prices which make its current use unprofitable. Urban sprawl would be contained not by regulatory measures, but by the fact that men do not spread on to flood-plains and to places without railroad service, when good land in and closer to the city is available.

Beyond this, land-value taxation is what the economists call "neutral", one of its great merits in a day when taxes block and twist production in strange ways. It does not favour one industry over another. It does not raise the price of land. It does not affect the property taxes of an average man with an average value home on an average value lot; the higher tax on the land is offset by the lower tax on the building; and by encouraging production it actually lowers the price of the products he buys. It does not require that any building be located in a place the builder regards as unsuitable. It merely provides reasonable tax policies which make desirable locations available. We cannot coerce men into "goodness"; but by doing justice, we can—at no cost to the public—help them to find it to be advantageous.

For there is an answer to those who will thoughtlessly say that such a maximization of the tax on urban land values would not be fair; why should the landholder—as opposed to the owner of a building—bear the burden of taxes? Who makes the value of Chicago land? The Chicago public, all of us; first, individually, through our presence as producers and consumers; and second, collectively, as the medium raising and spending tax money for Chicago facilities like streets and alleys and their lighting, water lines and filtering and pumping stations, sewer lines and treatment plants, police pro-

tection, fire protection, municipal transportation, parks, and schools.

Since Chicago tax money creates and maintains these facilities, and since what rises in value when they are provided is Chicago land—not Chicago buildings, which can never be worth more than it would cost to create others like them—is it not entirely fair that the Chicago landholder pay for what he gets? It is not merely unfair to ask the building owner to pay; it is, as the evidence demonstrates, inexpedient, because it drives him out of the city. The land cannot go away; the prospective industrial building can, and now does, and when possible in the future will—until Chicago changes its tax policies—leave the neighbourhood of our low cost urban housing, spreading across our land like a cancer in an eternal search for something not really there either, while it leaves the unskilled and unemployed behind in the inner city.

As Prof. Becker says, in the carefully dry language of the professional economist: "Converting the uniform real-estate tax into a land-value tax would provide an immediate stimulus for economic develop-

ment and use of urban land."

Dr. Carl H. Madden, the Chief Economist of the United States Chamber of Commerce, puts the matter this way: "A powerful tool for rebuilding urban centres through private initiative lies in reforming the property tax. Higher taxation of location values and lower taxation of improvements would help to push land into more effective use."

Land-value taxation suggests that there is no need for us in the United States to continually throw away our used cities and get us new ones. All we require is a method of securing access to building sites, to the surface of the Earth, within the boundaries of the cities we already have; and that, it will provide. And ought not this be done? For is not the planet Earth the common inheritance of mankind?

How much longer can we survive free, with city tax policies which drive industry away from its natural employees in a constantly widening sprawl, wasting our countryside in one way and our cities in another?

multiply, paperwork is enormous. Before adjournment there is a frantic burst of energy. The long-suffering electorate hopes for its public servants—a euphemism—to become more stable and efficient.

To concentrate on fewer objectives is the beginning of wisdom—paraphrasing Job and Solomon. 1. Concentrate on land. It is basic to all human endeavour. Land can be beneficent Mother Earth for all her children—or an object of distortion and inequity. It starts with handing out special privileges in land—how land is assessed for taxes. If land is under-assessed for the favoured, it can destroy even the best of communities. Land can be the beginning of monopoly, speculation, tax evasion.

And objective 2. To control zooming budgets and crippling deficits, those in governing bodies should spend our tax dollars with the same prudence they use when spending their personal funds.

\* \* \*

#### PERCY WILLIAMS

As we go to press, we are sad to report that Percy Williams, Executive Secretary of the Henry George Foundation of America, died on December 27, 1977 at the age of ninety.

## GALLOPING GOVERNMENT

DON Quixote had his problems. Jousting with windmills must have been a formidable undertaking. Especially if the blades were anything like the 200ft. monsters which ERDA—Energy Research and Development Administration—will test. These are intended to produce energy by wind for electric power. Located in a windy area of Colorado, hopefully the giant blades will not woosh everything off into New Mexico.

Back to Don Quixote. Windmills are fixed in place. He knew where his target was as he planned his strategy to overcome it. Today's counterparts of Don Quixote—intent on battling current evil—have a more elusive task. Observe government in these times. It is made up of men and women who play the role—knowingly or not—of Headless Horsemen, or Horsewomen, or Horsepersons if you will.

A Headless Horseperson is constantly mounting his/her steed to gallop off in all directions at once. An enthusiastic media cheers them on, cameras at full tilt and inkpots flying. The Headless Horseperson may have no idea where he/she is going, or where he/she will arrive, but each de-

parture has the fanfare of a winged Pegasus ascending into the clouds. And governmental process becomes a hodgepodge full of ineptitude, waste and worse.

Little wonder that the public is bewildered, agape. Let us suppose the officials at a football game went berserk. Instead of enforcing the rules, without fear or favour, they usurped the role of quarterback, snatched passes, threw blocks and even sallied into the stands to sell peanuts. It might be energetic, dramatic even.

*JOSEPH ZASHIN writes from  
Pima County, Arizona, U.S.A.*

but productive—alas, no. How long would the fans stand for it?

Congress, state legislatures, county ruling bodies, city councils all have the depressing tendency to be Headless Horsepersons. Being headless, it is not easy to tell whether the guiding direction comes from the foreparts or the hind. And once a Headless Horseperson, always a Headless Horseperson—through the years—through successive elections—from local to high federal offices.

So sessions become longer, staffs

## **Decline of Capitalism**

**B. RAYMOND**

**F**ASHIONABLE socio-economic thought holds that the days of capitalism are numbered; that the capitalist system contains the seeds of its own destruction. Now it is a matter of common observation that all the developed nations in the "free world" are moving away from the market economy towards collectivism. But whether this is due to an inherent flaw in free market economics or to some extraneous factor is debatable.

The author of a new Pelican\* is in no doubt that within a century, capitalism will be dead and he clearly views its impending demise with considerable favour.

Professor Heilbroner points out that government intervention in the economy has in the main arisen to protect certain sectors of industry, to grant them privileges and monopolies and to deal with the inflation/unemployment problem. He asserts that controls imposed with a view to solving the latter paradox will come to be accepted as a measure needed to save the business system.

One social characteristic that capitalism has nurtured is viewed favourably by the author. This is the philosophy of individualism which asserts that there is a "uniqueness, a final autonomy, within each individual." He expresses the hope that when "socialism" (meaning whatever form of society replaces capitalism) finally arrives, this philosophy of individualism will endure.

Professor Heilbroner has clearly failed to accept that socialism is not compatible with individualism. The closer the socialist goal is approached, the more is compulsion relied upon to make the system work—the bureaucratic "command economy" being the end result.

Capitalism is everywhere faltering not because of any inherent defect in free market economics but rather because a man-made not-so-free market is being made to operate within a constricting and inequitable framework. If the system of public finance were changed

ed so as to derive government revenue from the economic rent of land, and the network of legalised monopolies and privileges were dismantled, then surely the individualism beloved by Professor Heilbroner would flourish within a just and economically successful society.

### **RECIPE FOR COLLAPSE**

**T**HE National Committee of the Labour Party Young Socialists recently lobbied Parliament on the issue of youth unemployment. Its demands were as follows:

- ◆ Useful public works not "job creation".
- ◆ A minimum guaranteed wage of £60 and the full rate at eighteen.
- ◆ Unemployment benefit linked to the £60 minimum.
- ◆ A thirty-five hour week and overtime ban with no loss of pay throughout industry to open up job vacancies.
- ◆ Nationalisation of firms which threaten redundancies, under workers' control.

- ◆ A socialist plan of production to provide work for all and end the chaos of the profit system.

It is sad that the disillusion of the young unemployed should be enlisted to support policies that would aggravate economic stagnation and further diminish the willingness of employers to employ. Until truly radical measures are taken to restore job opportunities which have been killed off by wrong policies in the past, such moves are inevitable.

## **LETTER TO THE EDITOR**

### **Safeguarding the Rights of Future Generations**

**SIR,** — Mr. Knight's article in the November & December issue of *Land & Liberty* touches a chord in my heart.

Although I am not a married man myself I am only too well aware of the immense love, energy and dedication which many couples in this (and no doubt other) countries put into the matter of producing and raising children (a thing which has in fact always

slightly nauseated me). Is it not ironic then that they are happy to do this (which evidently means so much to them) and then to send them out into a world in which, through their own actions (via the medium of Parliament and the law) their (the children's) civic rights in respect of the national heritage have been pre-empted?

Were they to understand the double-handed nature of their actions in the matter I am sure they would be horrified. Truly, the greatest evil in the world is "ignorance in action"! Is it not extraordinary that the British people cannot, collectively, summon up enough intelligence to stop subjecting themselves to this particularly sadistic form of self-abuse?

However it is not only at this level that the rights of rising generations are denied to them. The Crown is as bad! The first duty of the Crown (after the defence of the Realm) is to institute and maintain a proper system of government, the Constitution being the instrument employed for this purpose. Now, while it is perfectly proper for the nation or its leaders (or whomsoever thought fit) *at any given time* to come together to devise, ratify and institute a Constitution it is not right that future generations (who will have had no influence in respect of the original Constitution and who may well have somewhat different ideas) should be subject, arbitrarily and compulsorily, to a system of law and of government, humanly devised, the basis of which does not have their agreement and consent. It follows that any properly drawn up Constitution *must* provide for its own periodical re-ratification and our own present Constitution is quite improper in not providing for this. Also that the Crown itself is acting improperly in improperly maintaining the existing (improper) Constitution!

The above, I would hasten to add, is not, in my opinion, the only respect in which our present Constitution is improper—I could give you quite a list if you were interested!

C. R. RAYNHAM  
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\**Business Civilization in Decline*, Robert L. Heilbroner, Pelican Books, 80p.