

LAND & LIBERTY

MARCH & APRIL, 1977



Time for a New Script

LABOUR politicians are wearily rehearsing their lines for the third act of their incomes policy drama. Having failed to win a standing ovation for acts one and two, the Government, with a touching faith, urges that success will come with act three, if only the players will come to agreement as to who should play which part, and how.

This persistent belief in a pay policy is in the face of experience

both at home and abroad, and of sound logical argument such as recently put forward by Samuel Brittan and Peter Lilley.* Experience and logic demonstrate that when an incomes policy either collapses or is phased out, employees with the power to do so, quickly make up lost ground and at best the long-term effect is nil. While the policy is in operation, the

**The Delusion of Incomes Policy*, published by Maurice Temple Smith.

labour market is rendered inflexible to changing circumstances so that any special requirements for labour are no longer signalled by the natural wage-determining mechanisms. To the extent that the policy contains any flat-rate provisions, existing pay differentials are eroded, thus introducing further distortions.

Why then is the Government trying to trade price controls and income tax cuts for another year's

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pay restraint following on the end of stage two in July?

It seems that the hope still is that stage three will fulfil three objectives, namely:

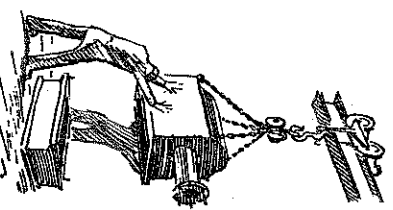
- 1) Reduce inflation;
- 2) Prevent the strong unions grabbing "more than their fair share" at the expense of the weak;
- 3) Reduce unemployment.

Nobody should have difficulty in observing that, in striving to attain these three objectives, the Government is once again trying to deal with effects instead of causes.

The first objective, the reduction of inflation, may be ultimately achieved only by the exercise of monetary discipline. To the extent that the Government has been obliged by the terms of the IMF loan to reduce the size of the Public Sector Borrowing Requirement, it might be hoped that the resulting reduction in the rate of increase of the money supply will, given time, bite into inflation. Were this part of a genuine attempt to achieve a long-term budgetary balance then, given the existence of strong unions and the momentum of their pay claims, it could be posited that a pay policy would ease the transition from accustomed inflation to a stable currency. There has been no avowal of intention to balance the budget.

The second objective—preventing the strong unions from exercising their monopoly powers at the expense of the rest of the community—would more logically be sought by removing their statutory powers to indulge in restrictive practices.

The third objective—the reduction or eradication of unemployment—



ment—cannot, if any semblance of economic freedom is to survive, be achieved by artificially attempting

GOOD NEWS FROM DENMARK

Knud Tholstrup reports:

THE minority government of Anker Jorgensen, Socialdemokratiet (Labour), had to call an election on February 15 and gained twelve new seats, from fifty-three to sixty-five, in the new parliament, which consists of 175 plus two from Greenland and two from the Faroe Islands. Anker Jorgensen is continuing with his minority government with aid from some of the smaller parties. At the last election two years ago, the Georgists, Retsforbundet (Justice Party), lost their five seats when they polled less than the two per cent limit of total votes. Now they have won back the position, gaining 3.3 per cent of the votes, and six seats.

Land speculation has been one of the main issues in the election campaign, as half of the parties promised to do something about rising land values, which indicates that Retsforbundet's continuing propaganda has borne fruit. There is to be a new valuation this year, expected to show a 100 per cent increase over four years, from 100 billion Dkr. in 1973 to 200 billion today (equal to £20 billion). This average increase of 25 billion Dkr. per year equals more than ten per cent of the GNP.

Farm land sells at a price reflecting what it can yield above the rate of interest, and building land in suburban areas costs an average of £2 per sq. ft., in some places a good deal more, in others less.

Land values rose "only" 83 billion Dkr.—from 17 to 100 billion—from 1960 to 1973. The inflation rate last year was 13 per cent, against eight per cent in 1975, but is expected to be considerably lower this year. Retsforbundet is sure that a halt to land speculation by the re-establishment of land-value tax, thus diverting money from land purchase to investment in production, would almost stop inflation and bring the interest rate down to half of the present rate of about 15 per cent. But it might be too optimistic to believe that the six members are able to have influence enough to achieve so much.

to share out those jobs that *are* available or by manufacturing jobs with the aid of public funds. A truly radical employment policy would increase job opportunities by dismantling the artificial barriers that tend to prevent the factors of production from freely combining and co-operating in the production of wealth. Such barriers are: taxation that falls upon employment and production; restrictive employment legislation; and a land tenure system that diverts economic rent away from the community fund and into private pockets.

Until we have a government prepared to stake its future upon such policies, Britain will be condemned to act out its old familiar drama.

THE PROTECTION RACKET—AN EEC GROWTH INDUSTRY

THE innately protectionist nature of the EEC surfaces more and more frequently. Press reports in early February indicated that the major European steel producers have pressed Viscount Davignon, commissioner for industrial matters, to obtain agreements from steel exporters to the EEC to reduce the volume of their sales. Such an agreement has already been reached with Japan.

Some member countries, particularly France, are seeking the imposition of quotas and duties upon steel imports in order to avert a price-cutting war within Europe.

British interests are making their own contribution to EEC protectionism. Two weeks after the above reports, Michael Meacher, Trade Under-Secretary, said in Parliament that the Community was to begin surveillance of imports of hand-woven fabrics, and he promised that action would be taken if imports this year looked as though they would exceed certain limits. "We are determined," he said, "to secure international agreements for textiles, and protection from low-cost imports." The developing countries and the United States would, he warned, be against the British proposals, but the level of import penetration had become unacceptable to the Government.

The imports are clearly not unacceptable to the British purchasers of them, but as usual their

interests are ignored. And will Mr. Meacher in future be seen to cry crocodile tears for the handweavers in the developing countries pushed further into poverty through a denial of a market for their products? Should we succour them with aid and then refuse trade?

Trade is not, of course, a question of fairness or unfairness. It is a matter of common sense that all parties are enriched if freely allowed to buy and sell in the best market.

* * *

WE might regard existing food prices in Britain as high, but they still have quite a way to go before equalling Common Market levels (as they eventually must under the Common Agricultural Policy) according to a report published in the *Sunday Times* recently.

Three vegetable growers have formed a company to sell Lancashire salad vegetables to Western Europe, and are encouraged by their initial success. "Shipping the lettuce was a nightmare task," one of them said, but "very ordinary prices on the Continent are so much higher than in Britain that our stuff is very attractive indeed."

Good for their business, of course, but pity the poor consumer when our prices are brought into line with the EEC.

* * *

THE Consumer Association recently issued a warning that forthcoming increases in food prices could add up to twenty per cent to family food bills. The Association identified five factors likely to lead to such an increase: the raising of our food prices to the full EEC level; the drought; phasing out of food subsidies; the falling value of the pound; the EEC's annual price-fixing.

It will be noticed that of these, only one—the drought—is a natural cause (the subsidies should not have been there in the first place). The others could be avoided by pursuing a policy of purchasing in the world's cheapest markets with a non-debased currency.



Land Rights Fraud in Peru

FRED HARRISON

"By assuming that the *curacas* were landowners, the Spaniards could buy 'their' land from them, and thereby claim that their titles were legitimate."

KEITH'S book, *Conquest and Agrarian Change*,*

should more accurately have been called *Conquest and Exploitation*. For although he set out to describe the emergence of the *hacienda* system on the Peruvian coast, what he has executed is an excellent account of alternative methods by which élites extract economic surplus from the producers—in this case, the Indian peasants west of the Andes. Their changing experiences under colonial rule afford an excellent opportunity for studying the way in which the forms of economic surplus extraction change in response to other factors, such as technical innovation and shifts in population.

All societies above the level of simple nuclear groups relying on hunting and gathering for their food have operated under systems in which part of their economic surplus has been transferred to a small group within their ranks. They, in return for providing socially-necessary services of a specialist kind, have had to be supported with the necessary provisions of life. This was a reciprocal arrangement; the priest or witchdoctor or chief made his religious, medical or political skills available to others, in return for food, clothes or shelter.

The trouble, the friction, the "exploitation" (the word beloved by Marxists) entered when part of the surplus was extracted in return for no services. The most obvious example is of conquering armies which, having displayed their superior skills in warfare, proceeded to extract tributes from their victims. The two forms of exploitation can be classified into *indirect* and *direct* models. Both are exemplified in the Peruvian case.

Before the highland Incas invaded in the fifteenth century, the Indians recognized the need to make special provision to support the offices of bureaucrats and chiefs (*curacas*), whose main responsibilities were the maintenance of the irrigation canals and the fair allocation of water on which depended a flourishing coastal agriculture. To support those who discharged these duties, special allocations of land and goods (food and clothing) were made.

After the brief Inca rule, the Spaniards took over. At first, they employed the indirect method of exploiting natural resources: the *encomienda* system. Groups of Indians owed tribute—in the form of goods and labour services—to Spaniards, the *encomiendas*. This system eventually broke down; the

*Robert G. Keith, *Conquest and Agrarian Change*, 1976, Harvard University Press, £13.15.

Indian population was severely decimated by European diseases. The economic structure was collapsing, and if former life-styles were to be maintained, an alternative approach had to be adopted. So the Spaniards adopted the direct method—they appropriated the land and ran their own plantations.

At this point, we witness one of the earliest examples of a convenient European misunderstanding (which was to be repeated in later centuries right round the world, not least by British colonial administrators).

Keith writes: "Few European settlers in the New World, regardless of their nationality, showed much ability or inclination to understand the indigenous systems of land tenure. Coming from countries where land was bought and sold, and hoping to acquire estates of their own, they found it easier and more practical to assume that the land they wanted was 'owned' by certain individuals, who could then sell it to them, than to accept the fact that there was no real tradition of private landownership among the Indians of the western hemisphere."

The break-down in customary norms offered prospects for self-advancement among the Indians, especially for some of the chiefs, the *curacas*. They were not landed nobility, although some European observers interpreted them as such (as did the British in India, who misunderstood the status of the *zamindars*, the tax collectors, a misunderstanding highly congenial to them: they were promoted to the status of landowners).

By assuming that the *curacas* were landowners, the Spaniards could buy "their" land from them, and thereby claim that their titles were legitimate. But as Keith points out, the lands of the *curacas* were traditionally linked to the *office* (held by virtue of a service rendered to the community) and not to the individual who filled it. (This was the point made



by the subordinate chiefs, or *principales*, of Carebaylo, who complained in 1575 when their *curaca* tried to sell some of his land.) Spanish intervention

in the Indian culture had the effect of creating a new category of privately-owned Indian land.

Interestingly enough, the viceregal government did, eventually, try to protect the landed interests of the Indians, to help them avoid being swindled. But under the system adopted, the local "protectors" (in areas outside Lima) were usually Spanish land-owners! Keith places considerable emphasis on the official measures, finally taken, to protect the Indians. At first sight, this altruism seems curiously at odds with the later experience of European colonialism (the natives of Africa and Asia were not accorded any systematic protection for their communal rights

in land). My scepticism was well-founded.

Control of land, as Keith notes, had always been less important than control of water. For the coastal agricultural system relied on irrigation from canals dug out of arid land. And it comes as no surprise to learn that the protection of Indian land rights was not equally matched with preservation of water rights. Unfortunately, the discussion on water rights—such a crucial aspect of the whole economic (and therefore social) system—is restricted to seven pages; this is a critical weakness in an otherwise very informative, well written book.

Land Speculation in Canada

A LAND SCANDAL has blown up in Winnipeg that has all the familiar aspects—land speculation, windfall profits, accusations, justifications, government threats and high moral indignation. And, as is to be expected, the government is to try the old familiar remedies—betterment levies, etc.

To set the scene here are some quotes from Winnipeg newspapers which also have that familiar ring:

♦"These companies . . . they make you an offer, and you just can't afford to say no When you consider that they are going to hold on to that land for years before they develop it, then the land is going to be worth a heck of a lot more than when they bought it."

♦"They have bought up all the land. A small developer today can't buy affordable land, and if they do, they cannot afford to hold the land."

♦"A royal commission will be set up very soon to study land development economics in Winnipeg, Urban Affairs Minister Saul Miller said. The purpose will be to look at the cost of land, both raw land and serviced land, and the price that is paid by the consumer today. Mr. Miller said, 'it isn't enough to say simply, here is a villain, isn't he terrible.' How do you cope with him?"

♦"Mr. Handler, a senior executive officer of a giant land development and construction empire, has resigned from the company because of his personal involvement in quick roll-over land deals He said that his land speculation paid off because as an engineer he saw that the properties had a

potential nobody had recognized."

A Bill passed at the last session of the provincial legislature gave municipalities power to impose taxes on the transfer of land but first, the city must pass a by-law, which would then be referred to provincial cabinet for approval.

Councillors are urging the City of Winnipeg to give prompt consideration to a land-speculation tax. A land-transfer tax is already in force in Ontario which taxes twenty per cent of realised gains.

Perhaps Winnipeg will do the same and if that fails to work, introduce a Land Commission and when that fails, try our Community Land Act. There is a whole field of land legislation to explore, including Lloyd George's land duties, before they give up trying. It is unlikely they will try yet awhile an annual tax on all land whatever its use or state of development, for this would be to jump ahead of time. As with all governments, right remedies are rarely implemented until all the wrong ones have been exhausted.

DON'T COMPLAIN!

NOBODY should complain about the computer that demanded payment of an unpaid balance of \$000.

When the farmer who received the demand observed that nothing was owing, he ignored the demand. But the computer continued to send the same demand for the next three months, and then sent him a registered letter threatening to turn his unpaid account over to a collection agency. So the farmer sent it a cheque for \$000 and soon received a letter from the computer thanking him for having paid in full.

Unthinking persons may rashly

react with sneering or derisory demonstrations against the fallibility, futility and rigidity of electronic bureaucracy. But wiser observers,

after a little calm reflection, will surely conclude that what the incident vouchsafes to us is the model of perfection that ought to be followed universally in matters of bureaucracy.

What is one of the most legitimate complaints concerning our advanced society? Surely it is that bureaucracy is impinging increasingly on all aspects of our real affairs, and is all too often doing so in a hamfisted and bungling manner.

But in this incident, the computer performed with flawless efficiency. Every statement it made was accurate, and every proposition logical and reasonable. There was none of your human bureaucrat's bungling or miscalculation. And instead of dealing with real—and therefore dangerous—matters, the computer busied itself entirely with harmless nothingness. Furthermore, when it received a logical response it politely and courteously went away and left the farmer in peace.

So, don't complain about the behaviour of the computer in this case. Is this not the very ideal—that bureaucracy, electronic or otherwise, should function flawlessly, tirelessly, punctually and politely but should confine itself to dealing exclusively with the non-existent, while leaving our real lives and real affairs untouched and unnoticed?

What a mercy to be able to look forward to saying that the computer—like the House of Peers in Iolanthe—did nothing in particular, but did it very well.

Edmonton Journal, Alberta Canada

Old Sins and New Retribution

ROY DOUGLAS

SUPPOSE that a little green man from Mars were told that this world was divided into "haves" and "have nots". As a sample of the former, he is shown an American millionaire; as a sample of the latter an Indian peasant. Into which class would he set a modern British labourer? Beyond argument, the "haves". In almost every measurable feature, the labourer is not only incomparably better off than the peasant, but incomparably better off than was William the Conqueror or Charlemagne. He lives in a warm, dry house or flat, probably free from vermin and has a far better expectation of life than a mediaeval sovereign. In 1973, over 70 per cent of his kind possessed cars, washing machines and refrigerators; 96.8 per cent had television sets. In the same year the average household income of manual workers was £56.70, against £87.11 for managers and administrators.

The source of this, and much similar, information is Professor Ferdynand Zweig's booklet, *The New Acquisitive Society*.* Those who love the English language will regret equally the words "embourgeoisement" and "debourgeoisement" to describe what is happening; but I suppose we have no other words for saying that the working classes are becoming middle class and the middle classes are becoming working class.

People, however, do not just sit back and allow the affluent, egalitarian society to suffuse them with its warm glow. They are desperately anxious to preserve or to acquire status. What seems to matter is not what a man has, but where he stands in the pecking-order. An opinion poll, for example, showed that the vast majority of people preferred a condition in which everybody's income, including their own, went up by £4, to one in which their income went up by £5 but everybody else's by £6. Apart from any unfortunate light this may cast on the murkier recesses of the human

soul, it leads to some very serious practical consequences in the modern situation. Adam Smith's "unseen hand" may be very helpful when people set out to benefit themselves individually and succeed incidentally in benefiting society; but the consequences are deplorable when we wind up with vast organised pressure groups threatening to disrupt the economy and just about everything else if their immediate and peremptory demands are not satisfied. That state of affairs is certainly neither capitalism nor socialism but a sure-fire prescription for disaster all round.

To use two tired old clichés, the repercussions are infinite and there are no simple solutions. "Incomes policy" just isn't on except within a very limited field: "the most effective and indeed the only effective form of incomes policy is decisive government action in settling wage claims in the public sector." *Quis custodiet?* Restrictive legislation against trades unions is profoundly counter-productive; the only good thing it has ever done is to get rid of Edward Heath. Nationalisation, as everybody now seems to appreciate, solves nothing. And so on; we make a hecatomb of sacred cows.

Where, then, do we go from here? Professor Zweig suggests a sort of answer: roughly, that the storm will blow itself out. Perhaps . . .

* * *

RECIPE FOR CHAOS

A BUILDING firm with as many men as Glasgow Council's own building department would expect to produce 20 per cent more work, says a study of high costs in local authority direct labour building organisations.

In *Glasgow Belongs to . . . Whom?**, economist Malcolm Hoppé says that the public has little protection against the waste of their money in the operations of municipal building departments.

*Aims for Freedom and Enterprise, 30p.

Government plans to extend the use of these direct labour organisations will result in higher costs and lower output.

Mr. Hoppé says that, if the Bill goes through, "the public will learn that it is not a recipe for building efficiency but for building chaos."

Of the Glasgow direct labour department "Whose poor results have been apparent for years", he says:

◆ "A productivity gap of about 60 per cent" between direct labour and a contractor on similar housing schemes meant that direct labour costs were £3,700 per house higher. Excess costs of £700,000 were equal to a loss of 125 houses for Glasgow.

◆ A cost accountability appraisal of the direct labour budget suggests that a contracting firm would expect to produce 20 per cent more work with the 6,000 labour force employed by Glasgow Council.

◆ The department's troubles have continued for years. An independent investigation into one large housing scheme—where costs were expected to exceed £9m. against the £5.3m. estimated—concluded that procedural confusion "virtually deprived the corporation of control over its own finances." It was probable that the department could never have built at the costs estimated.

◆ Glasgow, like other councils, is still burdened with an antiquated bonus scheme which "drains away its money in vast sums."

For this the public pays in higher costs. Mr. Hoppé points out that, where direct labour departments have been forced to compete with contractors, their share of building work has fallen. But the level of the labour force has been maintained while unemployment in the private sector has risen.

Yet the Government is proposing to allow direct labour to build for other authorities and even to extend into the private market for repairs and maintenance and, perhaps, for new building.

Although far-reaching reforms of costing and accounting procedures for direct labour have been recommended, the Government intend to bring in a Bill before a working party reports on these proposals.

*Published by Barry Rose for the Centre for Policy Studies, 144pp, paperback £2.

An Uncompromising Warrior

In our last issue we briefly reported the death of Ashley Mitchell on January 12th aged ninety.



A "fallen political warrior" was how Ashley Mitchell described himself in his memoirs published by LAND & LIBERTY PRESS a year or so ago. He meant by that his failure to gain a seat in Parliament on the many occasions he stood as a Liberal candidate. His defeats, however, did him more credit than victory did many others because of his refusal to trim his sails to prevailing winds where this meant compromising his principles.

He was a traditional Liberal of the old school and scorned expediency as a substitute for sound economic principles and he believed passionately in the policies of free trade, the taxation of land values, individual freedom and a stable currency. To him, these were not merely ideals, but just and practical policies, easier to administer than the numerous palpatives which masquerade as social reform. And he was right.

Ashley Mitchell, a Yorkshireman and proud of it, was also an internationalist. He had travelled widely and over many years earned the very high regard and affection of all with whom he did business and with whom he collaborated in furthering the econo-

A HECKLER SILENCED

I accepted an invitation to speak at an open-air meeting in Pontefract. At the end of the meeting the chairman asked for questions. One man in the front of the audience asked a question which I answered—I don't remember what it was. The chairman said, "Any more questions." No more were forthcoming so we got down from the wagon and proceeded up the street to the Liberal rooms.

As we were walking along I caught up with the election agent and I said, "Where was your Communist to-night?" adding, "There was only one question." "That was the Communist," she said. "Well," I said, "He wasn't very troublesome." "No", said the agent, "I went to him and asked if he was off form to-night." "Form he blowed", he replied, "if all Liberals were like that chap, there never would have been any communists."

—Ashley Mitchell

mics and philosophy of Henry George.

He was a member of the United Committee for the Taxation of Land Values for fifty-four years. During this time, for most of which he was a member of the executive committee, he contributed much wisdom, energy and experience, never failing to increase his financial contributions when circumstances called for it.

The international side of the movement was of particular importance to him and he attended the conferences of the International Union for Land Value Taxation and Free Trade from the beginning right to the most recent, which was held in the Isle of Man in 1973 where he was re-elected President.

Born in 1886 at Ossett, Yorkshire, Ashley Mitchell's political career started early and like his father and grandfather he attached himself to the Liberal Party. He became secretary of the local Junior Liberal Association at twenty. He was soon to be in the thick of political activity when the hotly debated land taxes were first presented in the Budget of 1909. The Land Value Duties of this period were derisory and bore little resemblance to land-value taxation as properly understood, but in so far as they provided for the first time a valuation of land apart from buildings and improvements, the foot was in the door so to speak.

Ashley Mitchell's first wife whom he married in 1912 died in 1921. This was a great blow to him. Thereafter, he channelled his time and energies into his work and politics.

He first stood as a parliamentary candidate in 1923 in a straight fight with a Conservative in the Scarborough and Whitby division where he addressed seventy-five meetings. The result was close with the Conservatives obtaining 15,927 votes and the Liberals 14,933.

By this time he had seen two years war service and was engaged with his two brothers in the worsted manufacturing business.

After further political fights—at Scarborough again in what had become a three-cornered contest and in Penistone, a socialist stronghold—Ashley Mitchell was invited to stand at Dundee. He tells the story in his book:

"I was approached from Dundee, where my name

Hunger Or Sea

B.

"Fighting starvation in the Third World is of limited

had been sent by Lord Stanmore who had been placing the candidates. Dundee at that time was a two-membered constituency. The Conservatives were nominating one and the Liberals had to nominate the other—with mutual support. I had the President of the Dundee Liberal Association on the telephone, urging me to come as they knew me well from Liberal Conferences. But I told him that I was not prepared to accept tariffs on any account: I considered them evil and I was not prepared to palter with them. He pressed me, but I told him that I was not going into Parliament a tied man—if I went, I was going to be free. Another Liberal was secured, Dingle Foot, and he was elected. Then, when he was defeated some years later, he joined the Labour Party. That was the only time when I had a twinge of regret that I hadn't kept him out."

Ashley Mitchell married again in 1934 and subsequently stood at Halifax and Batley. And after he thought his election campaign days were over, he was "recalled" to fight Keighley in 1955. Although always beaten, he never lost a deposit, even when Liberals were losing them wholesale. He attributed this to the fact that he proclaimed his faith in free trade and the abolition of land monopoly.

The "fallen political warrior" never lost his interest or enthusiasm for the reforms he knew were right and up to his last days he was in regular contact with the London office of the United Committee.

The business affairs, politics and ideals that formed the mainstream of his life were serious matters to him, but when pressures were relaxed his almost impish humour came to the surface and bubbled over.

He had a tale for every occasion and he always delighted his audience, whether public or private, when the humourist in him took over.

This is how he will be remembered by many; but by everyone he will be remembered as one of those rare figures in public life—an honest politician who refused to compromise his principles.

The United Committee and International Union were represented at his funeral by V. H. Blundell.

He leaves a daughter, Rhoda Field, by his second wife.

VHB

LIBERAL POLICIES FOR LIBERALS

If only the Liberal leaders of today could realise that the liberty of the individual and real social justice are wholly compatible and indivisible, they would turn away from the semi-socialist policies of the state-planned economy to the really radical policies of Henry George, whose proposals go far deeper than the mere establishment of a new source of government revenue.

—Ashley Mitchell

I well remember Gary Grant, as the tycoon about to give a United Nations lecture in the film "That Touch of Mink", asking Doris Day, a humble typist, for her views on the problem of the underdeveloped countries. "I think they ought to be developed", she replied hopefully. "You", replied Grant, "have put into one sentence the content of my whole sixty-minute talk."

Judging by the revelations in a new book*, the delightfully simplistic philosophy of Miss Day's typist summed up, not only the faith of Mr. Grant's tycoon but the whole guiding strategy of the United Nations, the World Bank and all those western nations offering food aid programmes to the Third World. "Countries needing development? Right," seems to be the line, "let's go get 'em developed."

But according to Susan George, "development" as applied by the West to the recipients of their patronage, has been a password for imposing a new kind of dependency; a policy for enriching the already rich world and for shaping other societies to meet their own commercial and political needs. And in the process the poor have stayed poor, the hungry have stayed hungry, and exploitation and misery have marched on in their ten-league boots.

Yet, as Mrs. George explains, it is wrong to think in terms of "hungry countries". There are no hungry countries. There are only, in every country, poor people who have neither the facilities to grow enough nor the means to buy enough food to live on. But whereas in the USA, for example, poverty so extreme as to mean hunger only touches a fraction of the people, in under-developed countries it is likely to involve half the population.

Who or what is responsible for the world deficiency of food? Is it the pressure of population or, as the popular cliché has it, too many mouths to feed? Certainly not, asserts Mrs. George, undeterred by the fact that world population is increasing by over 70 million (two per cent) a year and will double itself in thirty-two years if the trend continues. As she sees it, neither a high rate of food production nor a thinness of population can guarantee that hunger will be overcome. Famine exists in Bolivia with five inhabitants per square mile and in India with 172; but there is no famine in Holland where there are 326. In Bolivia there is 0.63 of a hectare of cul-

**How the Other Half Dies* by Susan George, Penguin Books, 1976, £1.

Scourge redal ?

J. B.

at a matter of stepping up food production nor population."

tivable land for each inhabitant; in India there is 0.30. But in Holland there is only 0.06. China used to experience famine every year when it was a country of 500 million people. Today, with 800 million, there is no famine and everyone gets at least 2,300 calories a day.

Under Western influence and the spread of the Green Revolution (the American-led process of using advanced technology to increase agricultural productivity) food yields in many countries have rocketed, in some cases by as much as 50 per cent. Total production now frequently rises faster than population.

Yet the effect on the masses has been minimal. The wretched peasant, possibly a tenant displaced in the onrush of the Green Revolution, now looks on from outside the wire fence as tractors and other mechanical equipment spread the fertiliser and gather the produce. And for the comparative few employed inside the fence, the wages paid hardly exceed the traditional starvation level. So, not surprisingly, the bulk of the food produced goes to export. No more now than before does the native have the means to buy the product. So it finds its way to places where people do.

So the problem of the under-developed countries comes into focus. Fighting starvation in the Third World is not a matter of stepping up food production nor of limiting population. If it had been, the various aid programmes to achieve the former and the birth control activities of some governments to bring about the latter would by now have been well on the way to solving it. The real problem, as it has remained since civilisation began, has been to eliminate poverty; to enable the hungry to exert some demand on the food being produced. For amid all the fine talk of world statesmen one fact rings out loud and clear: it is only the poor who go hungry.

But what is the remedy? What measure might give to the poor the means to live rather than merely the hope to survive? Mrs. George has no doubt that it is "thoroughgoing land reform"—the regrouping and distribution of resources to the bottom half of the population. At present too much of the Third World's natural resources are concentrated in the hands of the few. In South America 17 per cent of landowners control 90 per cent of the land. In Asia 20 per cent of landowners control 60 per cent

of the arable land. In Africa 75 per cent of the people have access to a mere four per cent of the land. Just so long as this situation remains untouched, asserts Mrs. George, "Third World coun-



tries can go on increasing their production until hell freezes and hunger will remain, for the production will go to those who already have plenty."

But experience so far of moves to bring about land reform in the Third World have not been encouraging. In Indonesia, the movement started by Sukarno to limit landholdings and to transfer land to the peasants has been stopped by his successors, the reforms being branded as communism. In India, land reform exists—but only on paper; not surprising when it is realised that the landowning classes also furnish the politicians. Of the 220 Congress Party members of parliament, ninety-six own landholdings larger than the laid-down limit. In Pakistan, where the Green Revolution has pushed up land prices by 500 per cent, landlords now compete for land from which the impoverished peasants have been evicted.

"The possession of land and hence of political and economic power", pronounces Robert McNamara, President of the World Bank, "is concentrated in the hands of a small minority." "Land reform," he has also warned, "is not exclusively about land. It is about the uses and abuses of power and the social structure through which it is exercised." But the World Bank now appears to dodge the issue. After all, the problem of land ownership is political, and the World Bank is supposed to confine itself to technical matters....

The record is bleak, and it would indeed be an optimist who expected early progress in the direction that this book advocates. The first essential is clearly that the world should rid itself of the reflex that flashes to the red flag whenever the very words "land reform" are uttered. A moment's reflection will show that land reform cannot be equated with communism or revolution; yet history shows that landowners consistently refuse even the smallest concession to the landless until revolution brings the whole system of society crashing down on their heads.

But while her analysis of the problem of hunger and poverty in the underdeveloped world is penetrating, sure-footed and sound, Mrs. George's proposals for action betray some lack of sureness of the way out of the morass. If land reform is the basic essential, without which schemes of increased food production are so much waste of time, is it really of value to condemn the profits of the multinational agribusiness corporations and to vilify such

bodies for paying only the level of wages that local economic conditions demand? If it is the *system* of land tenure that needs reform, does it help to place the blame for the gap between rich and poor nations on the "selfishness of the rich"? Can it conceivably relieve the conditions of the unfortunate have-nots of the Third World for Europeans to insist on paying more for their bananas or to fight "the scandalous use of fertilisers on golf courses"? Hacking away at individual tentacles of the octopus may relieve pent-up feelings and give the impression of progress, but only a successful attack on the head will be fully effective; and that would kill off all the tentacles.

Perhaps the anaemia in Mrs. George's proposals for action arise from the obvious shortcomings of systems of land reform that merely take land from one lot of landowners and divide it up between another lot, even though ownership becomes more widely spread. She clearly sees the need for co-operation between these smaller landowners in the interests of efficiency. But she probably also sees that the remedy cannot be universal; it cannot touch every member of the population and, in consequence, it cannot solve the problem of those still left without land who stand as spectators to the whole process. The transaction may make the comfortable class larger but for those on the outside the world remains as bleak as ever.

And even if a fair distribution of land could be made between the whole population—a solution virtually impossible to conceive—how would it also be fair to the millions not yet born who, in due time, will take their places in the doubled world population expected in the early 2000s?

Perhaps the great tragedy of this book, amid all its admirable features and despite the piercing excellence of its analysis, is that Susan George has apparently never heard of her great namesake of the last century who not only came to the same diagnosis of the causes of degrading poverty amid dynamic technological progress but who prescribed a cure—a system of land reform—so universal in its effects that it could endure for all time; a measure designed to bring social justice to the landless of tomorrow

equally with those of today.

Susan George's book lights a flame that deserves to spread wherever the squalid cloud of hunger darkens the doors of humanity. How much brighter it would have blazed had her final chapters drawn upon Henry George's *Progress & Poverty* is a matter on which we can only speculate.

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ALMOST nobody seems to understand the property tax—not one business man in a hundred and not one taxpayer in a thousand.

Even the assessors charged with its administration are apt to confuse it with an income tax. So too often they grossly underassess and undertax land that is kept so underused or misused that it is earning little income. And then they overassess and overtax land whose owners are making the most of it.

What most taxpayers know about property taxation seems to stop with just knowing that the tax bills on their own homes have been getting quite a bit bigger. This lack of understanding may explain but certainly does not justify their being more belligerent about rising property taxes than about any other levy. For the truth is that property taxes have gone up much less than any other major source of government revenue.

What the lack of taxpayer understanding does explain is why the big landowners have found it easy to sell the voters on so-called property tax reforms that would be a lot better for land speculators than for anyone else. Among these questionable reforms are:

1. present use assessment
2. farm value assessment
3. temporary open space reserves
4. saleable development rights
5. legalized underassessment of land
6. farm buy-up and lease-back
7. the British system of rates
8. just cutting the property tax in half.

Says Dr. Arthur Solomon, director of the Joint Harvard-MIT Centre for Urban Studies:

"In state after state the principal leaders of the property tax 'revolt' prove to be substantial property owners and realtors rather than the proverbial 'little men' We believe that it is these relatively well-to-do people who would be the true beneficiaries of the currently popular proposals for effecting massive property tax reductions."

What too few tax officials and too few taxpayers understand is that the property tax is not just one tax. On the contrary, said the

USA

Understanding the Property Tax

PERRY PRENTICE

urban experts and tax authorities at a round table conference co-sponsored by the National League of Cities and the Council of State Governments:

"The property tax combines and confuses on one tax bill two completely different and conflicting taxes, and it would be hard to imagine two taxes whose consequences would be more different."

One of the two conflicting taxes fused and confused in the property tax is the tax on the improvement—the tax on what past, present, and future owners of the property have spent or will spend of their own money to improve it.

And, said the round table consensus:

"It should be obvious to anyone that heavy taxes on improvements are bound to discourage, inhibit, and often prevent private investment in improvements.

The other levy confused in the property tax is the land tax—the tax on the unimproved location value of the site, the tax on what land in that location would be worth if its past and present owners had never spent anything or done anything to improve it. And it should be obvious to anyone that heavy taxes on the location cannot discourage or inhibit improvements; on the contrary, heavy taxes on locations could put effective pressure on the owners to put their sites to better use so as to bring in enough income to earn a good profit after paying the heavier tax."

So, concluded the round table:

"All this is so obvious that you would think every city would try to tax land heavily and tax improvements lightly if at all; but just the opposite is the case. Almost every city collects two or three times as much money from taxes on improvements as from taxes on land. In fact, many cities

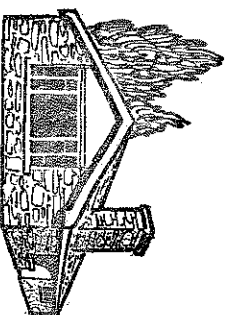
tax improvements more heavily than the combined local, state, and federal taxes on any other product of American industry except hard liquor, cigarettes, and perhaps gasoline.

Conversely, millions of idle urban and suburban acres are so underassessed and undertaxed that owners have been able to hold their land off the market for a net yearly tax cost seldom exceeding one per cent waiting for inflation and an enormous investment of other people's money to double or triple its price [i.e., to increase its price one or two hundred times as much as the net yearly tax cost].

Wisely applied, the property tax could be one of the wisest and fairest of all taxes; but as most cities apply it today it may well be the very worst—a weird combination of overtaxation and undertaxation, an incentive tax for what we don't want and a disincentive tax for what we do want. It harnesses the profit motive backward instead of forward to both urban renewal and urban development. Too often it makes it more profitable to let buildings decay than to improve them or replace them."

If improvements were taxed more lightly or (better still) untaxed, our cities would have to find another tax source to make up the loss.

The cities can't very well raise the new revenue by multiplying the city income tax. That would give everyone with an income one more reason to move out of the city. And anyhow no good can come of piling a heavy city income tax on top of a state income tax on top of the federal individual income tax schedules. The income tax has already passed the point of diminishing returns. Since 1939 it has been multiplied seventy-one times over at the federal level and fifty-two times over at the state level.



Likewise, most cities dare not try to get the new revenue by multiplying the city sales tax. That would make it too much cheaper to shop outside the city line. And

anyhow the sales tax is a bad tax whose only advantage is that it is collected in so many small pieces that the taxpayer is less likely to notice its cost. It comes down hardest on the poor, and its end result is fewer jobs and less production of real wealth, for each one per cent it adds to the cost of living translates into much less consumer purchasing power and therefore less sales, less production, less jobs, and less Gross National Product.

Likewise, the cities can hardly hope to raise the offsetting billions by new or increased taxes on corporate income. For the state and federal governments are already taxing away much more than half the profits of corporate business.

Cities would be foolish to hope they could get the federal government to offset any part of the tax loss from untaxing improvements by increased revenue sharing. For sooner or later the federal government will have to face up to the fact that it is in much worse money trouble than the cities. For years the federal deficit has been running bigger than the total of all the deficits of all our local governments combined!

Land, The Ideal Revenue Source

Land is the only taxable that can't leave town to escape taxation. So the only revenue source a city could tap to make up for the revenue loss by untaxing improvements would be to increase

the tax on the unimproved location value of land in the city.

And very fortunately, the result of doubling or tripling the tax on unimproved location values should be at least as good as the results you could expect from untaxing improvements. Low taxes on land get capitalized into high land prices, so some cities like St. Louis where the property tax is too low are in even worse trouble than cities like Buffalo and Boston where the property tax is too high. Untaxing improvements would provide the carrot; uptaxing location values would provide the stick needed to prod the owners of underused and misused land to put it to better use in order to bring in enough additional income to pay the higher tax.

The unimproved value of non-farm land means what land in any given urban or suburban location would be worth if its past and present owners had never done anything or spent anything to improve it. In other words, it means the value that land in that location derives almost entirely from an often enormous investment of other people's money and most notably other taxpayers' money to develop the community around it, thus making land in that location accessible, livable and richly saleable. For the life of me I can't think of a fairer tax than a tax on the unearned increment from other people's investment.

A Persistent Controversy

NORMAN AYCLIFFE

THE theoretical differences between the Keynesian economists and the monetarists have narrowed considerably. Keynesians and monetarists agree that a sharp or persistent increase in the stock of money will be associated with a broadly proportionate increase in prices. Non-inflationary monetary expansion can take place only if there is a background of unemployment of both labour and capital. Persistently rising prices cannot take place without associated monetary expansion. Given this much agreement the layman might be forgiven for wondering what there is left to argue about. To most of us,

the question of causation, strictly defined, is of little importance so long as the matter of prevention and cure have both been settled. Yet the controversy continues. In a recent paperback* an attempt at a balanced position is put in the following terms:

"To argue that monetary expansion is the sole cause of inflation is to ignore the social and political factors which cause governments to permit that monetary expansion to take place. But to believe that inflation can be cured

without control of the money supply is to ignore what is probably the best-documented and most-researched relationship in economics—the relationship between the level of income and the demand for money."

To most of us it is a relief that the continuation of the controversy depends upon so fine an interpretation of the notion of causation—especially if we find the statistical debate too difficult to follow. But those of us who always did believe in a strong connection between monetary expansion and inflation, should still be grateful for simply stated explanations of some of the mechanisms, and of some of the remaining problems.

How, under a fractional reserve system, do the banks influence the money supply? Most textbooks supply an answer which is heavily dependent upon assumptions about the behaviour of the banks and their customers. Are these assumptions universally valid? And what happens if they are varied? Using simple arithmetical examples and with the minimum of (strictly optional) algebra, Professor Bain makes this mechanism understandable to anyone with the persistence and curiosity to examine it.

Why, in spite of avowals of intention to control monetary expansion has inflation proved so persistent a disease? Were the avowals lacking in sincerity, or was there a real problem in learning how to reduce monetary growth once it had gathered momentum? A valuable insight into these questions is provided by this latest revision of Professor Bain's book. "That a lower rate of monetary growth is a *sine qua non* for price stability is not seriously in dispute. Argument centres on how to bring this about without exposing countries to intolerable economic costs and political strains." This may appear to shift the centre of interest from common-sense economics to financial technicalities, and thus again to move the argument to areas beyond the scope of the layman. But the clarity of Professor Bain's explanations are such that one feels that, without having to understand every detail, the essence of the problem is made clear.

* *The Control of the Money Supply*, A. D. Bain. Second edition 1976. Penguin Modern Economics Texts, £1.25.

Some Land Values for the Record

In the view of the *Estates Gazette*, to whom we are indebted for the selection of extracts from agents' reports below, the building land market in England last year was generally depressed and distorted by the advent of the Community Land Act (CLA) and Development Land Tax (DLT).

KENT

Burrows found in Kent that single plots sold reasonably readily throughout the year, with prices maintained at much the same level as in 1975, averaging from £5,000 to £6,000 for a reasonable site. In general, increased interest was shown in residential land in the county, and there seemed to be little concern about CLA and DLT—in the case of the former it was clear that local authorities had little cash to spare for acquisitions anyway.

Cluttons also found that the market recovered to some extent, with a number of landowners anxious to beat DLT in the early part of the year. A number of sales were achieved at figures in the £15,000 to £20,000 an acre bracket, and there were signs of a recovery in the market.

Smith-Woolley & Perry report that demand exceeded supply of residential land in the Folkestone area. At the year-end they were negotiating the sale of two sites with the prospect of planning permission at prices in the region of £40,000 an acre, conditional on planning consent being obtained. For office sites, on the other hand, supply exceeded demand.

SUSSEX AND HAMPSHIRE

Whiteheads say there was a good demand for single plots from both owner-occupiers and builders, with prices ranging from £4,000 to as much as £15,000.

L. S. Vail & Son report that in the early part prices for small and medium parcels reached £25,000 an acre, and by the early autumn they had risen to between £30,000 and £34,000 an acre, with individual plots going for from £6,000 to £10,000.

SURREY

Crow Watkin & Watkin say that there was little activity, but they noted towards the close that higher building costs were having a significant effect on the price a developer could afford to pay for a site. From the evidence available it emerges that land cost was frequently settling at around 20 per cent of house price.

BUCKINGHAMSHIRE

The industrial market in Buckinghamshire was very narrow, say *Hamnett Raffety*, and there was also little supply of land. It appears that this was largely because of planning difficulties, since it seems that the authorities are discouraging further industrial development in the county. Because of this restricted market it is difficult to assess values, but *Hamnett Raffety* estimate a figure in the region of £40,000 an acre.

HERTFORDSHIRE

Reporting from Bishop's Stortford, *Suorder* say that in their area of Hertfordshire, as elsewhere, there was quite a good demand for the small parcels, and single plots with outline planning consent fetched from £8,000 to £12,000 quite readily. Again, the larger multiple sites sold less easily, but from the evidence of those few sales which did take place it appeared that prices were from £50,000 to £60,000 an acre.

DEVON

Lalonde Bros & Parham say that there was a lack of good residential land in the area, and demand far ex-

ceeded supply. Most inquiries were for land suitable for high-density, low-cost housing, and such sites made from £15,000 to £20,000 an acre.

Stratton & Holbrow say, there was little land coming on the market, and little demand for what did. The one bright spot again seems to have been the market for individual plots, which *Stratton & Holbrow* say brought a keen demand. Run-of-the-mill plots made from £3,000 to £5,000. In their experience, the prices of £20,000 and more were achieved on anything which was really out of the ordinary or which commanded fine views.

NORTHAMPTONSHIRE

Berry Bros & Legge say that demand and supply for industrial land were both limited, with the main interest coming from owner-occupiers. Prices ranged from just over £30,000 an acre in Northampton itself to about £15,000 to £20,000 in nearby towns.

OXFORDSHIRE

Buckell and Ballard say that in general terms residential sites sold at between £25,000 and £30,000 an acre, with high-density flats sites going for around £80,000 an acre.

YORKSHIRE

In Yorkshire the early part of the year saw a very buoyant land market, according to *R. Stewart Newiss & Co*, who say that builders were determined to protect their forward programmes before the CLA began to bite. Good sites were fetching as much as 70 per cent of their peak values of 1973; prices of around £20,000 an acre were realised, and well over this figure was achieved for sites around five acres in good areas with a proven demand.

On the industrial side, *Weatherill Hollis & Gale* say that few sales took place in the Leeds area, although towards the closing months some developers were actively looking for sites. In the principal industrial areas of Leeds itself values apparently stabilised at from £30,000 to £50,000 an acre, but elsewhere in the region prices were much lower, ranging from as little as £5,000 up to perhaps £25,000 an acre.

A. Stinsfield & Son found that the market in the York area presented the now familiar picture of small sites and single plots going well, and here the supply of larger sites virtually dried up, reflecting, the agents suggest, the exceptions and exemptions under the CLA. The small sites and single plots made from £4,500 to £5,000 a unit, while ripe building land fetched from £15,000 to £20,000 an acre.

LANCASHIRE

Over Greater Manchester as a whole, say *Dunlop Heywood & Co*, it was a fluctuating year. In the residential sector land prices ranged from £25,000 to £30,000 an acre in the best locations to as little as £12,000 for the less attractive sites. The only area of improvement was in the industrial land market, although this was of course mainly centred on the prime locations. The larger companies were apparently beginning to use up their industrial land banks, and prices ranged from £9,000 to £30,000 an acre.

Some Liberal Prescriptions

B. RAYMOND

"WHERE are the voices of the true Liberals?" is probably a common question from the readers of this journal. The answer is that many of them are to be found in the membership of the Gladstone Club, a traditionalist group within the Liberal Party. The Club has recently published, in booklet form, its second series of essays* compiled by Geoffrey Lee. Its authors cover, briefly and succinctly, a wide range of topics, outlining their own recommendations for appropriate Liberal action.

IAN MASON, examining present Liberal commitment to the enactment of a Bill of Rights, asks whether such a measure would be consistent with continued Liberal faith in parliamentary democracy. He suggests that those powers which have already been passed to the executive must be returned to the democratically elected representatives of the people and not passed further on to specially constituted courts of law. Proportional representation by the single transferable vote method would, he says, render M.P.'s answerable to constituents before party whips and the rights of the people could be represented by the men and women they elected, without altering the constitution.

MAX GAMMON, writing about health policy, claims that experience at home and abroad indicate inherent "progressive bureaucratisation, declining standards and growing discontent" in socialised medicine. This coupled with the fact that the system is seen as an important part of the public expenditure/inflation complex, necessitates the development of alternative methods of financing and delivery of medical care, independent of government control, he says.

Mr. Gammons prescription is a completely independent private enterprise system, with individuals re-allocating their personal finan-

cial resources in order to pay medical insurance premiums related to the real cost of medical care. The role of state-financed and-controlled medicine should, he says, be "strictly reserved for cases of extreme need." He does not make light of the problems which will arise, but concisely puts forward his proposals for dealing with them.

BRIAN NEWBLE, writing on educational policy, suggests that the major problems of our system are brought about by the cyclical political tinkerings of successive governments. To prevent this, he proposes an Act of Parliament to grant a twenty-year charter for education and set up a central corporation to license all educational activity. Its governing body should consist of eminent people who have earned respect in their own spheres, to be proposed and elected by their peers.

MICHAEL MINTER laments the near-extinction of the small business, which he attributes to the fact that "big firms and nationalised industries have made all the rules and they have fiddled them in their own favour." Also, government action in the forms of onerous taxation and creeping bureaucracy have, he says, become absolutely intolerable to many small businesses. Liberal long-term aims should be a general reduction in taxation and a restriction of government activities to those fields where private enterprise is unable to provide a satisfactory alternative. The real answer to the problems of the small businessman lies in the traditional Liberal policies of free trade, sound money and land-value taxation, says Mr. Minter, and he gives brief and sound reasons why each of these policies is appropriate.

JOHN PINCHAM details the findings of the Liberals' Land Use and Site-value Rating Commission, which, in brief, are: that land tenure, which confers advantages on the holder, should be matched by a tax based upon the land's

economic rent and that collection should be by central government. There then follows a competent statement of the case for, and the practical effects of, site-value taxation. Finally, it is suggested that there should be pilot schemes carried out both in a large industrial city and in a rural area, so that one could quantify the expected return from S.V.R. on a national basis.

GEOFFREY LEE refutes the common notion that either unemployment, or inflation, or both, are unavoidable. The combination of taxes upon company profits, and employment impact taxes (all taxes which increase employers' labour costs) depress profits and result in what is termed the "statutory unemployment rate". It is suggested that public spending and taxation should be cut and modified in such a way as to stimulate economic activity.

S. W. ALEXANDER recommends the approach of Bastiat, the leading French nineteenth century economist, to economic analysis. Bastiat says that the bad economist confines his observations to visible effects, while the good economist also takes into account those effects not immediately visible. The thinking of the "bad economist" has led to the propagation of protectionism, government intervention generally and debasement of the currency.

TOMMAS GRAVES's concept of the causes of inflation is difficult to comprehend. He seems to be saying that the cause is not the government printing new money. Money is created by the public, he says, and then dissolved when it has fulfilled its function of exchange. The continuous fall in the value of money occurs, he claims, because the value we place on our labour is continuously decreasing—all very obscure.

While at odds with Mr. Graves's analysis of inflation, one is happy to concur with his view that site-value taxation would be a step in the right direction to remedy our economic ills. But inflation is a purely monetary phenomenon, and must be treated as such.

Other contributors are: John Stewart, Richard Evans, Enid Lakeman and A. M. Potter.

* *Essays on Liberalism*, Second Series, 60p.

Letters to the Editor

RELEVANCE OF HENRY GEORGE

SIR, — All your readers will agree with the following sentence from your first leader in the January/February issue: "Those who have studied the principles enunciated by Henry George enter this discussion" (about what is properly the Public Domain) "with distinct advantages."

However, those of us who have studied the man's personal and political life in the last century will say, I think, that George would have disapproved of the order in which you place your proposals for the solution to our economic mess.

Certainly you will find support among many politicians for your proposal *first* to balance the budget by "reductions in government spending" (thus leaving even more exposed the least privileged in our society). Such support would, however, be completely lacking for proposals then to raise revenue by taxing the economic rent of land — and privilege would be even further entrenched.

No, it must be the other way round. We must *first* seek legislation for that which, as you rightly say, can "justly be taken as public revenue" — and Henry George would have said so.

Yet how little influence Single Taxers appear to have now as compared with that of the Prophet of San Francisco, in his day, on both sides of the Atlantic.

George's most important book can probably claim the largest circulation in history of any work on political economy (it had a five-column review in *The Times*) and, from all accounts, he was the most popular orator of his day. Though, from what we know of him, Henry George would have rejected personal acclaim, I think we ought to remind ourselves of an important centenary; it was in 1877 that George began to write *Progress and Poverty*. When comes the time when a second prophet will, as he did, be able to attract the mass following of ordinary men and women to the great cause he espoused?

Land monopoly is still the pri-

mary cause of poverty and of massive concentrations of capital; yet the usually knowledgeable and attractive BBC correspondent Alistair Cooke was able to mention in one of his "Letters" last November that there were, in addition to the two main Presidential candidates, scores of others including a "single taxer", and (so the implication went) other crackpots. If Cooke has heard of Henry George (though the great man is not mentioned in *Chambers's Biographical Dictionary*!) he probably thinks of him as an obscure Victorian who had some importance perhaps in the yet undeveloped San Francisco of his day, and whose thesis related only to agriculture.

It would be salutary for the people of three continents to ask themselves how Henry George could have had such an impact, wherever he lectured, in the last part of the nineteenth century, so much so that Tolstoi could write with such optimism (in *The Pall Mall Gazette* in 1888): "In thirty years private property in land will be as much a thing of the past as now is serfdom . . . Henry George has formulated the next article in the programme of the progressive liberals of the world."

Henry George himself might have been excused his enthusiasm two years later when he declared: "So well forward is this cause; so many strong advocates has it in every land . . . at last, we can say with certainty that it will be only a little while before all over the English-speaking world . . . no children (will come) into this world without coming into equal rights with all."

W. H. SIMCOCK
Leek,
Staffs.

RATE SUPPORT AND PROPERTY VALUES

SIR, — In printing my letter (January/February) you correctly reproduce me as saying, "Abolition of the rate support grant would allow £3,000 million a year to be taken off income tax, thus increasing the threshold of taxation and releasing many people

from payment of it altogether", but on referring to *The Daily Mail Year Book 1977*, p. 341, dealing with Government expenditure, I find the item "Rate Support Grant, Financial Transactions, Etc.", is given as £7,124 million.

If you consider a retail trader whose assessment of his shop for rating is £1,000 and whose rating authority's rate is 150p in the £ reduced by the rate support grant to 50p, in the end, it must be obvious that the reduction of rates from £1,500 to £500 enables the landlord to add £1,000 to his rent, since the rent is determined by the maximum the market will bear. If there were no rate support grant, this £1,000 would go into the general rate fund instead of to private interests. If the trader decided to go into business as a freeholder of his premises, the price demanded by the vendor could easily be £10,000 more than it would be if there were no rate support grant, and the whole or part of this sum would have to be raised by means of a mortgage, debentures, or a bank or other loan.

Taking this argument further, it must be obvious that if £7,000 million a year is being pumped into the rating funds from taxation, the sum of money tied up all the year round in mortgages, debentures, and bank or other loans could be of the order of £30,000 or £35,000 million. This enormous, inert millstone round the necks of homeowners, industry, commerce, the retail trade, the professions, and so on, could be much better used to buy stock, renew fixtures, fittings, plant and machinery, and transport, and by comparison, it makes the IMF loan look puny.

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BOOKS RECEIVED

Japan and a New World Economic Order, by Kiyoshi Kojima, Croom Helm Ltd., £7.95.
Public Assistance to Industry, by Corden and Fels, Macmillan Press, £10.
A Policy for Building, by Bob Wil-
lian, Aims for Freedom and Enterprise, 25p.

The Finance of Local Government, N. P. Hepworth, George Allen & Unwin, hardback £7.95, paperback £4.95.

Miscellany

THUMBS DOWN FOR LAYFIELD REPORT

LOCAL income tax at the present time would be nothing but an expensive irrelevance, says the Association of Metropolitan Authorities.

In its studied reply to the proposals of the Layfield Committee on Local Government Finance, the Association says local income tax should be rejected because the cost of collecting it would be too high; it would not take effect within ten years and it would still not be independent of central government control; it would not provide a stable income for local authorities and there would be danger of "poverty traps".

The Association believes that, for all its faults, the present rating system should be retained and improved.

In its considered views on the Layfield Report, the Association pays particular attention to central-local relationships and says that the trend towards centralism has now gone so far that it must be substantially reversed.

But Layfield's "polarised choice" between a centralist and a localist solution is rejected. The A.M.A. finds the Report's philosophy lacking in credibility; its own view is that responsibility will continue to be shared between central and local government, and that the relationship must be stabilised "so that the drift towards centralism does not continue by stealth."

Other recommendations include the valuation of domestic property on capital values and re-rating of agriculture.

Another attack on Layfield comes from the National Federation of Self Employed, which also opposes a local income tax but at the same time believes that the rating system should be abolished, leaving local government finance in the hands of central government.

While the NFSE doubtless carries out a valuable service for the self-employed, it has clearly not perceived that the abolition of rates would lead to further rises in the prices and rents demanded

for properties, a fact with which perhaps its more enlightened members and would-be members could acquaint it.

LAND ACT ABUSE

THE Community Land Act is being misused by local authorities, reports the *Guardian*, February 14. Private developers have complained to the Government that in many cases where they have submitted planning applications for development schemes, the authorities, the Greater London Council in particular, have stepped in to use the sites for their own purposes.

This is clearly thwarting private development and the Government has instructed the authorities not to intervene in cases where they are prepared to grant planning permission for the proposed scheme.

LAPSED VIGILANCE

TWO hundred years after the Declaration of Independence, in which the people declared their independence from arbitrary government and taxation without representation, they now have once again arbitrary government and still taxation without representation. The present legislators do not represent the people but rather the pressure groups which put up the money which helps to elect them to office.

Our society is suffering from a situation analogous to arteriosclerosis. Gradually the arteries of free enterprise are being clogged by governmental red tape which threatens to reduce society to an anaemic body scarcely resembling the robust and vibrant one of colonial and nineteenth-century days.

What, if anything, can be done to reverse this alarming trend? What must be done is to change the philosophy of the people. Today, they still look to government to rectify wrong, forgetting or not knowing that most of the wrongs have been perpetrated by government. Because the government has a monopoly on the production of money, it has increased our paper money to such an extent that

prices are constantly rising. This has led to people demanding price controls instead of demanding that the government get out of the business of money-creation.

—Oscar B. Johanssen in *Gargoyle*, New Jersey, USA, Aug./Sept. 76

SOMEBODY LISTENING?

ONE of our Canadian correspondents recently sent us a copy of *The Vancouver Sun*, January 6, in which columnist Paul St. Pierre wrote the following:

"Further to the high purpose of doing no good for anybody, but for the purest of motives, this column is devoted to the followers of Henry George who seek to revolutionize all the world's land ownership policies...."

"Obtaining all government revenues from land taxes alone and irrespective of buildings or other improvements built thereon would, according to their theory, have the effect of everybody being a land owner and everybody being taxed fairly on the basis of his ability to pay."

"Economist Henry George promoted this system in the last century, with more success than some of us today realize."

"Vancouver was a pioneer of a form of Single Tax municipal operation in 1905 and New Westminster carried the system into the 1950s."

"To explain how the abolition of all taxation except land taxation can produce a more fair and simple method of running government would require more space than is available in this place...."

"Most of the world long ago came to the conclusion that Henry George was some kind of Communist and forgot all about him, one result being our present situation in most of B.C. where land speculation profits are a scandal."

"In the faint hope that there's somebody out here listening, an organization called the United Committee for the Taxation of Land Values in London, England, publishes six journals a year under the title **LAND & LIBERTY**."

"The current edition, which is at hand, has a lead editorial that puts the case from Henry George's grave rather succinctly."

(There followed the text of our September/October 1976 editorial).