

# LAND and LIBERTY

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## *The Political Logic of Killing Kids*

COMMENT:

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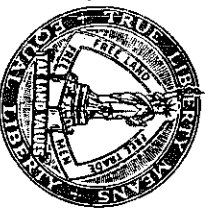
# LAND and LIBERTY

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COVER PHOTO: Street kids bury a 13-year-old Nahaman Cammona Lopez, who was kicked to death by police in Guatemala City. Pictured: British-born Bruce Harris, the Latin American director of the US charity that aims to help the child victims of the war for control over land. Says Harris: "The least we can do is try to give these children time to play." - See Editor's Comment, this page.



## Terrible legacy

IN GUATEMALA the police know how to deal with children of the streets who have been abandoned by their landless parents.

They kill them.  
In Brazil, the police - or their licensed henchmen, the death squads - do the same, scouring the favelas for their little victims.

And in Argentina - during the days of the Junta - the generals who invaded the Falklands - the victims were called "disappeared".

But focus on Guatemala: the nature of the problem is identical in all cases.

THE BBC broadcast a TV documentary spotlighting the work of a US charity, Covenant House, which rescues waifs and strays.

Its Latin American director, Bruce Harris, is fighting a seemingly hopeless battle in Guatemala City, for the stream of street kids is endless.

These youngsters migrate from rural areas, the victims of an economic system that deprives their parents of the opportunity to earn a decent living. The economic stress causes social tensions, including the breakdown of families.

Which is why so many children survive by scavenging and petty crime. And when all else fails, there is always glue to sniff, a cheap anaesthetic against the pangs of hunger.

But the police do not care for these bands of wandering children. So they shoot them; or beat them to death. And have fun with them - pouring glue over the boys, prostituting the girls.

And since they are the agents of the law, people like Harris have a hard time persuading the authorities to punish the guilty men.

HARRIS is frustrated. He says: "The principal problem is that 80% of the land here is owned by 2% of the population. People cannot scrape a living, so they have to migrate to the urban centres.

Unless there is political change, justice will not exist."

An attempt was made to bring justice to Guatemala when President Arbenz expropriated one-fifth of the arable land and began distributing it to the landless.

The United Fruit Company was not happy with that, even though 85% of its land was kept idle as a matter of policy. Arbenz offered compensation on the basis of values declared for property tax purposes.

United Fruit refused compensation, for it had persistently understated the value of its land for tax purposes. The US State Department demanded that the compensation be increased from \$627,000 to \$16m - a rise in assessed land value from \$3 to \$75 an acre.

The CIA had a better idea: it backed the invasion that overthrew the Arbenz government in 1952. The landless Indian peasants were obliged to take to the hills. They have been dying ever since. Village-scale genocides have been documented by Amnesty International, but the landed elite's grasp on power remains undiminished.

But that has left a reminder of their terrible deeds: the street kids. Well, policemen are taking care of them.

The brutality and killing won't stop until Guatemalans develop a new philosophy of property rights. That means sharing the economic rent of land, the logic of which would be to give the tillers access to the soil.

It would also lead to a renewal of family life, and the kids would disappear from the streets: but this time, they would be safe at home with their parents.

None of this can happen, however, until there is also international agreement on the justice of share rights to land. Otherwise, how can we be sure that the CIA would not get involved again?

**COMMENT by the Editor**

# Garden City Armenia

THE earthquake that devastated much of Armenia in December 1988 killed nearly 25,000 people and left more than 20,000 seriously injured. Many towns and villages were almost completely destroyed.

The international community mounted a large-scale relief effort, in which nearly 50 countries provided finance, expertise, equipment and supplies. Since that first immediate response, thoughts have turned to how best to go about the massive task of rebuilding the country's shattered towns and rehousing the 500,000 people left homeless by the disaster.

One result of the continuing international concern is the Europolis Foundation's ambitious proposal for an Armenian 'city of peace', designed 'in accordance with ecological principles'. But the Foundation's aim of creating healthy cities in which people can live and work without destroying the environment could be achieved by using a blueprint for development produced over 90 years ago - Ebenezer Howard's invention, the garden city model could make an enormous contribution to Armenia's reconstruction programme.

Howard's ideas have, in the past, figured prominently in Russian and Soviet planning philosophy. Before the First World War, citizens of the Russian Empire witnessed the building of Letchworth, the first garden city, and Alexander Block translated Howard's *Garden Cities of Tomorrow* into Russian while being held in a Tsarist jail.

Vladimir Semyonov built a small-scale version of Letchworth, called Prozorovka, near Moscow, and the garden city approach was incorporated into the pre-revolutionary programme of the Bolshevik Party. After the Revolution of 1917,

- Architect ALAN SPENCE has proposed a plan for creating new towns in the Soviet Union. His ideas will be among those discussed at a conference in Moscow this year. He explains how the ideas of an American social reformer, Henry George, need to be adopted by the Soviet Union.
- "The Soviets won't solve their problems without the Georgist solution to the land question," claims Mr Spence, who has worked with community groups to regenerate London's Covent Garden.
- Capturing the economic rent of land to finance the renewal of the urban environment could be a bold solution to 'quake-devasted Armenia', he suggests. The garden city concept was originally developed in England by Ebenezer Howard, who acknowledged that he was inspired by the fiscal policies of Henry George.

## BY ALAN SPENCE

garden city principles played a major role during a period in which many 'model' urban environments were planned and built. These schemes varied in scale from local neighbourhoods to whole cities (including the new town of Erevan, planned by Alexander Timmian along garden city guidelines) and were implemented with varying degrees of success. Only when Stalin denounced garden cities as 'petty bourgeois' in 1932 did they fall from favour in Soviet planning.

Now, in an atmosphere of *perestroika*, the political climate is right for renewed consideration to be given to the benefits that garden cities could offer to the Soviet Union.

THIS, then, is the background to my proposal for a new capital city for Armenia, 'Ararat Garden City' - the name being derived from Mount Ararat, which, although lying within the borders of Turkey, plays a major role in Armenian history and culture.

Plans on paper are in themselves of little value unless they are realisable in the hard world of politics and economics. This

is the age of *perestroika*, in which it seems that all things may be possible, but the fact is that the Soviet Union has very little hard currency, and Armenia even less.

However, basing the development of Ararat on the same financial principles as guided the building of Letchworth - one of this century's urban success stories - seems to be a natural solution to the funding problem.

A limited liability company could be set up to guide the development of Ararat, much as First Garden City Limited oversaw the building of Letchworth. A city finance corporation could be established to secure funds by issuing limited-dividend shares in the company, traded on the international markets just like any other share issue.

The limited dividend would probably attract only those investors who would be more interested in supporting the aims of the new city than in maximising the return on an investment.

Support for the scheme could be won from expatriate Armenians and others concerned by the country's present plight, but the corporation would also need to seek funding from loans,

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government grants, charitable foundations etc.

The new city could be built on previously unused land or on areas laid waste by the earthquake. Whatever site is chosen, the land should be leased in perpetuity to the citizens of Ararat by the Republic of Armenia.

Following the guidelines, set down by Howard, Ararat would take the form of a 'social city' of some half-dozen small towns, with populations of about 30,000, clustered around a larger, central city.

THE TASK of overseeing the construction of the city would best be undertaken by a development corporation, which would be responsible for producing a master plan (subject to the approval of the Armenian Parliament) and providing the physical infrastructure. Funds for these operations would be channelled to the development corporation from the finance corporation.

Buying and selling land would not be permitted; instead, it would be let out on leases to appropriate users by the municipality. Initially, lease prices would be determined by the development corporation, but as development progressed leases for new sites would be put out to auction.

An annual land rate for each site, linked to the true value of the land to the user, would be determined and collected by the development corporation.

No annual rate would be sought in the early stages of construction, when the land would, of course, be largely undeveloped; but as the infrastructure is built up and the surrounding area becomes increasingly inhabited, so all sites would be rated, even those on which building had not yet begun.

Houses built on development

corporation sites would become the personal possession of mortgagees, who would borrow money to buy land leases and for house purchase or construction from a specially formed cooperative building society.

To prevent property speculation, the development corporation would have the first option on any resale. Disputed valuations could be referred to a system of binding arbitration.

Again following the Letchworth model, the development corporation would set up an agricultural division, to lease out land for small-holdings, farms



• Alan Spence

and agro-industrial complexes. As with housing land, initial annual rates would be minimal, with the land rating being revised according to its real value as urban development proceeds.

If the country is to retain its national identity, the rights to lease land and purchase houses, small-holdings or family farms should be reserved for Armenian citizens or their descendants. However, to repay the hard currency dividends on the shares issued by the garden city company, a manufacturing base would have to be established and integrated into the world economy, and to this end leading transnational companies should be invited to set up branch factories.

Land rates for these enterprises could be charged on the basis of the capital cost of the

means of production, divided by the number of the workforce, and multiplied by the dividend paid on the shares of the company concerned.

The local economy should be reserved for Armenian entrepreneurs and producers' cooperatives, who would be encouraged to manufacture goods which would otherwise have to be imported. This would enable them to repay starter loans obtained from the city finance corporation and to soon become successful and profitable enterprises.

Underpinning the successful development of Ararat, in whatever sector of activity, would be the revenue derived from the rateable value of land. Rating buildings and property would only be a deterrent to development and to any further improvements to the built environment.

Any property owned by the development corporation would be rented out, with rents determined by the corporation as appropriate. At such a time as the initial building of Ararat is deemed to be complete, the development corporation would hand over control of the land to the municipal authorities.

GIVEN THE current climate of increasing openness to change, the Ararat project could be the flagship of a new garden city movement in Eastern Europe and the Soviet Union. With the potential for solutions to some of the problems facing the former communist bloc countries and elsewhere in mind, a number of architectural and urban design organisations are already co-operating with the Union of Soviet Architects to stage an International Conference on the Role of Garden Cities and New Towns in the 21st century, which

• This article first appeared in *Town and Country Planning* (July/Aug 1990).

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# INFLATION FOLLY

OVER THE last decade the British government has slowly been edging towards an acceptance of the quantity theory of money as the basis for controlling its financial affairs. The former Chancellor Nigel Lawson, even stated on a number of occasions that M0 (which measures notes and coins in circulation) was by far the most reliable indicator of inflation.

As a result, the Treasury has set annual limits to the expansion of the money supply (normally between 1-5%) but it regularly overshoot its target by a considerable margin. Even in the present financial year when a squeeze is supposed to be in operation the average figure shot above 5%, although after last August it was gradually reduced to 3.5%.

As for the broader measure (M4) its average figure for the whole year was 11.1% and its worst 18.2% in January. Even more significant is the fact that, whereas 10 years ago this broad measure was equivalent to about half of gross domestic product, nowadays it amounts to 80%.

This is an unhealthy state of affairs. Even so, the annual influx of extra notes (M0) being

• BRITAIN'S inflation rate reached 9.7% last year, before easing to 9.3% in December - 3% higher than the rates in the USA and Australia, twice the rate in France and three times higher than Germany's rate of consumer price rises.

In his analysis, *FRED JONES* blames Britain's government, and is puzzled why it was necessary to resort to the printing press to increase the supply of money while paying off the national debt.

printed seems modest enough in itself and according to common sense should not produce more than an equivalent rate of inflation. However, money is not the only means of payment. There is also the system of credit.

Not surprisingly, it is widely believed that money and credit amount to the same thing since they appear to have the same inflationary effects. But this mistaken attitude is largely responsible for much of the present confusion about the true nature of inflation.

In technical terms money is a multilateral contract between the government and the people, and the watering-down of the currency by resort to the printing press has a direct effect on everyone's pocket.

Credit, on the other hand, is a

bilateral contract between a creditor and a debtor, and if a debtor defaults, only the creditor, not the whole population, suffers.

This is because the amount of purchasing power in the system is neither increased nor decreased by credit transactions, it simply changes hands. So it follows that in itself the provision of credit cannot cause inflation.

Instead, what the credit system successfully achieves is to re-channel demand from one potential customer to another, and any reasonably comprehensive retail index must over a period remain unaffected by it.

Yet, whenever the economy goes wrong, the government still tends to use *ad hoc* remedies to reduce what it interprets as "excess credit", whereas it should be looking into the causes that create that excess.

IN THE early industrial era credit was first offered by the goldsmiths and silversmiths who discovered that they could make loans by using the deposits of precious metal in their vaults as a guarantee of their financial soundness.

They also found that they could lend far more than the total amount of these deposits because only about one-eighth of their customers withdrew their valuables at any given moment.

This discovery must have caused the cost of living at the time momentarily to rise until the market adjusted to the extra purchasing power which had been introduced.

But as soon as that once-and-

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will be held in Moscow later this year.

In addition to an international platform of speakers, the conference will feature seminars, workshops, field trips to Soviet developments and an exhibition of designs for new communities, one of which will be for Ararat Garden City.

Christian tradition has often made Armenia the site of the

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for-all blip was absorbed, a flexible credit system proved to be a boon for the expansion of industry.

Moreover, it stimulated expansion without causing any loss of monetary value, because it involved a transfer of, not an extra demand for, goods.

There is therefore nothing wrong in providing credit *per se*, but only in providing too much of it at any given moment based on a bloated money supply. In fact, an excessive supply of money, especially in the modern world, tends to increase credit and suck in imports from abroad, upsetting the balance of trade.

Since the Second World War this has been a virulent British disease, but the fact that the same thing has not happened in the German economy proves that it is not an act of God.

It follows that the process of ever-expanding credit which successive Chancellors have regarded as an irreparable flaw in our monetary system, and for which the British people as a whole are held to blame, begs an important question: What is the mechanism through which an excess of credit emerges?

It cannot occur, we recall, from within the credit system itself, since for every debtor there is an equal and opposite creditor and their transactions cancel out. So, since credit does not in itself increase demand, the problem must lie elsewhere.

It is, of course, directly, associated with the money supply (M0) which, whenever it is increased, has a knock-on effect on the broader measure (M4) which includes credit.

When governments resort to the printing press to introduce new money, they take real value out but put nothing but worthless paper in. This causes a general rise in prices: all the

other consumers in the market have to bear the cost of the government's inflation of the currency.

At the same time the inflationary process has a dramatic effect on the extension of credit, and proportionally this effect is far more pernicious than the expansion of the currency itself.

The basic rationale behind credit booms is that each extra pound issued by the Bank of England eventually increases commercial bank deposits, and the banks know that once they acquire fresh deposits they can offer extra credit to the public.

Like the goldsmiths an silversmiths of old they operate on the principle that they can safely increase credit by at least eight times their base deposits. However, the crucial issue which we have to examine at this stage is not the activities of individual banks but the effect of an expanding money supply on the banking system as a whole.

SINCE banking is a closed system in which the various major banks settle debts daily with each other, the most important aspect of their interrelationship is to keep in step in their credit operations. Otherwise some banks would fall into long-term debt.

So let us suppose that the government prints and introduces an extra £1,000 into the system. From that point on, whenever a borrower obtains a loan of, say, £1,000 from a bank underpinned by these extra monetary units and buys goods, the seller redeposits the money from the sale in his bank. The second bank's deposits then increase commensurately, and so on.

The argument that the first bank would have to diminish its credit by £1,000 as soon as the

• *The author is Professor Emeritus of Italian at University College, Cardiff.*

second bank had acquired its extra credit is not applicable in this closed yet multi-lateral system.

The first bank, following its time-hallowed practice of lending on a multiplier of eight to one, diminishes its credit supply by only £125, not by £1000, after it has paid out the £1000 of the first borrower's loan to the second bank. The latter then similarly lends £1,000 to a second borrower on its new deposit.

Hence the extra credit based on the original increase in the money supply of just £1,000 is only whittled down to nothing after £8,000 of extra credit has been created throughout the banking system and absorbed the extra currency.

The surplus credit remains stubbornly within the system until either the price mechanism raises individual prices sufficiently to adapt the market to the inflationary trend or, alternatively, greater productivity reduces prices to what they were before the extra £1,000 was emitted.

In other words, between the two principal states of equilibrium (that is, the one existing before the increase in the money supply and the other produced after a general price of productivity rise has absorbed it) there is a continuous, if slowly diminishing, offer of extra credit by the banks.

Hence excess of credit is a major vehicle of inflation during this entire period through its disruptive multiplier effect, which seems flatly to contradict our earlier conclusion that the granting of credit does not cause inflation.

It is because of the multiplier effect in credit transactions that the claim has often been made that banks "create" money. Yet what they are actually doing is creating credit.

Although the distinction may

seem trivial at first sight, it is far from trivial when we trace back that extra credit to its source – the expansion of the money supply by the government.

For if the extra £1,000 had not been introduced into the system, the banks would not have obtained their extra deposits and their eightfold expansion of credit could not have taken place.

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*Surplus credit is consequently caused by expansion of the currency, but once it has been created it proves to be a far more efficient vehicle of inflation than the extra currency itself.*

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APPEALS to the banks or the public not to make use of it by exercising restraint after the inflationary act has taken place must inevitably fall on deaf ears. Nevertheless the remedy is in the government's hands: it simply has to stop resorting to the printing press.

An apt example in Britain of the process which is triggered by the expansion of the money supply was provided by Nigel Lawson during a television interview with Brian Walden.

Lawson then protested that he had released £4 bn of extra money through tax reductions but that the British purchaser had turned this sum into £40 bn of extra credit. His successor announced in the House that the extra credit amounted not to £40 bn but the £54 bn.

Yet, if the Treasury had held the money supply static when making its tax cuts, little or no inflation would have occurred.

Indeed, Lawson's point that the tax cuts were a mere blip in the system would then have proved correct.

True, there would have been a momentary increase in demand, but when that was satisfied no further credits would appear because there would have been

# Ironie risk as Land Acts go

**PRESIDENT de Klerk** has struck at the heart of South African apartheid with the decision to scrap the Land Acts, which restrict black ownership to 14% of the country's land.

All the other iniquitous laws separating man from man on the basis of colour were meaningless without the forbidding deprivation of able-bodied men from land.

For with land, people are independent: and by being able to enjoy competitive living standards, they emerge as the social rivals of any elitist group. That is why the Land Acts, passed in 1913 and 1936, were the lynchpin of apartheid.

The 1936 Act set aside 13.6% of land for black occupation – the area comprising the "independent" and "self-governing" homelands.

• Over 11m blacks live in the homelands, with over 80% earning incomes below the minimum economic level.

• About 60,000 white farmers occupy 70% of the land, and it is this group that has begun to mobilise against the government's actions. The Transvaal Agricultural Union im-

mediately announced a protest campaign by white farmers.

Dismantling the laws does not mean an automatic share-out of the land, for black people do not have the capital to buy out white farmers. The Pretoria government has announced plans to make credit available to blacks, however.

Ironically, the immediate risk is to black-owned land. While speculators could buy land in the homelands. According to Patrick Laurence, writing in the *Johannesburg Star*:

"The major beneficiaries on the free sale of land will be the large landholders and giant corporations, accentuating rather than rectifying the maldistribution of land."

Leaders of the non-independent homelands have agreed measures to protect tribal land from being bought by speculators.

• The land question was one of the first causes championed by the African National Congress after its formation in 1912. The ANC regards redistribution as crucial to any negotiated settlement with de Klerk.

no inflationary process to feed them.

Instead, money would simply have been transferred from the government to the tax-payer's pocket with – and this is the important point – no increase in its quantity.

To compound the damage, the ex-Chancellor subsequently allowed nearly £2 bn of extra currency to be printed between January 1988 and August 1989, and even afterwards in 1990 the figure continued to rise.

But to continue the earlier argument, we note that £6 bn of extra liquidity (four of tax reductions and two of extra money) when subjected to a normal eightfold multiplier will quickly produce £48 bn of extra credit.

*Little wonder that M4 smartly*

*leapt out of control, house prices roared upwards, and inflation*

*doubled.*

WE MUST nevertheless stress the distinction between the £4 bn tax-cut in 1989 and the additional billions of freshly minted money.

The tax-cut was not inflationary, though naturally it could for a short space of time suck in extra goods from abroad. This was, however, the result of a short-term adaptation of the market which suddenly found itself having to supply goods for the people instead of goods for the government.

The billions of extra money printed, on the other hand, must raise prices across the board on a permanent basis, or at least

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# Down-to-earth politics

*Mother Nature, claims FRED HARRISON, will eventually force a drastic revision of property rights*

THREE HUNDRED years ago, a new philosophy of property emerged that ruptured mankind from his past. The logic of 200,000 years of socio-biological evolution was abandoned in favour of private ownership of land.

Apologists for the consequential social deprivation argue that this property right was necessary to support the new mode of production: the industrial method of manufacturing wealth. That claim is spurious, but the debate is now a futile one. For the concerns of the 21st century beckon, and the logic of history – from which modern man tried to escape – is reasserting itself, forcing us to relearn the secrets of ancient property laws.

Mother Nature is beginning to compel stubborn man to dig deep into his past, to rediscover the lessons of *sustainable* living. For Earth is haemorrhaging – gouged and burnt by behaviour unhinged from the rhythms of life – and she will exact a terrible price if the appropriate reforms are not quickly introduced.

If this analysis is beginning to sound like a retreat into mysticism, fear not: the remedial action is down-to-earth.

ECOLOGICAL problems reduce to one simple proposition. The philosophy of private property in land permits people to use nature without paying the full current market price for the privilege.

But that does not mean there has been a “breakdown” in the market, as has been claimed by *The Economist*,<sup>1</sup> for that market was never fully established in the first place. As that newspaper editorialised: what we now have to achieve is a method of “making sure that prices reflect the full social, and not just private, cost of energy-burning or car-driving or waste-dumping,” so that “the grimy hand (the market) can be cleaned up to make the world a safer, quieter, prettier place.”

This analysis, in fact, is mystical. The market is not a thing which can be grimy – or can be cleaned up. The market is a process: the interaction of billions of people. It is those relationships that result in the grime that now coats the environment, but it is the *rules* that facilitate the process.

*We will achieve nothing without a thoroughgoing debate on the nature of those rules: for right now, the people and organisations that are free to exploit natural resources to their private advantage are manipulating the language of discourse.*

Institutions that do NOT want prices to reflect social costs are able to marshal a powerful battery of lawyers, professors, politicians and journalists to bend the meaning of words to preserve their privileges.

That power is awesome: it has been one of the instruments for alienating man from his natural environment, and it is a strange irony that it will take the strength of nature to destroy it.

Lone voices have spoken the truth and suffered the consequences. One such man is Mason Gaffney, a professor of economics who



• **Professor Gaffney has long pondered the** has distinguished himself with his economics of land and natural resources. Prof. Gaffney's employer is the United States: the University of California at Riverside campus hills east of Los Angeles.

Riverside is a pleasant community scrubland barely fit for longhorn the ingenuity of man can transform, altering the reality.

For Riverside, the reality is that tre if it was not for the power of it manipulate the economics of a scarce water.

For consumers in Riverside, a canal from a river 15 miles away the town boundary. If the citizens are the losers?

• **Mother Earth.** Her resources than would otherwise occur, if a fair market price for the benefit

• **Other communities.** Taxpayer underwriting the costs of providing water to the beneficiaries. Those precise terms: the value of the canalised.

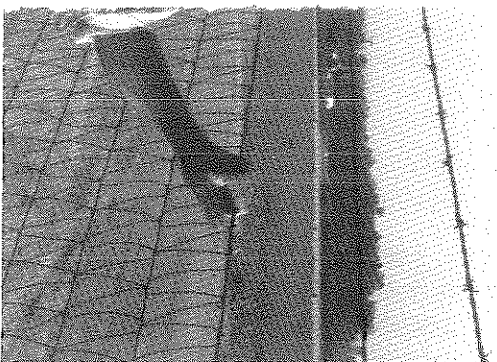
IN THE United States, the preservation of local level has already initiated a process of current property rights. That regional conflicts deepen.

For example, competition between

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# Way to solve eco-crisis



**Purpose of Californian acres behind barbed wire ..... but he has doubts about the financial stink behind the groves where oranges rot**



s scholarly investigations into the resources.

ie of the most prestigious in the alifornia. He educates students on s, an hour's drive into the rolling

unity, sprawling outwards over cattle, a jarring reminder of how urn appearances without, in the

it would implode as an urban cen- hose politicians who were able to tural resources – in this case, of

ter – delivered almost free along a - costs one-fifth the price outside of Riverside are the winners, who

are being depleted at a faster rate nsurers had to pay the full and f using the water.

s who do not gain the benefits are s the infrastructure to channel the benefits can be measured in very land onto which the water is

ation of the supply of water at the olitical debate about the viability debate will begin to deepen as

een California and Arizona for

2. Fred Harrison, "*Sensitive tensions*," Land and Liberty, Jan./Feb. 1991, p. 8.

water from the Colorado River will determine future growth and prosperity: so the debate over property rights will elevate the problem into a federal issue.

But if the debate is to be a fruitful one, an unavoidable first step will be the elementary one of re-examining the meaning of words. And people who insist on calling a spade a spade will initially find themselves cast in an unpopular role, isolated in their quest for the truth.

Which does not cause Prof. Gaffney to lose much sleep: he has learnt to cope with the wrath of the vested interests in his community.

Take, for example, the word "educational". It invokes certain warm ideas in people's minds, but it is a concept that causes problems for the professor. He has spent many a year ruminating over the concept as it is used in California – and especially by institutions such as the university, which owns 56,000 acres of tax-exempt land.

Every day, Prof. Gaffney drives his ageing Cadillac through the acres owned by the University of California. And he is not convinced that the word "educational" is an honest representation of the purpose behind the ownership of much of that land.

What does it matter? Well, for the taxpayers of California, it matters a lot. For the university's land is exempt from the property tax. That means other people pay taxes to finance the social infrastructure that gives value to the land owned by the university.

In truth, thinks the professor, many of the university-owned acres are held for speculative purposes: and that speculation imposes costs on the community that cannot be justified in educational terms.

The university, of course, is not doing anything illegal: nor are the other speculators, such as the people – some of them citizens of South America – who have invested their money in what purports to be orange groves. Those owners want permission for their land to be developed – which would add enormous value to their sites.

In some cases, where the council has refused to re-zone land for

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# God's laws, land – and the creation of wealth

IF WE ARE going to make any critique of the international economic scene, or even if we are going to make any comments about the level of reward claimed by operators within international finance, we within the Churches need to do our own homework. We may not know or have competence in all the processes of international economics; but we do need to try to make sure that we come at these issues with the most wide range possible of theological equipment. I do not believe that God has left us without resources, even though I also believe that the truth is not something merely to be dug up from the past. For Christians, perhaps the most important aspect of the truth is that it is indeed ahead of us; it is that into which the Holy Spirit is leading us.<sup>1</sup>

Our task, therefore, is to come into a situation which is always new, in which we are always the early Church facing new and unprecedented questions, trusting that we have been given sufficient resources to work with, but also trusting that these have to be picked up and claimed in new ways from day to day. The problem is well expressed in the story of Father Ed de la Torre, that courageous priest in the Philippines, who has spent a considerable portion of his ministry in prison. When he was sent from his seminary to his first appointment, a group of parishioners confronted him saying:

*"You know you Priests come to us and preach that we must worship God and go to Church on Sundays; we must not drink to excess; we must not gamble; we must not have sex outside marriage; yet such preaching is addressed to our weekends and our night-life – the periphery of our lives. But from six in the morning until six at night we are in the fields working. We are farmers. So what does the Church have to say about that? We are poor farmers who rent our land from the big landlord. He takes most of our harvest and leaves us barely enough to keep our families alive, so we have taken him to Court. But when we went to the Bishop and the Priests, and asked if they would side with us peasants they replied, "Yes, perhaps we should take sides, but that is not our central vocation because we are called to build bridges".*

And then these peasants turned to Father Ed

and asked: *"Have you ever tried to build bridges starting from the middle?"*<sup>2</sup>

When I came to my present appointment I made quite a song about my own sense of vocation to be a builder of bridges. I realise that that is a valid image of our task, but also it can be a dangerously misleading one. I would go on to say that, within our Church fellowship, people like politicians, the economists, the business people, have every right to ask the ministers. *"About what subjects have you been educating people, so that they feel them to be matters of conscience?"* The idea that matters of sexual behaviour and prayer are matters of conscience, and that matters of the distribution of wealth and the proliferation of weapons of torture and death are not, cannot possibly be squared with a commitment to the rule of God over the whole creation.

IT IS FROM this point that I think we have to start, if we are to make any kind of theological contribution to the task of creating wealth. Let me speak, therefore, from a place within the community of those who go in for theological reflection, who are also ordinary citizens and therefore on the receiving end of the economic systems of our day.

Now, it has been a commonplace within the world, a very small world, of western academic theology, that we need to develop a theology that will speak to the needs of *"modern man"*. The assumption is that modern man is fundamentally different from man of the New Testament days, that modern man has escaped from a world in which he was dominated by irrational and mindless powers, and that he has a new spiritual and intellectual freedom, having *"come of age"*.

Now, this may possibly be true for a small number of privileged people who can call themselves *"modern man"* – this may well exclude *"modern woman"* anyway. Having spent half my ministry in Africa, I doubt whether even this is true. But in

any case I think that we find ourselves in these days, those of us who are ordinary citizens, with the sense that we are just as much the victims of mindless powers and super-human forces as any of our ancestors were.

For us ordinary citizens, I suggest that, of all the impersonal powers that appear to govern us today, the most powerful and the most unquestionable power seems to be that thing which is called "*the market*". If this is true, then it means that "the market" has a mythological as well as a practical character; and this, in turn, means that it calls for a theological response.

I want to stress, at this point, in what follows I am not trying to blame any individual or group. I am wanting to describe how this thing called "the market" operates in the perception and the imagination of ordinary citizens. I suggest the following images, or perhaps caricatures of economic power, as it makes an impact upon our perceptions.

1. Economic power is a *massive, impersonal power*, affecting the lives and the well-being of millions: it runs by its own rules and its own energies: it is a force whose effects we can observe and whose movements some people are able to claim to predict. Recent events have sharpened this image considerably. The wind hurricane in this country was followed immediately by something very similar in the money-market world. The two processes were reported in ways which made them feel extra-ordinarily similar. In their style and impact, city news and weather news occupy the same kind of space. Weather news is given its own particular slot; city news is given, on the BBC TV, its own very special musical accompaniment. In both cases, we get this sense of being on the receiving end of great forces over which we have no control.
2. But there is a select group of *experts* who can study and claim to predict economic forces, and who try to manipulate them.
3. These experts operate a kind of *private language* which is unintelligible and mystifying to those who are outside the in-group. One of the main motives for the employing of such experts is so that the employing group may outwit its rivals; the motive for the development of this area of knowledge is for the advantage of those who are in and the disadvantage of those who are out.
4. So, usually, the movements and changes caused by economic forces *operate to the dis-*

*advantage* of those who are already disadvantaged.

5. Further (and this is, perhaps, a rather special point which may not be universally true) economic forces can also be said to have *the power to save us from moral evil*. For instance, some people would claim that the system of apartheid in South Africa is incompatible with the law of the market, and that therefore we can wait for economic forces to make an unjust system obsolete.

6. In spite of this, for most people, the total effect of economic powers is to *make us feel that we are helpless*, that we are victims of an impersonal capricious fate. This is true for individuals, for whom the value of their work is made unreliable by inflation and the



• The Bishop of Shrewsbury

operation of market forces. It is also true for whole nations, especially poor nations who find that they have to repay loans at interest rates which, without any consultation or agreement with them, have risen far above the rate set in the original contract.

In a word, therefore, economic forces have come to occupy the same spiritual space which was once occupied by witchcraft. The six features mentioned above are all characteristic of the world of magic and sorcery, which has been traditionally one of the main targets of the Christian movement.

THE GOSPEL of Matthew commences with an opening story, which sets the scene for the collision between the Kingdom of Heaven and the powers of darkness, manipulation, and magic.

This is the story in which a group of sorcerers find their way to the King of Kings; following the processes of their arcane and secretive science, they reach their destination, and hand over to the Infant Christ the wealth which they have gained from their role and the tools of their trade - the gold and incense and myth.<sup>3</sup>

From the earliest times of Christian preaching,

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## THE CHURCH AND THE LAND: Part Two

this was seen as a story of the recognition, by the powers of manipulation and sorcery, of the presence of the ruler of the universe within the created order.<sup>4</sup> It is an occasion of handing over, to the rightful Lord of the universe, of all the secretive or occult powers which human beings use to exploit each other. And, however unpleasant we may think these sorcerer-astrologers may have been, we have to admit that they recognised and acknowledged the true Lord of the universe before the professional people of religion and holiness came near him.

So, perhaps, we can expect that the professing Christians may come rather late on the scene in the discovery of the truth. But it also means that those who inherit the Gospel and seek to live by it may have been given tools by which they can recognise the spirit of God at work in the world; and they may also have a responsibility for detect-

ing and exposing ways in which the systems of this world both encourage violence to the truth and also cause damage and hurt to the most disadvantaged of the children of God scattered across the world. This, in any situation, has to be a large part of the responsibility of those who count themselves as members of the Christian movement.

We are calling this lecture "On Creating Wealth". I wish to suggest some questions concerning the meaning of these words. First of all, concerning common understandings of the word "Wealth".

I want to suggest that there are some very important differences between "wealth" and "money". They are, perhaps, expressed most sharply in the remark which I heard on the radio by a political commentator, to the effect that some people living on one of the islands of the Hebrides did not have any fuel costs to pay because they had lots of free

## LVT to 'save Appalachia'

**SEVENTY-FIVE** West Virginian officials and citizen activists have engaged in strategy sessions with 20 of the nation's leading economists to seek solutions for their impoverished state.

"Prospects for Appalachia: From Poverty to Prosperity by 2000" was directed by Dr. Arthur Rybeck and Walter Rybeck, both natives of West Virginia.

The conference was aimed at helping the State resolve its widespread poverty, high jobless rate and lack of government finances for schools and other basic public services.

Joseph W. Powell, President of the W. Va. Labor Federation, Rev. Homer Davis of the Commission on Religion in Appalachia, State Delegate Lyle Sattes, Susan Beard of the (United Methodist) Bishop's Task Force for Economic Recovery, Roberta Fowlkes, manager of Telecommunications Dev-

• Time to reform the property tax? Strip-mining corporations gouge the wealth from the ground in the Appalachian mountains..... but fail to return a fair share of the wealth to local communities

elopment for the C&P Telephone Co., and others painted a picture of a region rich in coal, timber, natural gas, waterways and scenery, with a good and reliable labor force.

Officials described current efforts to revive the economy. Coal and timber spokesmen presented their perspectives of the current situation.

Sein Lin, who directed the Taiwan Land Reform Training Institute, told how constructive land tax policies transformed Taiwan from an equally depressed area to one of the most prosperous nations in several decades.

Steven Cord gave statistics showing how the two-rate property tax reversed the urban decline in 11 Pennsylvania cities, generating much greater construction and

growth than in neighbouring cities that did not adopt this method of down-taxing buildings and up-taxing land values.

John Kelly described how a modified land tax is giving new life to a blighted industrial area of Peoria. He noted that some politicians and development specialists dislike the approach because they cannot take credit for each new project. These good things just happen by themselves once the tax structure is set straight, Kelly said.

Ted Gwartney proposed that West Virginia tap its rich natural resource base with a statewide land value tax earmarked for schools and distributed to local districts on a per pupil basis.

He said this would re-

move disparities between tax-rich and tax-poor districts. And it would release county tax revenue, which are now used overwhelmingly for education, for roads, health care and other vital services.

Among those calling for reduced taxes on production and higher land taxes to overcome the highly concentrated ownership of coal and the present maldistribution of incomes were Missouri State Senator Walt Mueller, Minnesota State Representative John Burger, Prof. Mason Gaffney and Lowell Hariss, President of the Robert Schalkenbach Foundation, who also chaired the conference.

George Collins, Director of the Henry George School of New York, suggested that labour and capital, while often perceived as enemies, are natural allies and should address the land question as partners in the march toward prosperity.

WALTER RYBECK

fuel around them in the form of peat. No-one who has ever had to cut and carry peat would accept that peat is “free”. There is a great cost in work and energy in getting it. It does not cost anything in money to get; but it is very definitely part of wealth. That is one obvious kind of distinction which has to be made in the mythology concerning wealth.

There is a similar, and more important, misunderstanding when it is assumed that we are talking about the creation of wealth when we are talking about the manufacture of things for sale, and we are not talking about the creation of wealth when we are talking about the formation of human beings. The implication of this is that the creation of “wealth” is something which is mainly done by men, and that the activity of women is largely in the consumption of “wealth”. But it does not take much reflection for us to realise that there could be no production of goods unless there is first of all a competent production of people. And, even if we recognise that formal education is in a sense wealth-producing, this is a good deal less important, really, than the people-making which takes place before children get into educational institutions at all.

Another major source of confusion in recent years has been around the mythology of “*productivity*”. We assume that we are creating wealth more efficiently and competently if we have a small number of people directly involved in the processes of the production of goods, and a relatively large number of people sustained by that wealth but not involved in any productive processes at all. The “productivity” of one group of people is gained to some extent at the cost of the non-productivity of others.

A further aspect of the same problem of definition comes when we consider the *real costs* of production, and that of course, affects the total “wealth” which we are creating. What have been the *full* costs of the creation of wealth through the industrial production of goods during the last 150 years in Western Europe, and particularly in Britain? This, as I see it, is a very important question from the point of view of those who come as visitors from the so-called “developing world” to this country; they see the attractive products, in the form of cars and other consumer goods, of our decades of industrialisation. It may be much more difficult for them to realise the human and environmental costs which these attractive products actually represent.

The sums have not yet fully been done. Perhaps it takes the insight of an artist like L.S. Lowry to

identify some of these costs. It is, perhaps, interesting and ironic that he is being recognised as a really significant artist only now when the terrible industrial environment which he portrayed has itself become in some ways part of a national museum-system.

Lastly, there is a pervasive piece of misleading mythology identified by Paul Clifford in *Politics and the Christian Vision*<sup>5</sup>: he questions “the widespread assumption that manufacturing industry is the *only source* for producing wealth, that the service industries are parasites upon it, and that public expenditure is entirely subsidised by it.” He goes on to acknowledge that the manufacture of commodities does produce wealth; also, that wealth of this kind is required to enable us to purchase goods from abroad.

But, he points out, “the emphasis upon manufacturing industry as the real source of wealth reflects an excessively materialistic view of human aspirations. We do need food, clothing, shelter and a whole range of manufactured products to sustain a reasonable standard of living, but we need much else besides, and it is by no means obvious that the volume of goods produced sustains those services which may be privately or publicly provided rather than the other way about. The two are intertwined and mutually dependent, supporting one another rather than the one being parasitic on the other. It is just as inaccurate to say that public expenditure on social services is dependent on the profitability of manufacturing industry as to maintain the reverse.... Why, for example, should it be assumed that the manufacture of a car produces wealth, while the completion of a successful surgical operation does not? The latter is likely to be far more important to the patient than his ability to own the latest model which comes off the production line.”

The point is, that, without the contribution of educational and medical services there would be no human agents to engage in the industrial processes which are credited with the ability to produce “wealth”.

THUS FAR, perhaps all I am doing is playing with words. But I would contend that, in a more adequate defining of “wealth”, we could do well to refer to the understanding of wealth which underlies the understanding of the mind of God contained in the Bible; this appears all over the place, but is perhaps most clearly identified in the books of the law in the Old Testament.<sup>6</sup> Wealth is good: it is God’s gracious gift. And the important element in “wealth” was certainly the *land*. In

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## THE CHURCH AND THE LAND: Part Two

addition to this, there was human labour, including the skill of administration and of authority: capital development on the land: animals and equipment for creating produce and products.

If "wealth" consists mainly in these realities, it becomes clear that *money* is something quite different. Money is not itself wealth; it is a means of transmitting wealth or energy from area to area, like the fluid in a hydraulic brake system.<sup>7</sup> This seems to be the general picture concerning wealth which underlies both Old and New Testaments. Where a person regards money as actual wealth this is condemned as foolishness – an intellectual error – as well as a moral danger.

Such a definition of wealth, of course, makes most sense where the people of the nation themselves have control of the land and of its products. This was, in fact, one of the main purposes of the law of God in Leviticus and Deuteronomy; the law is designed to ensure that the people as a whole have access to the three main sources of power, namely the land, the power of labour, and education. The law is designed to avoid the emergence of one small group of people who control the land and cause the majority of the members of the nation to be landless; it is designed to avoid the emergence of a small number of people controlling the labour of the majority; and it is designed to avoid the emergence of one small minority of people who have all the knowledge while the majority are excluded from access to the knowledge.

The year of Jubilee is a year in which the various disadvantages of the majority in terms of both labour, land and education are overcome regularly, more or less once in each person's lifetime. It is easy to see that this set of laws is concerned with what we would now-a-days call the *distribution* of wealth; but it also relates, equally clearly, to the actual *creation* of wealth. It determines who shall be allowed to be involved in the making of decisions concerning the creation of wealth. It is designed to ensure that members of every family have access to the main sources of wealth, and that they have a stake in the whole wealth produced by land and labour.

It is very important, however, not to get the impression that this is supposed to be a kind of universal law for the human race. It is not provided as that sort of law at all. It is given in a quite specific context. According to the narrative within which this law is embedded, the situation is that God gives the law to a group of people who have very recent experience of slavery and oppression, and who have just been liberated. At every point in

this law, the refrain is "I am the Lord your God, who brought you out of the land of Egypt, out of the house of bondage; *therefore*...."<sup>8</sup>

In other words, this material is not merely general law; primarily, it is a description of what a *liberated community* will look like, it is an account of the features which are required in a community if it is to remain truly liberated.

*A liberated community, therefore, will have the features which these laws describe, concerning land-tenure, concerning the remission of debts, concerning the involvement of everybody in the creation of wealth, and in the sharing of learning and educational advantage. All these elements constitute the totality of what can be called "wealth"; wealth, therefore, is different from money or financial power. The idolatry which workshops money for its own sake is not only theologically offensive: it is also an intellectual mistake. It involves a faulty identification of what wealth truly is.*

WE CAN properly ask whether the law, in its fullness, was ever kept for any length of time. It does appear that it did work for several generations, and establish itself sufficiently strongly for various reformers and prophets to be able to refer back to it.<sup>9</sup> At least, it remained a very potent ideal of what the mind and purpose of God was for his people. And it was claimed by Jesus himself, who announced, at the beginning of his ministry, that he was coming to represent and to re-instate the year of the Lord, the Jubilee process.<sup>10</sup>

But by the time of Jesus, for several centuries the people had lost control of the land, and were alienated from the basic sources of wealth in at least two ways: the land was dominated by an occupying imperial army which deprived the people of the land of any real citizenship; and in addition, the work on the land and the creation of wealth from the land were dominated by a system of absentee landlords.

This is clearly to be perceived from the parables of Jesus. But Jesus himself, and the apostolic pre-

### FOOTNOTES

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|---|---|
| 1 John 16, 13   | eronomy 31, 10-13.  |
| 2 Quoted in Max Peberdy, Third World Conundrum, (Paternoster Press, 1986), p.38 ff. | 7 e.g. 2 Corinthians 8 and 9.   |
| 3. Matthew 2, 1-12  | 8 e.g. Exodus 20, 2: Leviticus 25, 55.  |
| 4 Ignatius of Antioch, Letter to the Ephesians, 19.                                 | 9 e.g. Amos 8, 5; Ezekiel 46, 17-18; Isaiah 58, 5-6; 42, 7; 49, 5.                  |
| 5 Paul R. Clifford, Politics and the Christian Vision, (SCM, 1984), p.81.           | 10 Luke 4, 16-21.   |
| 6 e.g. Leviticus 25, Deut-  | 11 e.g. Isaiah 5, 8: 1 Timothy 6, 10; Micah 6, 10-12; James 5, 4-6; Luke 16, 19 ff. |

achers who continued his movement, maintained very much the same attitudes concerning wealth. In particular, they would find very strange the modern notion that wealth is increased by accumulation. The Old Testament writers and Jesus and the apostolic preachers all perceived that accumulation does not cause wealth, it causes poverty, and it spreads poverty and inequality and injustice.<sup>11</sup>

This is a very broad summary of the biblical witness, but at least it gives us some starting-points, and some criteria for judging our contemporary scene. Certainly, the whole area of economic power is very complex and very mysterious, and

theologians and biblical commentators ought to be extremely cautious about how they make judgments which are properly within the expertise of other people. But then, we could say the same about such a subject as In Vitro fertilization. But the complexity of this subject has not prevented theological and moral commentators from involving themselves seriously in the debate.

It seems to me to be very strange that there is so much sophisticated study concerning the status of the foetus, and relatively little about the meaning and the handling of wealth. Some moral theology seems to be able almost to ignore the great importance which the bible as a whole gives to questions

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development, the owners have expressed their displeasure by allowing the orange trees to die. Dying orange groves are an effective way of blighting a locality.

ORANGES are an illustration of perverted public policy. On the one hand, the system of regulation by quotas holds up the price of crops – but necessitates the burning of surplus stocks. On the other hand, the subsidised price of water results in an expansion of orange groves – which results in a downward pressure on prices.

This is not the economics of the free market, but of state regulation – the western version of the socialist command economy laced with the rhetoric of capitalism!

One of the results is urban sprawl, as residential development is forced to leapfrog the orange groves onto scrubland. Taxpayers then have to subsidise the cost of new roads, pipe in fresh water for the inhabitants, collect and remove household waste... costs that would not be incurred by urbanisation that rested on a rational system of land use.

Prof. Gaffney argues that the one policy that would reincorporate rationality into modern systems of land use is a very heavy tax on the annual rental value of land. That revenue, he believes, would be sufficient to make it possible to reduce those taxes on labour and capital that happen to undermine people's efforts to enjoy a decent life.

The land-value tax would solve many other problems, as well, because it is the economic method of making people pay for the privilege of using natural resources. So there would be no dog-in-the-manger waste of scarce resources – idle sites in prime city locations, for example. And there would be a slowdown in the rate at which water is now being depleted from rivers and reservoirs, to the ultimate benefit of future generations.

But the interests that have the most to lose from a transition to a rational system of taxation and land use will fight hard to preserve their privileges. *And a key plan of their attack will be an appeal to the rights of property, which is why the destruction of the environment will continue until there has been a democratic confrontation over the legitimacy of the rights of land ownership.*

both of the creation of wealth and the distribution of it. Such questions, we can see, were close to the top of the list of priorities for Jesus; they are also all over the place in the teaching of the Apostles and of the early Fathers of the Church.

There are two other principles which appear in the assumption of the Bible concerning the creation of wealth; the first is that *all citizens will be in one way or another involved in the creation of wealth*. Secondly, the style of Jesus in making judgments about social order is almost always that a social system, or a religious tradition, *must be judged by how well it works for those who have least advantage*.

Against these principles, how do we judge a system such as that which obtains for us at present, in which the institutions considerably protect the decision-makers of society from any real contact with the suicidal environment which unemployment creates around the human spirit? In other words, it ought to be impossible seriously to consider the subject of the creation of wealth without reference to the processes which exclude people from participating in the creation of wealth.

• **The concluding extract from the Bishop's speech will appear in the next issue of *Land and Liberty*.**

# Property tax slums

MOST of the recent development and buildings downtown and in residential areas of St. Louis have been stimulated by property-tax subsidies that amount to about 16 per cent of the total value of the development.

This subsidy comes from using the Missouri Urban Redevelopment Corp. law, which gives selected sites no increase in property taxes for 10 years and then only 50 percent for 15 more.

That statute also includes power for a development corporation to use eminent domain to acquire property in a legally blighted area. Applied in a spotly and discriminatory manner, this tool of tax abatement has spurred development, but at what price?

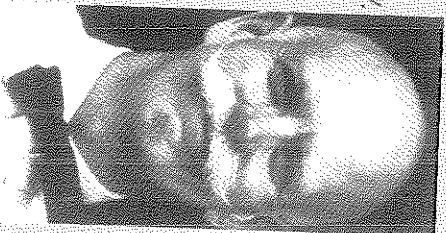
This development process in St. Louis tends to be discriminatory and arbitrary for many residents and businesses. Eminent domain has been used as a legal lead pipe to club property owners into submission and into selling property against their will. Such abuses undermine confidence in our legal system.

Most of those who complain about the current system focus on more government subsidies instead. But no programme to stimulate production of housing will succeed so long as the property taxing system is backward.

Why shouldn't every property owner get the benefits of tax incentives for improvements instead of the favored few? The current system is at the expense of the great majority.

The present property tax system in St. Louis, and most of the country, is inherently counterproductive to a well-developed, well-maintained city with reasonably priced housing. In the long term, government subsidy programs compound the problem by addressing symptoms only. They tend to raise the cost of land to the detriment of development. People who

• Architect W.  
Philip Cotton  
Jr. (right)  
reports from  
ST. LOUIS  
on the fiscal  
impact on  
the urban  
environment



improve their property, rebuild the porch or add a room probably will be punished with a higher assessment and higher taxes. Thus is maintenance and improvement of property discouraged and even penalised, while dilapidated buildings are rewarded with lower assessments and lower taxes.

Taxes should be removed from buildings and improvements. Public revenue should come from the "location value" of sites. A switch to this basic principle would reward conservation and improvement of buildings and penalise those who hold valuable locations out of use, inaccessible to those who need them most urgently for houses and businesses.

Pittsburgh is one of 12 U.S. cities that uses this method of getting public revenue. Since 1979, Pittsburgh has taxed locations at six times the rate of buildings and enjoys great benefits including:

- (1) The least expensive housing of any major U.S. city, because the site value charge helps lower the price of land and encourages construction.
- (2) Very little vacant land in the central business district (unlike St. Louis).
- (3) Ranked most livable larger U.S. city by a recent Rand-McNally study.

temporary shortages, natural disasters, threats of war, etc. can be completely disregarded.

The conclusion must be, therefore, that the one sure way to call a halt to every-expanding credit facilities is to control the money supply, but even now Britain is still awash with extra currency because of the finan-

(4) Ranked first by a large margin as the city with the lowest crime rate, in all categories, among 435 cities.

Most arguments against site-value taxation are smokecreens. One is that it is more complicated to administer. The opposite is true. Assessing only the location tends to be more accurate, fair and easy to check. Not having to assess buildings and improvements reduces the time and judgments required.

One large Australian city, Sydney, derives all real property revenue from charges on location values only and levies no taxes on buildings or improvements. It has few if any slums! Melbourne, which taxes improvements and buildings heavily, has the usual slums, the result of penalising owners for improving their property. Many studies in cities where it is used show clearly that a switch to site-value taxation results in lower taxes for 75 to 85 percent of homeowners and the vast majority of businesses.

This assumes collecting the same revenue. A 1983 study of 1,000 parcels in St. Louis by the Public Revenue Education Council found that 85 percent of homeowners would enjoy lower taxes under such a shift.

Our Missouri constitution mandates taxing buildings and the site at the same rate whereas the Pennsylvania constitution permits larger cities to shift taxes from buildings to locations.

We must persuade Missouri legislators to allow a vote to change our constitution to give local communities the option to make such a shift if they so decide.

As long as our property-tax system is fundamentally geared to encourage the spread of slums and penalises improvements, no government subsidies and laws to the contrary will stem the tide.

cial slackness implicit in the 1-5% annual increase permitted by the Treasury.

Indeed, why the government, which is certainly not short of funds, should even want to inflate the currency while simultaneously paying off the national debt remains an unfathomable mystery.

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until rising prices have worked though the system to counteract the inflationary effect.

Across-the-board price rises are thus the only valid benchmark for measuring inflation. The occasional blips caused by special circumstances such as