

LAND and LIBERTY

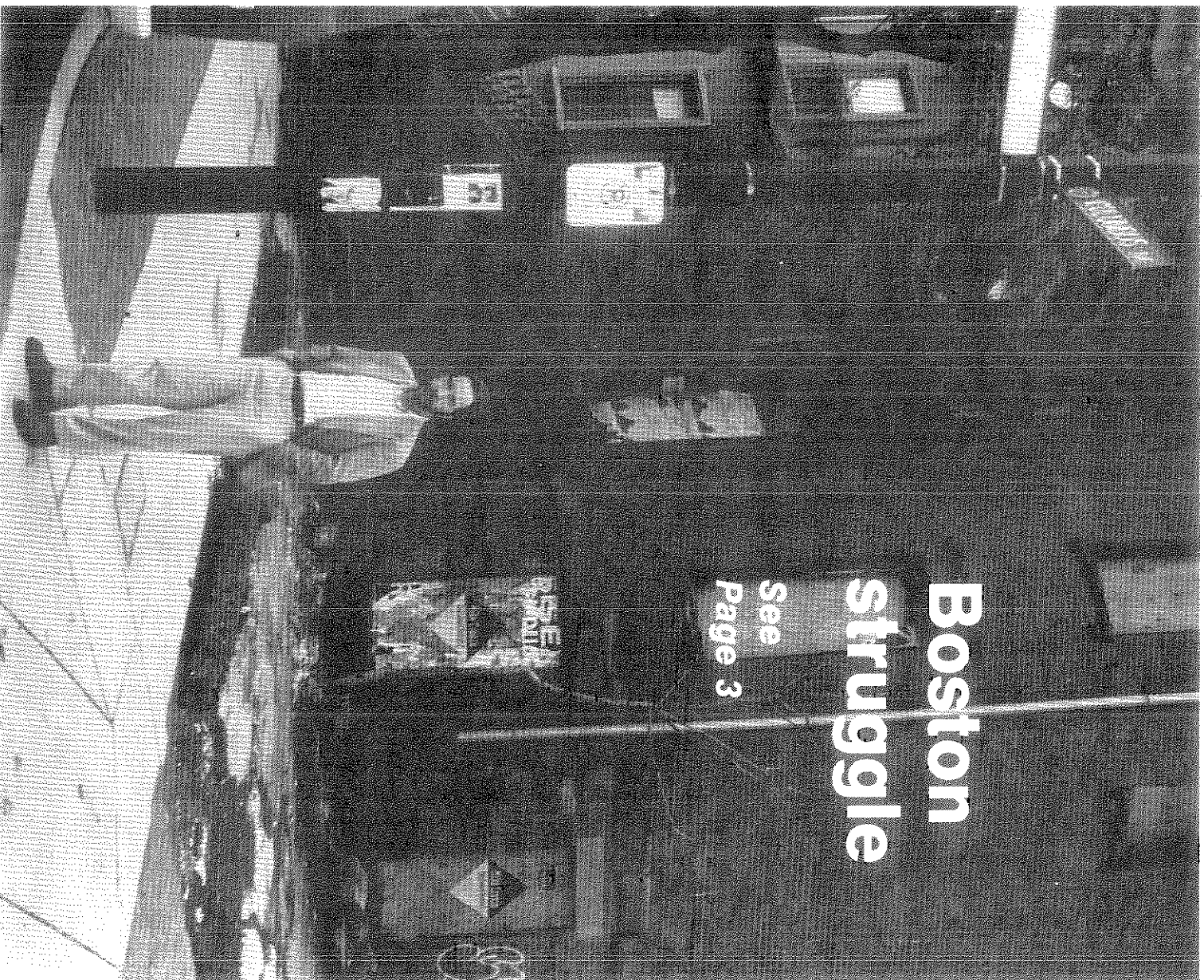
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LAND and LIBERTY

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COVER PHOTO

Mitch Chanellis, who advises on the dynamic benefits of site-value taxation, outside one of hundreds of vacant properties in Roxbury, Boston.

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Russians pay price in vain

THE TRAGEDY in the making in the former socialist countries will affect every nation.

The leaders of politically emancipated countries are about to privatise natural resources. They equate the privatisation of land with "economic freedom".

President Boris Yeltsin said so on October 28, when he announced his crash programme to transform the ailing Russian Republic.

The socialisation of Soviet soil was a response to the grotesque injustices of private land ownership. It was the only virtuous event to come out of the 1917 revolution, badly handled since then, but at least it gave a new generation of leaders the chance to improve on the rotten system they had displaced.

Yet the Russians are about to unceremoniously dump this achievement by copying the western model of property rights.

THE effects of privatisation can already be seen in Czechoslovakia.

In 1991, over 10,700 businesses were auctioned off, the money paid into the National Property Fund.

The winners were delighted. Many are indebted to the banks, but that was the only way to raise the capital to buy the properties.

The losers are angry. One of them told the London *Financial Times* on Nov 8: "What about the people who have no money? They will have no chance to buy any property."

By alienating the unearned rental value of land to a minority of privileged citizens, the politicians are re-creating the class system - which is at the heart of current problems in the western democracies.

Western politicians could have guided them to a sensible arrangement: one in which entrepreneurs

enjoyed secure possession on payment of the market rent of land to the community (revenue that would be *in lieu* of taxes on labour and capital).

Instead, the west is encouraging the folly of land monopoly, the greatest obstacle to economic efficiency and political freedom.

THE WEST will pay the price. In the Americas, for example, Mexico is about to privatise the *ejidos*, the communal farms that gave peasants a toehold on the land.

President Salinas thinks that, by abandoning the cry of their revolution - *Land and Liberty!* - he will turn Mexico into a developed capitalist country.

Wrong. Salinas does not realise that "capitalist" countries relied heavily on plundering natural resources from other regions for their development. This yielded sufficient incomes for the elites to buy relative social stability through the demeaning social programmes of the welfare state.

That is not an option for the late-comers. Over colonialism is over. Which means that, with the privatisation of the *ejidos* - to enable peasants to put the deeds of their land into the hands of bankers - joblessness will rise in Mexico.

And where will the landless go? Under the wire into California, into the narcotics trade, and anywhere else in search of relief.

Mexico will export her misery to America. That will lead to calls for obstacles to free trade, it will sharpen the divide between nations, and so further obstruct the desire for all men to live as free and equal citizens on earth.

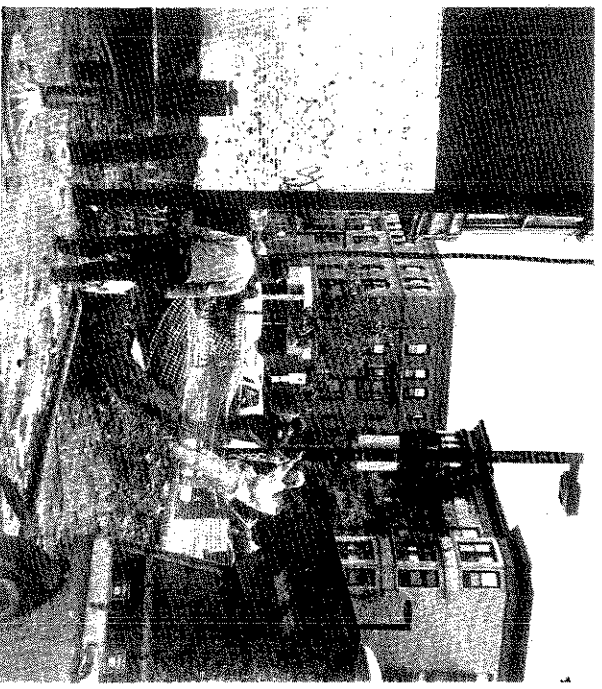
The price paid by tens of millions of people for the disastrous experiment in socialism in the 20th century will have been in vain.

COMMENT by the Editor

COMMUNITY LAND

FRED HARRISON reports from Roxbury, a wedge of derelict real estate in the fleshy side of Boston

Georgist hope of a city in need



• "Whites Only Need Apply" — Imported workers in Roxbury

BLACK leaders know what the fight is all about, here on the streets of Roxbury, and it is not the mugging by petty thieves.

"It is a struggle for the resources of the land," says John Marshall, a bear of a man who chairs a community committee on economics. "People aren't generally educated about that, which is why the educational job has to be done."

Roxbury is a seedy suburb of proud Boston, its pointed tip penetrating deep into the side of the downtown district where land prices are higher than the skyscraper buildings.

The business community - and the politicians - covet the land of Roxbury. As downtown land prices became unaffordable, so the real estate industry turned its eyes on the juicy sites of Roxbury. That has produced an unwelcome result for the families in the tenement buildings: creeping asphyxiation.

First, gentrification displaced low-income families from South End. Social worker Sadiki Kam-bon told *Land and Liberty*: "They pushed us to this point, and if we

MANDELA

- 12.5 sq miles. Population: 150,000.
- 85% of the land is absentee owned. Housing: 47% subsidised. 85% of residents are renters.
- Children: 40% of the 1990 high school graduate population could read on the 8th grade level. And they were the best 40%. There's a 50-55% drop-out rate.

leave here, we will have to move towards Cape Cod."

Black activists have read the warning signs in the physical fabric of their community. It is called blight - the decay associated with speculation in land. Shrewd dealers buy property, freeze out the tenants and idle the land.

IN THE mid-Eighties, activists decided to take control of their fate. They formed project FATE (Focusing Attitudes Towards Empowerment), and appointed Sadiki Kam-bon as its Director.

Objective: break away from Boston and create a new municipality - Mandela.

The black community knew that the future held no hope for them.

• Property speculators were

buying up the buildings and displacing the tenants. This, plus cuts in federal grants, means that homelessness will increase over the next decade.

• Jobs are scarce, and Latin immigrants are flowing in. The Latins will do "whatever has to be done to survive, and in a country that believes that there is a limited pie, for which everyone has to compete, this sets the minority groups into competition," say the black leaders.

A century ago, American social reformer Henry George emphasised, in *Progress and Poverty* (1879), that there was no such thing as a limited pie: remove land monopoly, and people increase the size of the pie by generating their wages. That argument has not been lost on the people of Roxbury, for they have seen that land monopoly is the most lucrative game in town.

GIVEN the tax laws, land speculation makes sense. In Boston, developers have to eat into Roxbury to relieve the pre-

Continued on Page 4 .

ssure on the central business district.

Land prices have risen (or can be expected to rise). This means low-income families occupy potentially high-value land; they have to be ejected.

"Red-lining" is one result. As speculators allow their properties to decay, banks refuse to grant mortgages to existing property owners (who are consequently forced to pay extortionate rates of interest). This accelerates the rate of decline.

Said Sadiki Kambon: "They are waiting to sell the land to the highest bidder. And to do that, they are displacing us."

THE social expression of this process is heartbreaking: life without hope.

And to rub salt into social wounds, the Boston politicians are showing a tough exterior. They have located more police stations in Roxbury, "This is a message to the developers that their interests will be looked after," says John Marshall.

The Mandela leaders are determined to fight back and restore self-esteem. Children, in particular, need more help. Schools are turning out many young people who cannot read or write, who cannot fill in job application forms: prime candidates for the narcotics trade.

The Mandela visionaries believe that only through independence can they wrest power back to the people. The struggle is illustrated in the education system. The school committee was abolished, which withdrew power from parents. "The problems won't be solved by the mayor taking over," says John Marshall. "Most teachers don't live in Boston, or their kids don't go to school in Boston."

Men are also suffering from rejection in the labour market. Mandela leaders do not be-



• John Marshall

lieve the assertion that "if you are willing to work with your hands, you can get work." All the evidence contradicts this axiom, and for evidence they point to discriminatory trade union regulations. They see New Hampshire residents drive into Boston to fill "their" jobs. "Why should people from outside come in at \$200 a day, when we don't have jobs?" asks Marshall.

And what happens when the community expresses dissatisfaction? Their activities are criminalised. The subtle message is conveyed that, whoever opposes current trends is a criminal. For example, peaceful picketing may be treated as criminal activity.

So Mandela became a vision for the beleaguered community. "The only salvation we have is municipal incorporation," explains Sadiki Kambon. Their attempts so far have not met with electoral success, but they are not disheartened.

"I am convinced that we are going to win. It's a protracted struggle. When it first came up in '86, there was a feeling that it was an overnight phenomenon. We have now been through three campaigns, and our support grows significantly. The City of Boston is concerned." He believes that they will win through by 1995/6.

The rewards of success would be large, for the heart of Man-

delaware would actually be the centre of metropolitan Boston.

The campaign for independence is viewed as part of the process of rebuilding people's expectations, ambitions, obligations. People "have to have faith," and Project FATE involves them in political activity.

Right now: "There is a feeling of helplessness out there; whenever a plug is pulled, we are the victim. We are relegated to a state of dependency, which means we are doomed. We have to dictate where we go from here. The biggest advantage, psychologically, is to be able to control your own destiny; and that, whenever the shots are called, we call them."

A new municipality, promise the Mandela leaders, would restore parental influence over schools and make teachers accountable to the community. Jobs would go to local residents, and appropriate training programmes would encourage small businesses.

WHAT would support this new power structure? Sadiki Kambon characterised as "the key No 1 priority" the need to establish their own tax base. "And that is the land tax, which is what we are really intrigued by."

Research had shown that a tax on land values would be sufficient to finance their city. And a reformed property tax would reduce the burden on residential property owners. Now, to promote the notion of site-value taxation, they are educating people on the feasibility of their programme.

The Mandela leaders realise that a tax which penalised people for holding valuable land vacant would renew the ailing local construction industry.

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TRUST WORTH PAYING FOR

IN CENTURIES gone by there was common land for use by all, and much has been written of the tragedy of the enclosures. It's precisely because of enclosure and because man employs huge amounts of capital in improving land and putting fixtures on to it that we have to consider economic remedies to the problem, all of which involve restoring economic value to the dispossessed. However, it is already possible to allow people equal and free access to land.

In Britain, the National Trust's Enterprise Neptune Appeal was established in the 1960s, to preserve the beauty of the coastline. All moneys raised are used to purchase land adjoining the coast (and in some cases to restore it). The main aim is the purchase of land, not buildings or other improvements, for the enjoyment of the public.

The Trust can now boast that more than one in every six miles of coastline in England, Wales and Northern Ireland is safe under their protection.

What is this project but a

◀ From Page 4

That would create more jobs and improved living conditions.

Vacant land, they say, can be developed for "very serious money". They would eventually develop Mandela's downtown into a thriving centre, generating enormous tax revenue. The social effects would also be striking.

• Crime would diminish. "Options are opened up," predicts John Marshall. "Right now, young people have no opportunity that they consider to be realistic. We have smart people in TV and records, so they [obviously have the ability to] develop to being a chef or own a restaurant or be a construction worker or policeman or hospital worker or teacher."

• New pride in the com-

COMMUNITY LAND

LAND-value taxation is one way to socialise the benefits of land, but IAN LAMBERT draws attention to another model for achieving this result.

national, and international, community land trust project? The Enterprise Neptune Appeal effectively is a non-governmental scheme for nationalising land, but with full compensation to existing landowners. (It may be galling to have to buy back our own country, but we should never have allowed it to be taken in the first place.)

On a continuing basis, in economic terms the Trust is applying the economic rent of the coastline for the benefit of those who seek to use it - the national and international public. The National Trust is really international in that, although it only owns property in England and Wales and Northern Ireland, anyone in the world is entitled to access to their proper-

munity. Homes would be bought. "People take care of the homes they own. It's not the resale incentive of the home; it's more 'This is mine, it represents me.' It's a psychological rather than a pocket-book realisation."

Says Sadiki Kambon: "Incorporation means we would rebuild from the ground up, feeling good about our families. It's a physical thing, taking and building on the land, but this is associated with the spiritual thing. We have to build up the community."

"We are offering LVT as innovative; it must be offered to the people. We are not saying what Roxbury is going to be called - Mandela - and it is the same with the land tax: it will be up to the people, the community, to determine whether they adopt it."

ties, either as a member or upon paying a fee for admission.

WHY are so many landowners and businesses keen to promote this appeal? Some of them may be motivated by philanthropy, but others might just benefit commercially. Imagine: you are developing some flats or holiday cottages. Wouldn't it be nice if the National Trust bought up the adjacent coastline, restored it and gave everyone free access? That would certainly improve the value of the developer's own sites.

By promoting the purchase of coastline for preservation, landowners actually reduce the supply of land for the purposes of economic production, thereby pushing up the price. (The Trust is the largest private landowner in Britain and its lands are by statute inalienable.) Don't get me wrong: I am not suggesting that the National Trust should develop Britain's coastline - far from it; I am merely pointing out that there are many indirect beneficiaries of the Enterprise Neptune Appeal, and they always keep quiet about it.

The National Trust must be finding it more and more difficult to buy the remaining land. They must be suffering the same kind of problem as the railway companies in the last century. Suppose you want to build a railway line from London to Bristol but you cannot afford all of the land. Instead you buy up half the land and build as far as Swindon. The fact that you have built as far as Swindon makes Swindon very attractive and pushes up the price of land between Swindon and Bristol. Once speculators hear about this, the price of land is driven up almost exponentially. The same phenomenon has killed the London Docklands and any prospect of widening the M25 - now officially the most dangerous motorway in Britain.

ENTERPRISE Neptune sites must come close to a government sponsored form of single tax community. The National Trust is a charity and therefore exempt from taxation on income and capital gains. Moreover, most donations

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Cash in, Kinnock



• Neil Kinnock

IF THE next general election brings Labour, led by Neil Kinnock, to power, we can expect it to introduce its promised minimum wage legislation. It would not be the first time that governments in Britain have tried to regulate wages.

The first attempt was made six centuries ago, in the reign of Edward III, and there were further Acts in the reigns of Elizabeth I, James I and George II. The Elizabethan act provided that the justices of the peace should meet annually and assess the wages of farm labourers and certain other workmen. Penalties were imposed on all who gave or took a wage higher than the figure laid down. This was maximum wage legislation; the Act of James I was minimum wage legislation, since it imposed a penalty on all who gave a wage less than that fixed by the magistrate.

These laws were still in force in the closing years of the 18th century, but it seems they had long been almost entirely ignored. If invoked at all, they were regarded as laws for fixing maximum wages. By this time, a crisis was approaching.

The economic position of labourers in England deteriorated as rural enclosure gathered pace after the 1760s.¹ Enclosure had been going on since the 13th century, but it has been estimated that as late as 1685, 60% of the cultivated land area of England remained unenclosed.

People then enjoyed a complex and elaborate set of ancient rights: to graze cattle and geese, to gather firewood, to glean and, most important of all, the ownerships of strips in the common arable fields. Such rights provided the opportunity to live

**LVT can boost
minimum wage
aspirations of
Labour, says
HENRY LAW**

by a variety of means, of which work as a paid labourer was but one.

With enclosure, these rights were extinguished. The accompanying agricultural developments, notably a widespread change from arable to pasture, led to increasing poverty and a fall in the demand for labour. Wages fell and increasing numbers of poor families were forced to rely on parish relief. By 1795, the combination of widespread poverty and rising food prices led to the eruption of riots all over England.

As a response, there were proposals for regulating the wages of agricultural labourers, by relating pay to the price of wheat. In 1795, a Bill was introduced into Parliament, which provided for the setting of wages every year, with fines for employers paying less than the prescribed rates. Initial reaction was favourable, but the Bill was rejected without a vote being taken.

The feeling was that it was better to allow wages to find their own level. The year 1795 saw, however, the introduction of a variety of measures, some short lived, which attempted to remedy the lot of the poor. To the student of welfare and wage control, the most important of these was a formula devised by a group of Berkshire magistrates who met at the Pelican Inn, Speenhamland, on 6th May 1795.

entrance fee? Should entrance not be free? In my view, the users of land should pay a fee, first to pay for improvements, restorations and repairs, and secondly as a user fee - effectively an economic rental payment. To the extent that they do not, the rents and values of adjoining sites not owned by the Trust must be driven up. The Trust therefore ought to charge fees and use the moneys so raised to buy up more of the coastline.

**Further information about Enterprise Neptune can be obtained from: Coast and Countryside Appeals Manager, The National Trust, Heywood House, Westbury, Wiltshire BA13 4MA.*

THE purpose of the meeting was to raise wages, and so make the labouring classes independent of parish relief.

The Speenhamland system was based on a table of allowances tied to the price of bread. What happened was this.

Parishes would find work for the unemployed by sending them from house to house; this was known as being "on the rounds". In some places, householders were bound to provide employment. Elsewhere, the "roundsmen" were wholly paid by the parish. If a labourer was employed, the difference bet-

◀ **Continued from Page 5**

to it are or can easily be made tax deductible; this is where the element of sponsorship comes in. The only relevant taxation must be the Schedule E income taxation (and national insurance) which is deductible from employees' salaries, but I imagine that the Trust has been able to reduce these by taking on volunteers and/or employees with extensive benefits-in-kind which the Inland Revenue value at a very small amount. What you have then is a single tax community, with no taxes on labour, wealth or capital; and economic rent being applied for the benefit of the community.

Is it appropriate to charge an

BACK TO BASICS

ween the prescribed minimum and what his employer chose to pay was made up by the parish. Thus the minimum wage became a maximum wage, and labourers were enmeshed in a universal system of pauperism which continued for almost 40 years.

There is a certain familiarity to this picture. Nowadays, we call it the "poverty trap." Not only was the Speenhamland system very similar to the various work experience and youth training schemes which blossomed in the 1980s, but elements of the same thing apply in the operation of the present system of unemployment benefits. As we shall see, it is still the case that the dole has a major effect on wage levels.

In Britain last year, a single unemployed person received £39 per week. In addition, unemployed people receive housing benefit; rent or mortgage interest are paid by the state, and a typical figure might be about £40 a week. In addition, unemployment gives access to a number of other concessions, such as cut-price admission to local authority sports facilities, the value of which is difficult to compute.

As a general rule, people will not work if they will be worse off in paid employment, and working itself incurs additional costs of at least £10 a week in travel, meals out, clothing and so on. On taking full-time employment, unemployment benefit is withdrawn immediately and other benefits and income supplements taper off sharply, springing the notorious poverty traps.

In one respect however, the pauper of 1800 was better off than his counterpart in 1991: on taking up work, the modern pauper has to pay tax on his wages, because the income tax threshold is now so low that for every £1 earned over £62.50 a week, the worker receives only

ONE suggestion for dealing with unemployment, if not low pay, is that put forward by Patrick Minford, Professor of Economics at Liverpool University.

Minford has argued that a reduction in unemployment benefits would encourage those without jobs to accept lower wages and so "price themselves into work."

Although this idea still enjoys a following amongst right wing politicians, it is fortunately regarded as unacceptable, because present benefit levels are already only just about sufficient to keep body and soul together.

But Minford is correct in saying that the way to reduce unemployment is to reduce the minimum price of labour. What he has ignored, at least in his public statements, is that an alternative approach exists – to eliminate the "tax wedge" and poverty traps built into the present system of tax and benefits.

This is, however, easier said than done, because simple arithmetic dictates that the only completely effective solution would be the introduction of a "basic income" for all, on the lines once proposed by the Green Party: everyone would receive a basic income as of right,

75 pence, and this is subject to further tax deductions in the guise of National Insurance contributions.

Now it is these considerations that fix the present minimum wage, to conform with a general principle: wages are the least that people are prepared to accept. For the reasons just outlined, the minimum price of labour in normal full-time employment is around £90 a week in take home pay; it is not worth going to work for less. There is a further point of significance about this figure. For an employee to receive this amount in take home pay, the employer incurs a gross labour cost of around £110. In this way, benefit levels and tax rates com-

and those receiving small earnings would not lose benefit.

In the Green Party's proposal, the money paid out to those not in need was to be clawed back through the tax system, by unspecified means. The idea was that, with a basic income set at £40 a week, it would be worth going to work for a small wage as there would be no loss of benefit.

Amongst other advantages would be the reduction in the army of idle people, since the basic income concept would entirely eliminate the barriers which prevent marginal labour from pricing itself into work.

A restructuring of the tax and benefit system around the basic income idea is undoubtedly worth considering, because a substantial number of people already receive state benefits of one sort or another: unemployment benefit, sickness benefit, child allowances, student grants, old age pensions. Because these payments are means-tested or subject to qualification rules, a vast and no doubt expensive, Kafkaesque bureaucracy has grown up to administer the system, which bamboozles and humiliates those caught up in it.

If nothing else, simplification would yield substantial economies.

bine to set both the minimum wage and the minimum price of labour. The difference between the two is what is often described as the "tax wedge".

The £90 a week applies to normal full-time employment, but some people are willing to accept lower pay for home working, for example in the clothing industry, because it gives them flexibility and they avoid the time and expense of travelling to work. These are important considerations for women with young families.

Low pay is also found where the work is highly casual, or if there is an element of illegality. Immigrants without work-per-

Continued on Page 14 ➤

'I conceive that the land belongs to a vast family of whom many are dead, some are living and countless are still unborn.'

— A Nigerian tribal chief

IN a world where great fortunes and fierce wars are spawned by the concept of private land ownership, the profound truth of that Nigerian tribal chief's simple observation is being rediscovered.

Recently, 26 distinguished professors of economics in the United States—including three Nobel prize-winners – wrote to Mikhail Gorbachev, applauding his attempt to move the Soviet Union to a market economy.

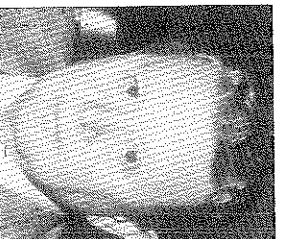
But the substance of their letter was a plea to the former Soviet leader to retain all land in public ownership, raise the bulk of

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Now The Synthesis: Capitalism, Socialism & the New Social Contract

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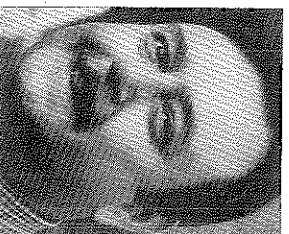


The collapse of communism provides an opportunity to reappraise our economic thinking. The authors suggest that capitalism and communism are the thesis and antithesis of a philosophical dialectic of which the ideas of Henry George, the 19th C American social reformer, are the synthesis. Ten scholars from Britain, Europe and America examine current economic and ecological issues in the light of this proposition.

**Published in Britain by Shephard-Walwyn Ltd., London, price £14.95, and in the USA by Holmes & Meier, New York, price \$29.95. Hardback.*

Commons Without Tragedy

R.V. Andelson (ed)



An international group of scholars examines the impact of population growth on the economy and environment, arguing for a reappraisal of property rights to ensure that (1) the entrepreneur is adequately rewarded for opening up the last commons (oceans and space); (2) everyone shares in the greater prosperity; and (3) the environment is protected for future generations.

**Published in Britain by Shephard-Walwyn Ltd., price £13.95, and in the USA by Barnes & Noble, of Savage, MD, price \$34.50.*

Crown

• **DON PETERSEN**, writing in a modern problems may be linked to – and reviews the proposal to raise rental vs

government revenue from its rent in developed, Western economies becoming widely shared, not leading to dissent over land rights, foreign ordinary people to acquire and

Its most articulate proponent planner Phil Day, who sees the greatest hurdle to home owners Windfall profits derived from stitute a major cause of inflation a slice of the community's birth foreign or local investors.

Mr Day shares with the Nige provided by nature and is in full "It is a community resource, reason for it to be privately owned equally necessary for human survival

For some people, such a view the American professors he is attempting to redress a situation English kings of Henry VIII's estate their barons to pay for such their At that time land began to acc poor particularly, it has been b

In the Australian context, Mr Day that simple. "The initial capital could be reduced by 25-30 per cent brought outright but leased – in full rental," he said. "This could be for housing were leased instead

But this, in the scheme of things national movement, is only a beland land could be reduced if all the holders alike were required to f

"The price of any parcel of land this Crown rent were equal to the determined by its location, attributes

There is no magic in this, he argues rental value if it can be used – for living or recreation. When capital becomes its capital value price. It off by the Crown, as custodian of ces, its capitalised value is reduced

In their letter to Mr Gorbachev ment. "Social collection of the rent they wrote. "Firstly, it guarantees citizens by obtaining a dispropo

that!

ralia's Courier-Mail, notes that the loss of traditional rights to land immunity revenue by taxing the of land

and thereby avoid a major flaw

red free-marketeers? If so it is Australia which is wracked by partnership and the daily battle by a little plot of their own.

He is Brisbane lawyer and town planning price of land as the single,

culatation in it, he contends, increased values which should be but are accruing instead to rich chief the view that all land is supply.

e says, "and there is no more
d than air or water which are
val."

I come close to heresy. But like preaching revolution, merely rich came about, in part, when began selling off public land to as foreign wars.

at a price and since then, for the first time, the market has reached a reasonable reach.

"The remedy is appealing, if not all that of a house and land package. If the land component were not a certainty if need be -- for an annual fee if all public land released sold."

is envisaged by a growing interest in Mr Day: "The price of all owners, freeholders and leaseholders, an annual rent to the Crown. could in fact be reduced to zero if the annual rental value of the land as well as its usefulness."

is. "Land only has some annual growing or making things or for use, and if it is not used, it is wasted. If it is used, this annual rental value is siphoned off. The annual rental value is siphoned off from the community's natural resource, and it is accordingly."

he professors took up the argument of land serves three purposes," that no one dispossesses fellow man of what nature pro-

vides for humanity.

"Secondly, it provides revenue with which governments can pay for socially valuable activities without discouraging capital formation or work effort, or interfering in other ways with the efficient allocation of resources. Thirdly, the resulting revenue permits utility and other services that have marked economies of scale or density to be priced at levels conducive to their efficient use."

Mr Day points to the huge revenues governments could raise from land rent - and to community fears and suspicions which, inevitably, such new imposts would raise. The answer, he says, lies in the progressive reduction or abolition of other forms of revenue raising, such as income and payroll taxes.

"After all," he said, "charging for the use or occupation of the community's natural resource - land - makes rather more sense than penalising personal labor an skill and infinitely more sense than penalising employers at a time of mounting unemployment."

There was not great difficulty in striking agreement on what rent should be charged. "A valuation system which accurately assesses the rental value of any parcel of land already exists; and charges levied on land are impossible to evade or avoid – land cannot be hidden at the bottom of the harbor or moved off-shore."

Sooner or later, Mr Day argues, the community—possibly through a parliamentary committee—would have to take a hard look at the connection between town planning, which is still a relatively new science, and land values. Currently, he says, the planning system is having an inflationary impact on the land market by inviting speculation in land rezoning.

“Town-planning controls determine the use to which land can be put,” he says. “When a planning decision – by a stroke of a pen or colored paint – changes permitted use to a more intensive use, the value of a parcel of land is substantially increased.”

“To the extent that this increase is retained by the private landowner as an unearned windfall gain and is not – as at present – wholly offset by development contributions or a betterment levy, it is inflationary. It is an increase in money which is not represented by goods or services.”

Like the professors, Mr Day believes that the difference in values from rezoning should be recouped, not by the lucky owners, but by the community. A quietly-spoken rationalist, he expects resistance to such concepts, even angry opposition:

"Any and every landowner expecting to make an unearned profit, the Tax Office itself since it would no longer require an army of public servants, governments which would see no immediate revenue from the rental of newly-released land."

And perhaps most people who own houses and have become accustomed to seeing their value increase dramatically as demand increases with an expanding population. Real estate agents could rightly protest that in an historical sense, the idea is medieval, a deterrent to commercial and industrial investment.

Mr Day: "Far from deterring investment, leasehold tenure avoids the need for an initial capital payment. An important social consequence of this is that home ownership becomes more affordable by low-income earners, because they don't have to pay a capital sum to buy their homesites."

In any event a lot of people – including the cream of capitalism's economists – are now taking it seriously.

ENLIGHTENED DOCTOR

R.V. Anderson, ed. *Commons Without Tragedy: Protecting the Environment from Overpopulation - A New Approach*, London, Shephard-Walwyn, Savage, Md., Barnes & Noble, 1991.

IT IS NOW more than 100 years since Henry George set up the two central columns of the portico in front of a still imaginary temple of economic justice. They stand for 'two simple principles', as he put it, 'both of which are self-evident'. Here they are:

1. All men have equal rights to the use and enjoyment of the elements provided by nature.
2. Each man has an exclusive right to the use and enjoyment of

REVIEW by DAVID REDFEARN

what is produced by his own labour.¹

To achieve these results, he proposed: *To abolish all taxation save that upon land values.*² It was

to the neglect of these two principles, and to the heaping of taxation on to labour and its products, that he ascribed the worsening of poverty in an age of material progress.

As a preliminary to establishing these propositions by means of deductive reasoning that would have done credit to a Euclid, he had disproved the two main current theories that attempted to account for the same phenomenon. Of these the best known is that of Thomas Malthus,³ that populations tend to increase faster than subsistence.

Zimbabwe Lesson

ONE of the problems facing the governments of both Zimbabwe and Namibia is the huge cost of making a significant impact on land reform. In the case of Zimbabwe these costs have to be faced at a time of severe financial constraints under the Structural Adjustment Programme.

What are the prospects for new approaches where the government has much less direct involvement? Can legislation be introduced which encourages significant changes in land ownership with the government only playing the role of watchdog or umpire? Now that the concept of market forces is so popular, is there any way that it can be harnessed to promote more productive use of land?

In the case of Botswana an ingenious policy has been worked out to gradually ensure that land owned by foreigners is taken over by citizens. The recent Land Reform Policy Conference in Namibia deliberated hard on this problem. The government was forced to point out that it is difficult to attract foreigners to invest while measures are being taken to arbitrarily dispossess other foreigners at the same time. The Botswana measure gets round the problem by working through market forces.

Legislation was passed to the effect that all land sales must be advertised and a heavily loaded transfer tax is levied if the buyer is a non-citizen. Presumably if price levels escalate and the tax becomes ineffective, it can be raised until it does. The major attraction of taxation as a land reform tool for African countries during structural adjustment is that it should be self-financing and may even make a net contribution to government revenue.

The Zimbabwe outline Land Policy, that was announced at the end of July 1990, has a section which proposes the imposition of a new Land Tax. The Minister, Dr Witness Mangwende, commented that: "this is mainly to encourage the proper utilisation of land and also to avoid the bad habit of people who just buy land for speculative purposes". It could also have the effect of encouraging people

• ZIMBABWE-BASED RONALD WATTS tells *Land and Liberty* that "land taxation is now a very live issue throughout South Africa." He recently undertook a lecture tour of the Universities of Cape Town and Pretoria. In this article, he explains why land reform ought to include a reform of the tax system

to sell farms either for resettlement, or for other more efficient, large-scale farmers to take over. With some additional legislation it would be relatively easy to encourage the sub-division of farms.

The concept of developing many more medium-scale farms in Zimbabwe, particularly in the higher rainfall areas, has already been floated by Dr Mandivamba Fukuni, the Dean of the Faculty of Agriculture at the University of Zimbabwe.

Legislation to encourage such a move could include tax incentives where properties are divided, and a relaxation of the present rules that discourage sub-division.

According to Alan Buri, the president of the Commercial Farmers Union, his members are unhappy about proposals to limit the number of farms by decree. It is likely that measures to reduce the size of farms through the use of market forces would find fewer objections.

Zimbabwe already has a system of land taxation applied by rural councils and the Government had promised to take this into account in fixing the new tax. In 1989 rural councils in Mashonaland West raised \$1.70 million while the other provinces raised lesser amounts. Presumably, the new tax will be on a much higher scale and may need to be off-set against income tax.

There has been much controversy over the question of

CAUSES FALSE ALARM

This theory Henry George comprehensively demolished by showing that the facts adduced did not prove it, that the analogies quoted were irrelevant, and that other facts conclusively disproved it.⁴

Nevertheless, there are still some lingering doubts, which account for the genesis of the book now under consideration. Are there, in fact, some aspects of the world economy, barely perceptible in Henry George's time, that might now make it worth while to have another look at Thomas Malthus? Is there, in other words, some sense

in which his instincts may have served him well?

The story begins with the alarm felt by Dr Robert Anderson, on account of an essay by Dr Garrett Hardin entitled *The Tragedy of the Commons*,⁵ which appeared to him at first sight to be an indictment of the principle of common rights to land, and by inference a defence of its private ownership.

This alarm proved, on further investigation, to be unfounded. Dr. Hardin, who goes so far as to say that he wishes Henry George had been born soon enough to influence the founding fathers

of the U.S.A., had come across the work of another Englishman, William Forster Lloyd, a contemporary of Malthus, who had thought out an alternative explanation of his 'overpopulation'.

Why, asked Lloyd, did the condition of cattle on common land compare unfavourably with that of cattle on enclosed land? Because, he answered himself, each herdsman put as many animals as possible out to graze, with the result that the commons were being destroyed.

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for South Africa

under-utilised land. There is a widespread view that many large-scale farms are under-utilised. What cannot be disputed is the fact that population pressures are much greater in Zimbabwe's communal areas than they are in the commercial farming areas.

According to the 1987 Statistical Yearbook, population densities rose from 7.3 per sq. km. in 1969 to 9.4 in 1982 for rural council areas, and from 17.8 to 25.2 in district council areas. The fact that Masvingo province has a density of 23.3 compared with 14.3 for Mashonaland West is also an indication that population distribution has been severely distorted by Zimbabwe's pre-independence land legislation.

How far can a land tax be used to encourage the owners of under-utilised land to sell? A proposal was floated in the early 1980s for a punitive tax of as much as 20 per cent of the value of the land on an annual basis. However, if such a tax was to be on under-utilised land only, there is still the question of how you decide what is under-utilised. There is also the problem of who is going to decide?

TO BE effective, a more reasonable rate would need to be found with, if necessary, a proportional relief from income tax. The 1986 Commission on Taxation concluded that a tax based on utilisation was not workable.

The 1986 report did however, recommend that a land tax is needed to move Zimbabwe towards a more equitable pattern of land distribution. They concluded that if the land tax is less than the rental value, productivity would not be penalised. They also confirmed that it is an appropriate way of raising revenue from farmers.

If it could be progressively introduced in the small-scale farming areas it could also have an effect in promoting soil conservation and improved livestock management.

The man who has done more than anyone else to sell the

idea of land taxation, was an American - Henry George - who lived from 1839 to 1897. His most notable work was a book entitled *Progress and Poverty* in which he advocated the abolition of all taxes except land tax.

"When we tax houses, crops ... capital or wealth in any of its forms, we take from individuals what rightfully belongs to them", he wrote. "But when we tax ground values we take from individuals what does not belong to them, but belongs to the community," he went on.

He advocated land taxes as providing a route to a more equitable distribution of wealth while reducing the tendency of the wealthy to speculate on land.

It is over 100 years since Henry George published his book and the idea of a single land tax has not yet been adopted. However there are still societies and foundations putting forth his ideas and a number of countries have followed his ideas to some extent.

Australia and Denmark, both countries with relatively small extremes of wealth and poverty, utilise land taxation to a much greater extent than most Western countries. The greater use of land taxes in all areas of Zimbabwe - in communal as well as larger-scale commercial farming areas - would fit in well with the current thinking of many conservationists.

Mr R. K. Harvey the ex-chairman of the Natural Resources Board has recently put forward some forthright proposals in *The Farmer*: "The key to land reform", he writes, "is surely to accept and introduce some form of individual tenure" which would obviously be coupled with land taxation. Several government ministers have said recently that "all Zimbabwean farmers must become commercial farmers".

Ownership of land, according to Mr Harvey, "engenders a pride of ownership, accountability for the resource base and reduces the risk of over exploitation".

Robust alternative

IF LABOUR gains power in Britain's next election, the electors will have a long shopping list. Road users expect more of the road system, rail users expect more of the rail system and there is general dissatisfaction with the decayed state of Britain's infrastructure.

Council tenants expect the existing stock of local authority housing to be put into good order, parents and students expect more of the education system, and the growing proportion of elderly people expect to maintain a good quality of life to an advanced age.

All of these things will make growing demands on the tax system at a time when tax revenues are reduced by recession and welfare payments have to be made to an expected three million unemployed – and the government will also be under pressure to get the economy on the move once more.

Since 1945 the British economy has been characterised by a number of trends. Great material progress there has been, but unaccompanied by comparable economic and political progress.

Poverty and bad housing have never gone away. The mass of the population is now far better off than it was forty years ago, but the gains are due to developments in science and technology rather than politics and economics. Successive governments have all attempted to manage the economy by using the accelerator of monetary expansion and the brake of monetary stringency; superimposed upon this, taxation, interest rates and credit controls have been used as tweaking mechanisms.

The result has been that unemployment rose to a peak of over three million, has never

• The empty shops and mid-season sales in Britain's high streets speak of recession now. But architects' lack of work indicates that the recession will continue for the next two years.

By HENRY LAW

fallen below the two million mark and is now once more heading towards three million. This cannot be regarded as a success story.

WHY IS there this contrast between the successes of science and technology on the one hand and the failures of politics and economics on the other?

The answer is perhaps a simple one. Scientific method is a cyclic process of careful observation, followed by the devising of explanations which best fit those observations – hypothesis to best solution. The cycle is completed by further experiments which attempt to test the truth of the hypothesis.

Economics, however, does not operate in this way; as we saw recently in Eastern Europe, a large sector of the population had a personal stake in the system and were prepared to go to extreme lengths to discredit any challenge to the theories which underpinned that system.

So it is in the West. Whole professions owe their existence to the present system and their way of life would be changed if that system were shown to rest on false premises.

Unfortunately, the community at large pays a heavy price. The accepted theories give an account of economic processes which diverges so far from common experience as to be almost useless.

Characteristic of Western economies are market freedom heavily restricted by interventions such as tariff barriers and price controls, and a welfare safety net, with the taxation of

wages, interest, goods and services as the main source of public revenue.

This has produced the paradoxical state of affairs where low wages are combined with high labour costs, due to the existence of the tax wedge; the present tax system now acts as a major barrier to employment and the production and exchange of goods and services.

It is no accident that the smartest brains in the country have devoted their energies to property speculation and tax avoidance, making themselves rich in the process whilst producing absolutely nothing.

It is also clear that the present tax system is simply not robust enough to satisfy the expectations that people have of government.

There is, in any case, an alternative. Taxes can be levied on land, labour or capital. Western economies have gone down the road of taxation of labour and capital; land has been taxed lightly or not at all.

Yet the continuing growth of land values points to a substantial taxable capacity. Moreover, taxes can be levied on the rental value of land without detriment to the economy – an attribute which is accepted by most economists but regarded by them as an interesting theoretical byway, of no practical relevance.

The argument for taxing land values emerges from looking at the economy in a radically different way from that generally accepted by present-day academic economists, but the result of not taxing land values can be seen throughout Britain in the

shape of vacant houses, shops, offices, factories, and building sites; all witness to the fact that without a tax on land values, the property market will not respond freely to supply and demand.

The cost can be measured in the unemployment statistics, for, to quote a slogan from a famous election poster of 1910, "Idle Land means Idle Men".

THE POSTER was making the case for Site Value Rating, which was once an important element in Labour policy. Labour consistently campaigned for Site Value Rating/Land Value Taxation from its foundation until 1939, notable attempts to introduce it including Philip Snowden's budget of 1931, and a comprehensively drafted private parliamentary Bill presented by the Labour-controlled London County Council in 1938.

Labour abandoned Site Value Rating in 1947, on the introduction of the Town and Country Planning Act. This did not go unopposed; 167 Labour MPs signed a memorandum to the Prime Minister in July 1946, protesting against the proposed measure and supporting their protests with a set of reasoned arguments.

The abandonment of the poll tax now presents an opportunity to move towards the taxation of land. Now that the drawbacks of the Tory proposal are coming to light, what is also becoming clear is how much more powerful an attack Labour could have made if it had reverted to its former policy.

It would then have been free to raise every one of the objections to the Council Tax. As things are, Labour has hobbled itself by adopting a proposal against which many of the same objections apply, and it now has to be careful to avoid having its arguments turned against itself.

On political grounds also, the adoption of Site Value Rating

would put the Labour party in an advantageous position. At the next election, Labour is likely to gain, at most, a small parliamentary majority, and it may need the support of the Liberal Democrats to form a government.

Although the Liberal Democrats have abandoned their long-standing commitment to Site Value Rating and now advocate a Local Income Tax, there remains substantial support for Site Value Rating in the party, and a national Land Value Tax remains in the Liberal Democrat programme.

LABOUR's attitude towards Site Value Rating is a reversal of its previous stance. What are its objections?

One of Labour's main concerns, based on what they claim has happened in Pennsylvania, is that older historic urban areas would suffer wholesale clearance, and the small businesses that exist in such areas could not survive.

Not only is this fear without foundation, but the introduction of Site Value Rating would give such areas, and their occupants, far more protection than exists at present. Furthermore, the British planning system has all the powers necessary to prevent it.

Although the present UK Conservation Area legislation is possibly in need of stiffening up, Site Value Rating would reinforce the protection afforded to Conservation Areas; SVR would present no threat to historic urban areas.

On the contrary, the pressure for development in Conservation Areas would be reduced, for the valuations would reflect the advantages and restrictions of Conservation Area status.

Overall, the full site value rate would fall on property whether occupied or not. Owners would therefore derive no advantage

from neglecting buildings to the point where demolition was the only option, and then applying pressure on local planning authorities to be allowed to redevelop and intensify the use of their sites.

Site Value Rating would protect tenants running small businesses, which suffer especially badly under the present system, with its upwards-only rent revision clauses (such clauses should be illegal).

The problem is that when leases expire, landlords ask extortionate rents, which the tenants cannot afford. The tenants close their businesses, the premises stand empty, and although the business rate now has to be paid on vacant property, it is insufficient to provide an effective incentive to bringing the premises back into use promptly – if necessary, at lower (affordable) rents.

Although Site Value Rating does not claim to be directly related to "ability to pay" it is directly related to "benefits received". The wealthiest members of society occupy the most attractive areas, where land values are highest.

TURNING now to the "benefits received" principle, there is an urgent need to renew the nation's infrastructure. In the absence of a tax on site values, however, the benefits of the improved infrastructure will simply be capitalised into land values in those areas deriving the most benefit, as has happened in recent years following motorway construction and when British Rail has electrified suburban lines.

Site value taxation would recapture the benefits of the investment for the community, which is surely a desirable Labour objective.

Site Value Rating would also

mits or people drawing unemployment benefit whilst working often receive well below the normal minimum wage, although they might well be better off than if they were in regular paid work. Unofficial practices of this kind are widespread in the catering industry.

THIS SETS the context for Labour's proposal, which provides, initially, for a minimum wage of £3.40 an hour, 50% of the male median earnings. Labour sees this as a first step towards its ultimate aim of bringing wages up to the Council of Europe's "decency threshold," two-thirds of average adult earnings.

What does this mean in practice? Assuming a 38-hour week, £3.40 an hour works out at about £130 per week. This is hardly a lavish amount; it might support an adequate standard of living in some parts of the country, but certainly not in London and the South East, where it would be hard to rent a room for under £50 a week, few apartments can be bought for under £50,000, and repayments on a mortgage of £25,000 are around £60 per week.

In reality, our employee would never actually see anything like £130, for £16.75 would go on Income Tax, and a further £8.10 in National Insurance. This leaves £105.15 in take-home pay, about £15 more than the present minimum; tax works out at an overall rate of 19%.

This is not quite the whole story: an employer paying a gross wage of £130 a week is liable for £11.22 National Insurance contribution, and so incurs a gross labour cost of £141.22. The difference between take home and gross pay will amount to a labour tax surcharge of almost 26%.

And there is one further point. About £50 will be spent on goods

and services which are subject to VAT at 17.5%, and a further £7.45 will be handed over to the government in this way; thus our £130 gross pay has a net purchasing power of £97.70.

Putting all of this together, anyone receiving Labour's proposed minimum wage would receive £2.57 an hour net, at a gross labour cost to the employer of £3.72. The total effective tax rate would be 31%. Whatever else Labour's proposal will do, the UK will remain a low-wage high-labour-cost economy.

At present, as we have seen, labour cannot be purchased for less than £110 per week.

• On the supply-side, it means that a worker is therefore unemployable if he cannot produce goods and services to the value of at least this amount. Those with little in the way of skill are thereby kept out of work altogether: school leavers, the poorly educated and people with disabilities.

• On the demand side, entire categories of low-level work go undone, because there is a limit to what anyone is prepared to pay. As a result, labour-intensive employment has disappeared even where machines cannot do the work. The effects have been felt most acutely in the public service sector. Station porters and bus conductors are a thing of the past, many shops are understaffed and the health service is under constant pressure, whilst the dole queues are a permanent feature of the economic landscape.

There is work to be done, there are people willing to do it, but something is keeping the two apart. Minimum wage legisla-

tion will just make matters worse.

People will argue about the figures, but it will add to unemployment by applying a further squeeze on marginal labour and marginal work. In the final analysis, it will also prove unenforceable. If working, perhaps illegally, for sub-standard wages is preferable to any of the alternatives, people will continue to accept them and keep quiet about it.

WAGES are determined by the laws of economics and not by government legislation. But it does not automatically follow that unemployment and low pay should be accepted as inevitable; these evils have to be recognised as symptoms of an underlying malaise.

There are three factors of production: land, labour and capital. Nothing blocks the market in capital, but, as we have seen, the tax and benefit system acts as a barrier to labour.

The third factor of production, land, is subject to severe blockage, because there is no real incentive encouraging owners of land and buildings to price their property into use; land values do not fall to market clearing prices. This has a depressing effect on the economy as a whole and the labour market in particular. Writing in 1881,² the economist Henry George noted the buoyant demand for labour in California during the late 1840s, and attributed the thriving high wage economy to land availability, as new territories were being opened up for settlement.

A more recent study,³ tracing the history of unemployment in England, demonstrated that it could be directly related to land enclosure. Both authors proposed the same remedies: the taxation of land values, to dis-

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ANTHOLOGY TO SAVOUR

FRED Harrison's chapter in *Green Light On Europe*¹ ties together several of the threads that run through the anthology of 30 contributions by authors from 16 countries.

The strongest thread of all is the belief that "it may not be too long before the Second World joins the Third World in subsidising the First World" (Edward Goldsmith), i.e., through providing under-valued raw materials and cheap repositories for waste. "Yet ... overcoming the West-East divide will intensify yet further the North-South divide" (Freda Meissner-Blau and Paul Blau).

Harrison commences with the communist experiment, which comprised the ultimate failure to value nature — being based on the Labour (-only) theory of Value. Hence, Comecon produced its own Third World by subsidising the military-industrial complex. Environmental problems were "an inextricable part of the decision to end one social system and begin the search for a new approach".

But this search "has exposed the vortex in the philosophical system which underpins the market economy of the West", he continues.

In their theory of property rights, the founding fathers of modern western political philosophy glossed over the distinction between non-productible nature and reproducible labour and artifacts.

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courage land hoarding and speculation, and ensure that everyone could enjoy equality of access to economic resources.

This would in itself promote prosperity and create a high-wage economy without the need for more direct forms of intervention such as wage-fixing legislation.

For many years, the taxation of land values was enshrined in Labour Party policy, and if it is serious about tackling low pay and unemployment, it should resurrect this policy forthwith

By DAVID RICHARDS

They ducked the issue of access to land.

In the manner of economists, they said: "Let us assume", and in this case they assumed that there was always "as good left for his [the non-landowner's] improvement as was already taken up" (Locke).

Amory Lovins begins his chapter, "Markets In Resource Efficiency" with a counterpart to this assumption: "Most economists view the economic process as ... an endless, circular, disembodied flow of exchange value" — floating free of any moorings in the finite earth.

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Land which by virtue of community protection or relative inaccessibility has remained common property has not escaped the consequences of the capitalist paradigm. It has been either over-used (Garrett Hardin's classic "Tragedy of the Commons")² or batted in waste.

Harrison writes: "By failing to exact rents from those who wished to use the common property as a sink for their waste, the cost structure of the industrial revolution was seriously distorted".

This created "a bias in favour of capital-intensive methods, which skewed the system of production against labour" — a point made also in Nick Robins' contribution: "It appears that not only can full environmental pricing drive a wedge between the economy and environmental destruction, ... but also between the economy and unemployment".

During this century, the raw capital of the earth has been subsumed by economists with produced capital in an umbrella category: "capital". Hence, in Lovins' words, "Resources are conventionally valued at only their

costs of extraction ... thefts from the future are not priced".

The distinctive nature of land is forgotten in capitalism as in communism. A century ago Henry George was endeavouring to put the "geo-" back into "economics" through fiscal policy along the lines of the Physiocrats' *impôt unique*, and to rescue free trade from its unwarranted "dismal science" associations.

Harrison continues this venture by adjusting the capitalist blueprint now being offered to post-communist countries. He discusses the practicalities of accurately capturing land rent (to be used for funding socially necessary expenditure and regional equalisation payments) in the context of governments which already own the land.

Essentially this involves making a market that barely exists in the West (in perpetual public leaseholds). Lovins' chapter looks at a similar project — making new markets for energy saved.

In Harrison's view, the core problem of the twentieth century was that Karl Marx, who disclaimed markets and nature, was honoured by the Left, whereas his arch rival for the baton of reform, Henry George, "who sought recognition for land [and markets] as of primary importance to society", was not.

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deal with the long standing problem of "betterment", the recovery of increases in land value released by planning permission.

Previous attempts to achieve this (the 1947 Town and Country Planning Act, the 1967 Land Commission and the 1975 Community Land Act) were all unsuccessful and repealed on change of government. Because Site Value Rating would be a buoyant source of revenue, it is most improbable that it would be repealed by another government.

If a site value tax were put in

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(It does not seem, incidentally, to have occurred to him that a more likely cause would have been that the commons were a mere remainder that were worth no influential person's while to enclose.)

Critics were not slow to point out that, as a matter of historical fact, English commons were subject to a process of regulation by users' consent, whereas Lloyd's herdsmen seem not to have noticed each other's presence. As a result, Dr Hardin now admits that the title of his essay should have been *The Tragedy Of The Unmanaged Commons*, and that the situation discussed by Lloyd and himself 'was one of *non*-management of the commons under conditions of scarcity'.

This immediately and obviously puts the whole subject where Dr Hardin intended it to be in the first place, namely into the realms of symbolism, where it has a number of useful present-day applications.

Dr Hardin has thought of some of these himself. The Marxist doctrine of 'to each according to his needs' is an outstanding example of the abuse of 'commons'. So are the gains to speculators from the

increased value of land that has been brought about by community development.

Such speculation, of course, is the cause of the 'conditions of scarcity' under which the commons miss out on management. Here he makes it evident that his own thought and Henry George's run parallel. Insurance and socialised medicine are two further examples that he quotes.

Dr Hardin's contribution crowns the whole; but what goes before is in effect an elaboration of his arguments. Here are to be found specialist analyses of the causes of population growth and decline; of how the philosophy of Henry George may be applied to the solution of ecological problems that had only just begun in his time to make themselves felt; and of how the same philosophy could, given the

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place as soon as possible after Labour took charge, this would set off a non-inflationary development-led boom, but it would also bring further benefits.

If the government were to borrow to pay for infrastructure improvements, the resulting land value increases could be recaptured through the local tax system. This would allow a Labour Chancellor of the Exchequer to reduce central government support of local

goodwill, provide an alternative to violent resolutions of territorial disputes, and a clue to the future management of yet unexploited parts of the Earth.

All this is not to say that this book is in any way a definitive guide to the future conduct of world affairs. It is rather intended to provide a series of openings for serious discussions that start from the premise that they cannot go on as they are.

If it is accepted, for example, that Malthus was right to the extent that the combined population growth and standard of living now considered to be normal in Europe and the U.S.A. cannot be maintained without irreparable damage to the environment, what system of government can be devised that will ensure the adoption of effective remedial measures?

We are left with the suggestion that the ultimate answer could be self-government by communities of such a size that all members were at least acquainted with each other.

Shame would then be an effective deterrent to action contrary to the common interest, just as it was in England during what we may now think of as the golden age before the enclosures.

government, and provide an opportunity to pull the additional money out of the system and maintain stable prices.

SINCE 1945, there have been four periods of Labour government and three of Conservative government. None have managed to establish a state of non-inflationary prosperity. All have failed to live to up their initial promise and all their policies have come to grief.

Each Tory boom has ended in a property (land price) boom, followed by a severe bout of

depression. Labour policies have fared no better. A principal reason for this history of failure is the absence of any tax on land values, since a causal link can be demonstrated.

Economists and governments of all colours have ignored this and it has cost the country dear. We have taxed that which we ought not to have taxed - wages and the return to capital, and left untaxed that which we ought to have taxed - the rental value of land.

If Labour is not going to lead us out of this morass, who will?