

LAND & LIBERTY

CIVIL STRIFE THREAT
TO FBI - SPECIAL REPORT



Time is running out for
the New Right, as mounting
unemployment exposes —

The Reagan/Thatcher Myth

MARCH-APRIL '82

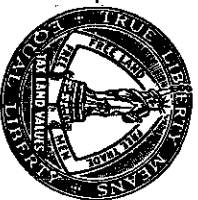
REPORT: P.23

Land & Liberty

JOURNAL OF THE UNITED COMMITTEE FOR THE
TAXATION OF LAND VALUES LTD.
177 VAUXHALL BRIDGE ROAD, LONDON, S.W.1
TELEPHONE 01 834 4266

MARCH & APRIL, 1982
Established: JUNE, 1894
Nos. 1,054 & 1,055
VOL. LXXXIX
Managing Editor
V. H. BLUNDELL

ISS No. 0023-7574
Annual Subscription:
U.K. and Sterling Area: £4.00
USA \$10, Canada \$11



The Economy

WHY THE SUPPLY-SIDE STRATEGY WILL FAIL: Fred Harrison
reviews the economic policies of President Reagan and
Margaret Thatcher

P.23

BRING BACK LAND TAX TO BUST THE 'MONASTERIES': P. E. Poole
reports on a bid to reform the property tax

P.26

DEATH & DEPRESSION: THE COSTS OF BEING REDUNDANT:
Ian Barron reviews the medical effects of unemployment

P.27

AUSTRALIA

Australians strike at speculators
IAN BARRON

24

Philosophy

On The Rights of Man
FRANK DUPUIS

32

HONG KONG

Flyover fight to preserve land values
P. E. POOLE

25

News Reports

Monopoly: Secrets of the Land
Market
PAUL KNIGHT

22

FJI

Land Tenure & The Civil Strife threat
TERRY NEWLANDS

28

Bureaucracy and the sale of public
land
IAN BARRON

25

SCOTLAND

The Highlands: The Making of an
Unnatural Wilderness
ALLEN ARMSTRONG

30

Commonwealth Games at risk over
native land rights

37

UNITED STATES

A Haven from Poverty?
BOB CLANCY

40

Lawrence D. Clark on Prof. George
Lefcoe; Stephen Martin on the
British Alliance

35

LETTERS

REVIEWS

STAN RUBINSTEIN on zoning and land values: P.36. BERT BROOKES on
the ownership of second homes: P.37. WYCKHAM WEST on the welfare
state: P.39.

MONOPOLY: SECRETS OF THE LAND MARKET

A KEY defining characteristic of a free market is an unimpeded flow of information. Secrecy blocks the competitive processes by distorting supply and demand and the prices at which goods and services are set.

Orthodox free market economists such as F. A. Hayek and Milton Friedman deny that the land market is a monopolistic one. Their view is determined by the large absolute number of people who own interests in land (the majority of whom actually own a small fraction of available land and natural resources).

But now Britain's Society of Investment Analysts has exposed the way in which land-owning companies deliberately impede the free flow of information. It states:

"Traditionally, UK property companies have tended to be somewhat secretive, partly because this is still a relatively young industry and partly because it can be argued that disclosure of details of properties owned could, by giving competitors information as to which sites a company was assembling, be harmful to shareholders' interests."*

The Society attacks the majority of property companies for providing insufficient and out-of-date information in their annual reports.

Property companies may be relatively new, but the Society notes that they are effectively controlled and run by their founders – the buccaneering speculators who made their fortunes by buying and selling land behind a veil of secrecy.

It remains to be seen whether property companies heed the Society's advice and publish information which is provided routinely by firms in other sectors of the economy.

*Annual Reports Awards Committee, 1981 Report, Bromley: The Society of Investment Analysts, No. 1981, p.40.

PAUL KNIGHT

Why the supply-side strategy will fail

By Fred Harrison

THE SUPPLY-SIDE economics of President Reagan and Prime Minister Margaret Thatcher has left two countries in a mess.

The contradictions in an incomplete policy have steered the United States and Britain into the deepest recession since the 1930s. And there is little evidence that the policy-makers are aware of what direction to take now.

At the heart of the economic strategy of the New Right that emerged in the late 1970s was a monetary approach to the solution of long-standing economic problems.

A tight control of the money supply, allied with tax cuts and reduced government spending, was supposed to boost investment, create new jobs, slash the rate of inflation and establish a new foundation for sustained economic growth.

Instead, interest rates have soared to record levels and unemployment in the OECD (industrialised) countries is now around 30m. In America, where President Reagan was elected on the promise to balance the budget, the nation's deficit is now forecast to exceed \$100 bn.

And his promise to cut taxes is now overtaken by the need to raise taxes in a desperate attempt to cut government borrowing.

In Britain, Margaret Thatcher's main policy objective was to cut the rate of inflation; and she now insists, as the unemployment rate topped 3m, in January, that she must not be side-



Photo: Rhoda Nathans

● George Glider

tracked from this objective. But there are no signs of success for the main plank of the Conservative strategy. The facts are provided in the table that gives the UK tax and prices index.

When she came to power in 1979, Mrs. Thatcher decided to change the basis on which inflation would be measured. For there was evidence that, if taxation policy was taken into account, this index of inflation was slowing down markedly over the

period 1977/1978 compared with the usual retail prices index.

Because Mrs. Thatcher was determined to cut taxes further, she decided that — for propaganda purposes — emphasis should be placed on a new tax and price index.

Well, although Chancellor of the Exchequer Sir Geoffrey Howe did cut taxes at the first opportunity, the government's strategy rebounded on itself. And after two years of Thatcher-style monetarism, the tax and price index is rising **faster** than the conventional retail prices index!

THE Retail Price Index measures changes in retail prices only and is therefore a less comprehensive index than the Tax and Price Index. The TPI measures the increase in gross taxable income needed to compensate taxpayers for any increase in retail prices, and takes account of the changes to direct taxes (including employees' national insurance contributions).

TO WHAT DO we attribute the apparent failure of the monetarist strategy?

President Reagan blames high interest rates, the 5% slump in output and a rise in unemployment to nearly 9% on Federal Reserve policy.

The White House claims that the Fed has pursued an unduly **tight** monetary policy.

But Prof. Milton Friedman, the architect of policy based on monetary theory, blames the British recession on the **loose** and delayed application of monetary policy.

"If Mrs. Thatcher had taken the medicine from the beginning, there wouldn't have been 3m unemployed," Prof. Friedman told the West German magazine *Der Spiegel* in January.

Whichever way we look at it, then, it seems that tight and loose monetary policy, under present conditions, yields identically depressing results. Should we be surprised?

THE CENTRAL deficiency in the current approach to monetary

UK TAX AND PRICE INDEX

	1974	1975	1976	1977	1978	1979	1980	1981
	61.2	79.2	92.4	99.3	104.3	119.8	139.4	161.2
Percentage changes on one year earlier								
Tax and price index	+29.4	+16.7	+7.5	+5.0	+14.9	+16.4	+15.6	
Retail prices index	+24.9	+15.1	+12.1	+8.4	+17.2	+15.1	+12.0	

January 1978 = 100. Data for December each year. Source: Central Statistical Office

and fiscal policy is that it neglects a crucial variable: land.

On the face of it, supply side economics *ought* to work. By cutting taxes, corporations and consumers are left with larger net incomes with which to buy more capital and durable goods. The overall result *ought* to be accelerated economic growth.

But by failing to neutralise the speculative effect, the opportunities presented by a reduction in tax levels are destroyed before they have a chance to germinate.

The evidence for this proposition can be examined in the context of the Kennedy tax cuts which were implemented in the mid-'60s.

The Kennedy tax cut is now cited as the principal piece of empirical evidence in support of the supply side economics of the Reagan Administration,¹ and it therefore also offers us a fair opportunity for predicting the outcome of the present efforts in Washington.

THE MAXIMUM tax rate in 1963 was 91%. This was reduced to 77% in 1964 and 70% in 1965.

There was a momentary upturn in corporate profits, and according to Reagan's theory this should have lifted the economy to a new plane of activity.

George Gilder's current best-seller *Wealth and Poverty*, which can be represented as the bible for the exponents of Reaganomics, argues that the Kennedy tax cuts "brought almost surgically beneficial effects to the economy."²

Larger post-tax profits meant an increase in investment and a faster rate of economic growth. This proposition has now been challenged by Peter Drucker.³

THE KENNEDY TAX EFFECT

	Maximum tax rate: percent	Increase in US land values: \$bn
1962	91	31.754
1963	91	24.103
1964	77	30.491
1965	70	35.803
1966	70	44.043

He has pointed out that the Federal tax cuts prove nothing, for there was a simultaneous sharp increase in state and local taxes. This offsetting increase effectively neutralised the stimulative impact on the demand side of the economy.

But Drucker's criticism is oversimplified.

Most of the money raised in increased local and state taxes was from low and average wage earners. Because their propensity to consume was high, Drucker is correct in arguing that there was no significant jump in retail sales as a result of the Kennedy tax cuts. Thus, there was no "demand pull" effect on economic growth.

High income earners, on the other hand, were not seriously affected by the non-federal tax increases. And their propensity was to save. So their post-tax incomes were significantly higher, and practically all of that extra income was invested.

This should have had a "push effect" on the growth of the US economy. And as it happens, Reaganomics emphasises the prospect of increased demand arising from an increase in the supply of goods. Supply creates its own demand, the theory known as Say's Law.

What happened in the mid-'60s?

Aussies strike foreign speculators

AUSTRALIA is clamping down on foreigners who are speculating in the continent's mineral resources and farmland, writes Ian Barron.

The government's watchdog, the Foreign Investment Review Board, is tightening up regulations. In future, speculators will have to show that there is a net economic benefit before foreigners can buy rural land.

Purchasers will have to prove that new techniques or developments will be introduced which will

● push up land prices;

● allow properties to deteriorate; and

● reap windfall profits from the re-zoning of rural land for urban use.

There is no evidence, however, to show that the authorities are concerned about similar effects being generated by Australian speculators and absentee landlords.

But the Cabinet has decided that, in future, rural there should be greater Australian equity participation in the mineral processing industries.

Gilder stresses the fact that the cut in tax rates caused a shift in the pattern of investment: *more money went into businesses, and less into real estate.*

It was this transformation in the portfolio of asset holders that caused the beneficial effects on the economy, in Gilder's view.

Gilder, unfortunately, had forgotten his reading of Henry George's *Progress and Poverty*,⁴ which he identified as "one of the great inspirational works of economic literature."

The prospects of making speculative gains were still present; for the tax cuts were not simultaneously offset by an increase in the tax on land values.

On the basis of Ricardo's theory of rent we can predict that the land monopolist will exact the first claim on an increase in post-tax incomes. *And that is what happened in the US following the Kennedy tax cuts.*

In each of the five years up to 1964, land values increased by between \$24 bn and \$30 bn. In 1965, the increase leapt to \$35 bn, and the decade's peak was in 1966 (\$44 bn).

The benefits of the tax cuts were mopped up by the land monopolists through an increase in the capitalisation of land. The inevitable happened. The economy slipped into a recession in the last quarter of 1966.

WE CAN NOW appreciate the real reasons behind President Reagan's complaint that industry is not responding to his initial tax cuts.

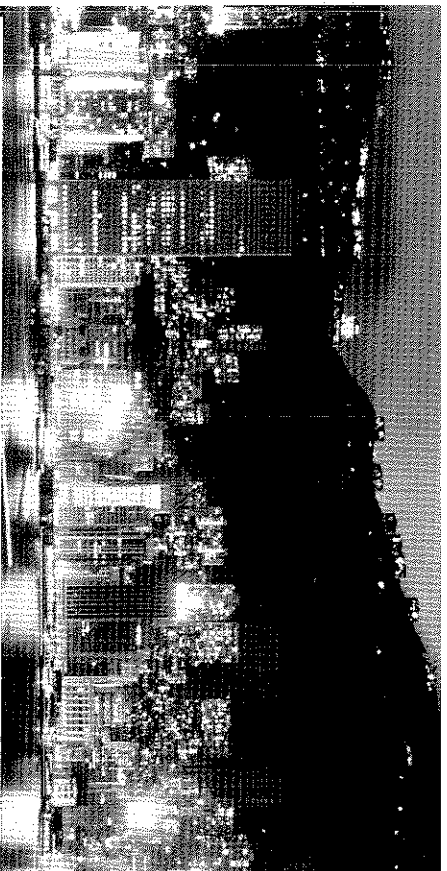
The capacity for expansion is undermined by the drag of rents and land prices that are too high for the current level of wealth-creating activity.

Consumption is being held down, so entrepreneurs cannot respond to rising demand; and the prohibitive cost of buying or renting land on which to set up new businesses is curtailing the supply of new goods and services.

The result is the current economic crisis and confusion of policies on both sides of the Atlantic.

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● The Hong Kong waterfront by night

FLYOVER FIGHT TO PRESERVE HONG KONG LAND VALUES

A GROUP of Hong Kong's major companies has spent \$HK 1m. (£92,000) on a study that suggests that a semi-submerged tunnel should be built along the waterfront to relieve traffic congestion.

But the investment of this money on a feasibility study was not motivated entirely by concern for the environment, writes *P. E. Poole*.

The tunnel would cost \$HK 1.2bn compared with the alternative, a flyover which is unofficially estimated to cost \$HK 750m.

Why, then, do these major companies appear to favour the more costly project?

One theory is offered by Kevin Raftery, who writes:

"They are trying to ward off what for them is a greater evil, namely the Government's scheme to get rid of through traffic by driving a four-lane flyover 3,400 metres (just over two miles) long through central

Hong Kong.
"All the companies have property which would literally fall under the shadow of the flyover and therefore lose value."

The tunnel, then, would preserve the value of sites owned by the companies – value which is created by the passage of street-level cars and pedestrians outside the doors of their buildings.

The flyover, on the other hand, would transfer that socially-created value away from their land and confer it on other newly-favoured sites (such as sites with access to either end of the flyover).

BUT THE tunnel would make an important contribution to the social and economic environment. It would

- create at least 44,000 sq. metres of new land;
- facilitate the creation of up to 22,000 sq. metres of

- development land to the east of HMS Tamar, the British forces' HQ; and
- enable another 24,300 sq. metres of land to be created for the expansion of HMS Tamar.

These are important gains for the land-hungry colony. For example, the development land alone at today's prices, would be worth \$HK 7bn – six times the cost of the tunnel scheme.

The big question, of course, is this: who is to gain from the creation of this additional land – the community or the speculators?

Hong Kong has a system for raising exchequer revenue from the value of land which has made an important contribution to the growth of the colony.

And its government is acutely aware of the scope for financing social infrastructure out of those values.²

But as the case of the tunnel v. the flyover demonstrates, there are millions to be made out of land in Hong Kong, which is not tapped for social benefit.

The property owners are determined to protect their interests. And given a chance, they will exploit every opportunity that is created in the future to make fortunes out of the socially-created value of land.

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Bureaucracy and the sale of public land

WEAKNESSES in the British Government's procedures for selling surplus land have been exposed in a report by the Parliamentary Commissioner for Administration (the Ombudsman). This follows a complaint from a man who wanted to buy land that was part of a former RAF base, writes *Ian Barron*.

The airfield was declared surplus to requirements in 1972, and since then 96 acres out of a total of 646 have been sold.

The owner of adjoining land wanted to buy two acres. But he was told that a decision could not be taken because consideration was being given to possible new defence requirements.

"The complainant promptly pointed out that his company required only two acres and he could not see this interfering with any possible defence need. He added that failure to obtain the land had forced him to postpone his expansion plans which would have created additional jobs in the area."

Those jobs are urgently needed, but the bureaucratic wheels were slow to grind forward to a decision. Eventually, the authorities decided that under the rules the land could be disposed of – but that the first option to buy had to go to the owner from whom the government originally compulsorily purchased the agricultural land.

Under what are called the Crichton Down rules, the former owners can buy back the land at its current market value. This procedure raises serious questions.

It may appear fair, in equity, that the former owner should have the first option to buy, but this rests on the assumption that he has a better claim than anyone else.

But in ethics, no person can claim an overriding right of access to natural resources, for this would negate the equal rights of others.

The only fair solution is for the would-be user to pay the full economic rent to the community. But current market value cannot be effectively determined if there is no competitive bidding.

Thus, to give the former owner preferential rights is to risk undervaluing the land, by giving it to someone who might not put it to its best use. Might the businessman who really needed the two acres be willing to offer a higher economic rent to the national exchequer than the former owner? There is only one way to find out, and that is through the free market processes rather than bureaucratic controls and criteria.

**Parliamentary Commissioner for Administration*, First Report 1982, Vol. 1, London: HMSO, 1982, p.6.

Bring back land tax to bust the 'monasteries'

BY P. E. POOLE

A CROWN rent on all land should be the basis of the British property tax, advocates Tory MP Sir Hugh Fraser.

Moving a Bill in the House of Commons on February 26th, Sir Hugh conceded that some MPs "may call this proposal feudal and reactionary — others revolutionary." Shades of Henry George and of Lloyd George himself with his cry of 'the land belongs to the people'.

"But the fact is that it is the environment and national need which has created basic values.

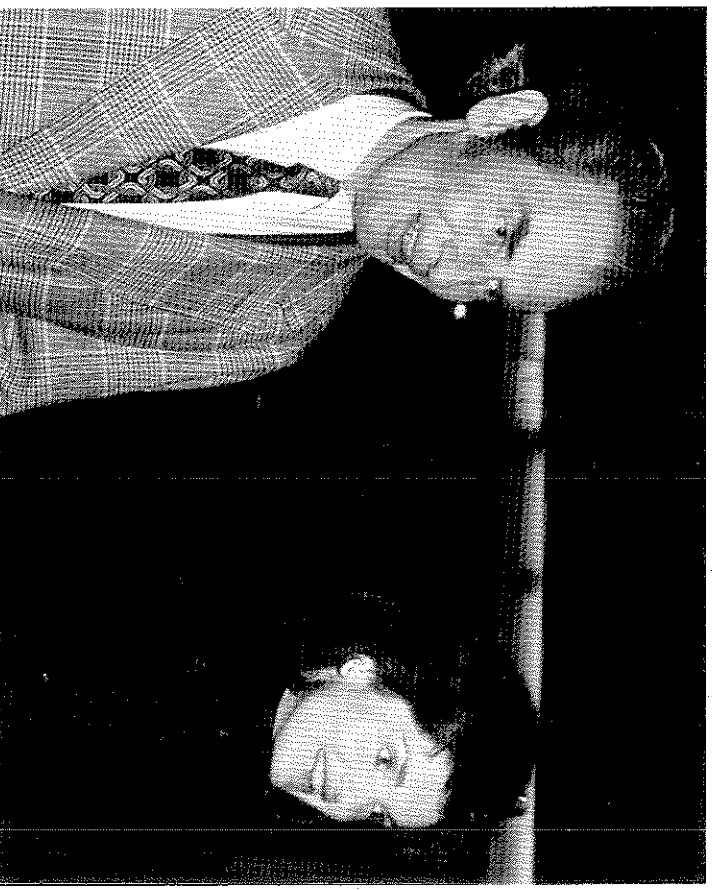
"Some will call this simply a tax on land. Well, that has advantages. You can't move land to the Bahamas or the Channel Islands, or even the Isle of Man."

Sir Hugh, brother of a Scottish landowning baron, moved the Rating System (Abolition) Bill in the hope of changing the basis on which the property tax was levied. He wanted a new approach which imposed greater fiscal discipline on local authorities, which spend £30bn p.a.

SIR HUGH called for the abolition of the Land Development Tax, which inhibited construction, and he outlined the direction in which the property tax should be developed.

"The conception, if not as old as the hills, is in law as old as the Norman Conquest. The property laws in this country still continue to be based on the Norman concept of tenure, that is, that all land is in tenure from the Crown.

"Today, of course, the Crown means the Crown in Parliament. The basis of my idea is simply that in the course of time, and when the details have been properly worked out, a Crown rent on all land, whether privately or publicly owned, should be reimposed."



PICTURED with Sir Hugh Fraser, Tory MP for the Stone Division of Staffordshire, is Jackie Onassis.

Sir Hugh is an old friend of the Kennedy clan. He concluded his speech to the House of Commons, in which he advocated the return to a land tax, with a warning to fellow Conservatives:

"To those on my side who see my proposals as revolutionary, I would like to make one short quote from the inaugural Speech of my friend, John Fitzgerald Kennedy: 'If a free society cannot help the many who are poor, it cannot save the few who are rich.'"

Caroline Kennedy, daughter of the assassinated American President, was staying at Sir Hugh's home in Kensington, London, when an IRA bomb wrecked his Jaguar.

Sir Hugh, whose marriage to historian Lady Antonia Fraser was dissolved in 1977, unsuccessfully challenged Margaret Thatcher for the leadership of the Tory Party in 1975. He was a Secretary of State for Air in the 1960s. He was given a knighthood in 1980.

Sir Hugh attacked the large modern landowners:

"Some trusts and pension funds and urban property owners and municipalities have become as rich and as powerful as the Medieval Church and almost as free of tax as if they held land as

the bishops did in tenure spiritual."

He continued: "Often their's is like the monastic or the clerical dead hand, with neither development nor movement, but only accumulation.

"As a capitalist, for me the time has perhaps come for a new dissolu-

tion of these monasteries, a shake-up of the system: a wider spread of property: the true foundations of a property-owning democracy.

"That is, after all, and I speak as a Roman Catholic, what the Reformation in this country effected. An economic revolution and the unleashing of private enterprise."

The assessment of values would take time, so there was no call for panic action. "Nor if one takes into account the huge sums involved, running into hundreds of billions of pounds, would the burden be so onerous.

"Many an acre in the north of Scotland, or Wales, is lucky to be worth a fiver; in Mayfair or Holborn, an acre is cheap at £6m, and in the golden mile of the city, with its 32m sq. ft. rented at £25 per sq. foot, the figures for those 700 acres become astronomical."

Drawing on history for the transition back to a land tax, Sir Hugh asserted:

"This is a rent we all owe to our past and to our people and to generations to come. Morally, there is no question too but that it is the activities of the nation as a whole, in history, in infrastructure, in the general advance of our civilisation, which on this small over-population island has created the intrinsic value of our land."

UNDER THE scheme advocated by Sir Hugh, income earners who escaped the property tax would nonetheless make a contribution to the local exchequer through user charges.

Furthermore, the financial burden on local authorities would be reduced by a transfer back to the central exchequer of some costs which ought to be carried by the nation.

This strategy would preserve the independence of local government, by broadening local taxation and making it easier for people to assess who was responsible for public expenditure.

Other MPs, however, failed to support Sir Hugh's fiscal reforms. Alliance MPs Bill Pitt (Liberal) and John Cartwright (SDP) stressed the need for a local income tax. Tory and Labour MPs stressed the difficulties with the present property tax, but were not able to advocate constructive alternatives.

The possibility of abolishing the local property tax altogether was raised by Mr. Giles Shaw, Under-Secretary of State for the Environment, who in replying for the Government accepted the need for a radical review.

He said that the Green Paper *Alternative to Domestic Rates* had made an important contribution to the debate, but that the Government would not make any final decisions until March 31. Meanwhile there appeared to be no consensus about the direction which reform should take.

Sir Hugh's Bill, declared Mr. Shaw, was not acceptable to the Government, which did not yet have the information it needed to decide what the new system of revenue should be. The Bill was 'talked out'.

Death & Depression: the costs of being redundant

THE ECONOMIC costs of unemployment are easy to measure, and they are being used to good effect by the political Opposition.

In Britain, for example, Prime Minister Margaret Thatcher is told to reflate the economy via a Keynesian pump-priming exercise, and the recommended sums range from £4 bn to £8 bn

Superficially, this may make sense. For the government is even now spending over £2 bn on unemployment benefit and another £2 bn on supplementary benefits.

On top of this, there is the loss of revenue from income tax (£3.1 bn), and indirect taxes (£2.5 bn), according to the Institute of Fiscal Studies.

SO WHY not create new jobs by investing public money in capital projects rather than in paying people to sit at home and do nothing?

Enoch Powell challenged this reasoning last October when he made two telling points in Parliament:

● Pump-priming over the last 30 years did not stop the inexorable rise in unemployment since the mid-'50s; and

● What guarantee was there that public expenditure would create new jobs rather than merely increase the rate of inflation?

But while the politicians argue over the financial statistics, they neglect the private suffering that is generated by unemployment.

The suicides can be computed. Press reports have chronicled how people have killed themselves because they cannot face the prospect of being jobless. There has been a significant increase in suicides in France; in Japan whole families have destroyed themselves – lemming-like – rather than suffer the indignity of being unemployed.

But the increase in physical and mental illness due to the recession is not so easy to quantify. It is,

nonetheless, a very real phenomenon.

AN AMERICAN professor, Harvey Brenner, produced evidence that demonstrated an association between mortality and morbidity and economic indices, including income, unemployment, economic growth rates and inflation.¹

More recently a British researcher, Dr. Leonard Fagin, published a pilot study of 22 families in which he showed that health deteriorated after unemployment.²

Dr. Fagin has complained that his report had been misrepresented by the Minister of Health, Dr. Gerard Vaughan. There is little doubt that Conservative politicians are anxious to play down the causal connection between their economic policies and the psycho-social consequences.

Now Dr. Linford Rees, emeritus professor of psychiatry at London University, claims:

"The possible effect of unemployment on health has been ignored to a remarkable extent by various authorities throughout the years. Evidence linking unemployment with psychiatric and physical morbidity has, in fact, gradually become available since the 1930s."³

Rees reviewed the leading studies, which confirmed that work is conducive to mental and physical health.

Physiological changes ascribed to unemployment included an increase in blood pressure and the serum concentrations of cholesterol, which correlated with increased depression, irritability and loss of self-esteem. These changes began during the time that redundancy was expected, and the abnormalities disappeared only on or a few months after re-employment.

Children were not immune; their school performance declined. Marriages were also affected, often leading to permanent separation.

The costs of unemployment clearly go far beyond the cold financial statistics, and the politicians need to weigh these in the scales when they debate about the recession. The urgent need for a permanent solution arises not from the misplaced zeros at the end of figures in bank balances, but because of the human grief that is generated every time a person is told that he need not report for work tomorrow.

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THE FIJI Islands form an independent country within the British Commonwealth, lying in the South Pacific some 20° south of the equator between New Caledonia and Tonga, and are compiled of 300 islands, 100 of which are inhabited. The population is about 550,000 with 265,000 East Indians (brought over early in this century as indentured workers for the plantations), 250,000 native Fijians – a handsome stock of Melanesians who abandoned warfare and cannibalism a century ago for Christianity and a peaceful, easy-going lifestyle. The rest of the population is made up of Tongans, Europeans and other Pacific Islanders. By far the bulk of the population lives on the two main islands – Viti Tevu and Vanua Levu.

The Fijians, not inclined to promote self-interest over community interests, shun industry, saving and the competitive marketplace. Their incomes, rarely large, are usually shared among friends and villagers, or spent quickly on necessities or pleasure. Even when easy money opportunities are available, as, for instance, in fishing (the surrounding waters abound in fish but hardly anyone bothers to catch them), they remain curiously unmotivated. When I asked a long-time local resident why the Fijians avoided this labour-intensive and highly (one would assume) remunerative work, he said, "Nobody knows why; they just don't." The other Pacific Islanders resident here are similar in outlook.

The Indians, on the other hand, form a popular opposite. Although the Fijians control the reins of government, such as it is, it is the Indians who own and control most businesses. Along with some Chinese and Australian and New Zealanders, the Indian residents run all business, employ most labour, utilise most land, run the cities, man the banks and handle commerce. They dislike wasting or giving money away, save diligently, invest wisely, and are eager to expand their businesses. A highly profit-orientated people, they are careful with money and, because of their astute business sense, are sought after as managers, entrepreneurs, and commercial partners.

Needless to say, the Fijians and Indians find each other a strange lot, motivated as they are in such different directions. Outwardly, they live together in peace but, according to long-time residents here that I spoke to, there is a boiling resentment between the two groups just below the surface. Some experts in the area even



LAND TENURE & THE CIVIL STRIKE THREAT TO FIJI

BY TERRY NEWLANDS

● *TRANQUILITY on a beach on one of the Fiji islands, in the South Pacific, but the peace is now threatened by social conflict as the indigenous population seeks to preserve its land rights against the newcomers.*

foresee an all-out civil war between the Fijians and Indians.

"What?" I asked these people, "could be the source of such volatile and harsh feeling between these groups in such a peaceful island paradise as this?" Without exception or hesitation they answer, "the land problem, of course."

THE LAND PROBLEM

All the land of Fiji is divided into three parts:

1. Native Lands: Comprising 83 per cent of the total land mass, these lands are held in trust for Fijians only by the Native Lands Trust Board, headquartered in Suva. Some of these lands are very marginal and more or less held by the villages under the authority of local chiefs. The chiefs and leading householders decide the

use of the land, although they are run by tribal and trust laws to make home and garden sites available to any Fijian adults who can trace their ancestry back to the Village era. These plots are almost invariably rent-free. The chiefs may also lease out their lands to non-Village Fijians immigrating from other islands, who may or may not pay a land rent, depending on how the chiefs and householders of the village feel about their presence. Much of the native lands are leased out to the Indians, who work them and pay a rental fee for this usufruct. The longest leases run only 30 years, and all land and improvements revert to the Fijian community upon termination of the lease. Needless to say, this is a source of great consternation to the Indians who rightly argue that they have no

long-term security on the lands they work, and lose all the improvements they have added when the lease runs out.

The Native Lands Trust Board administers these leases, helping assess a fair rent, collecting them, then re-distributing the rents back to the Fijians. Last year some \$4 million (Fijian) was collected in land rent (from category 1) and re-distributed back to the Fijians. The chiefs get 30 per cent of the rent, paid in *cash* directly to them, and the other 70 per cent is paid in cash to the Fijian inhabitants. The chiefs may or may not re-distribute their funds back to the country; often it is drunk at local bars or given away to relatives. But just as often, the chiefs put all, most or part of their rent money into local community coffers. Some of the Fijian Villagers receive their per-capita rent payments in cash and spend them as they please; others have bank accounts wherein their rental shares are deposited by the N.L.T.B., to be spent as the individual sees fit.

Here's the rub: Most Fijians have left the villages and moved to the cities and thus abrogated their rights to share in the rental receipts; they share none of the land rents collected and distributed by the Native Lands Trust Board.

2. Free-hold Lands: When the Europeans first arrived, they staked out the best locations and soils of Fiji, as well as the few beaches, emerging city sites and ports, and made them fee-simple, or "free-hold" trusts. These lands comprise nine per cent of Fiji's land and are owned primarily by absentee Australian, New Zealand and English owners, as well as by the many Indians. Very little of these lands remain unoccupied or unused, and they command a high price on the market. The land under the major cities — Suva, Lautoka, Mba, Tevua, Raki Raki and others, as well as the few prime beach sites, and the best of the lush, flat soil for agriculture are all free-hold lands. One sees sale ads for this type of parcel in the daily papers at very dear prices. The local property tax on land is a token charge; rental values left over after these tax charges are capitalised into hefty sales prices certainly beyond the reach of most Fijians — or Indians, for that matter. So, although free-hold land is small as a percentage of total acreage, it represents the least marginal, most desired land, and yields by far the lion's share of Fiji's land rents. There is no coordinated assessment procedure in Fiji, so the

exact value of their free-hold land is another unknown — but it must be a considerable amount.

3. Government Land: Seven per cent of Fiji's land is owned outright by the Government. These comprise mostly forest lands, and are leased out to foreign foresters and other agricultural interests. This revenue goes into a common state fund. The amount is also unknown.

While visiting Fiji, the author gave two talks on Georgism to future teachers and administrators at the School for Social and Economic Development at the University of the South Pacific, Suva. The students there were keenly interested in the Georgist approach to land problems. Aware as they were of the local difficulties with land use and distribution, they seemed thankful to find out that the "land question" spans the whole earth and all of human history. One student remarked to me after my talks that he was excited and pleased to hear the land question approached from an ethical, not just an empirical point of view. Dr. Randolph Thaman, a recognised authority on Pacific geography and especially Tongan land use and tenure systems, who invited me to speak before his students, told me, "We have a relatively low population-to-land-area ratio here so far, but in time, as our numbers grow, the land question will grow in importance, probably in direct proportion to the price of land and its alienation from the people as you have described it. Already we see a clamouring for land reform in Fiji — and it must come soon. Our government and our people realise the urgent need for some sort of fundamental change in our land tenure system; I hope it will include some of the elements you have been describing in your talks."

While in Suva, I also had some talks with John Salmon, Senior Advisor to the Native Lands Trust Board. He told me, "We try to act as a buffer between the claims of the Fijians and demands of the Indian community over lands. It is a simple problem by no means. Most of the free-hold land has been pre-empted and its value is unknown. The

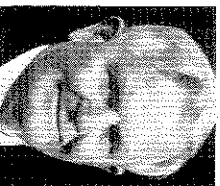
demonetised native lands are being abandoned by the Fijians, and the Indians cannot get satisfactory leasing arrangements to give them security of tenure. There are political movements afoot to deport the Indians and reclaim all the land for the Fijians. Aside from the inherent meanness and impracticability of such a proposal, would or could the Fijians use the land to its best advantage?"

Some people fear an all-out civil war in the not too distant future if we don't come up with workable solutions soon."

I tried to offer some sound reform strategies to those I spoke to in Fiji regarding their land dilemma. They included:

1. Stream-line the assessment procedure for free-hold land;
2. Gradually raise the tax on these lands while reducing levies on imports, business enterprises, and income taxes from middle and low income earners;
3. Exempt buildings from the property tax rates now levied;
4. Create reserves and land banks for sections of Fiji that should be protected from too fast commercialisation and monetisation. The Fijians have a right to protect their cultural foundation as well as their land base.
5. Redistribute rents so that they benefit the entire population, not just the Fijians;
6. Promote education in land economics at every level of society;
7. Create economic incentives to promote more aesthetic, productive and environmentally sound land use.

The Fijian Islands represent a microcosm of the entire Pacific region. Ancient tribal land tenure systems, when they exist side by side with modern capitalistic land use patterns, colonialism, decreasing isolation, growing population and rising interdependencies, demand innovative land laws based upon a heightened appreciation of the land question. Georgists have much to offer this decreasingly remote area, and it is my hope that they will be able to benefit from the insights and lessons we have to share with them.



Land Rent As Public Revenue in Australia

BY ALLAN R. HUTCHINSON



— a quantitative evaluation of potential exchequer revenue to be derived from land value taxation

Price (includes p & p): UK — £3.50; US — \$8.50.

Australia — \$7.50; Canada — \$9; from Land & Liberty Press, 177 Vauxhall Bridge Road, London SW1, England

THEY have been described as one of Europe's last remaining wildernesses. They cover 15,000 square miles of United Kingdom territory not 500 miles from London. They are environmentally impoverished, ecologically degraded and, since most of the original inhabitants were forced out, largely depopulated. They are now known mainly for their grouse moors, their deer forests and their Army testing ranges. They are the Highlands of Scotland.

The Highlands to-day exhibit all the classic symptoms of under-developed uplands remote from the centres of population. Their twin basic problems – of under-population and of under-use and mis-use of natural resources – have been little affected by over a century of bureaucratic tinkering by successive governments.

Yet up to the 18th century the Highlands supported a remarkably large population and a basic but reasonably integrated subsistence economy based on the rearing of livestock. But the rout of the Jacobites and their allied clans at the Battle of Culloden in 1745 was the signal for a dramatic transformation. At its root was a far-reaching change in the system of land tenure.

Before Culloden, land in Scotland had been held in common by all members of each clan community and administered by the titular head (the clan chief) for the benefit of the whole clan. After the battle, the Gaelic communal-feudal society was destroyed and a new form of land tenure was imposed. Virtually overnight, the clan chiefs became the outright legal owners of the clan lands they had hitherto simply held in trust. From then on they were obliged to manage the lands on a commercial basis.

The result was predictable. A succession of nouveau riches, mainly from the south, moved in to establish a string of property empires and, in the 240 years that have elapsed since, the Highlands have progressively suffered the economic and social consequences of being held by a comparatively small number of wealthy and powerful landowners.

The concentration of land ownership is, in fact, greater than anywhere else in Britain. In the five main crofting counties a mere 250 landowners own almost two-thirds of the total land area while the 500 largest control around three-quarters. The largest estates are vast by any standards, covering anything up to 200,000 acres each.

These facts mean that, in the planning of overall land use, the landowners enjoy a virtual free hand. In the remoter areas this can extend to a monopoly over housing, employment and occasionally even basic services such as roads, power and water supplies.

The practical problem arises from the fact that most proprietors have only a limited or even incidental interest in their land's productivity. The purchase of Highland estates has always attracted wealthy individuals interested in the sport (deer stalking, grouse shooting and angling), a holiday home and perhaps a prestigious baronial mansion. Estate sales brochures continue to stress the recreation, seclusion, exclusiveness and romanticism of owning a remote and historical piece of Scottish glen. So it is not surprising that an estimated 55 per cent of lairds are absentees visiting their estates for probably no more than a few weeks in the year. Since the luxury of an estate is often subsidised (in 73 per cent of cases) from wealth or income generated elsewhere, most feel no pressing economic need to utilise their land effectively. Indeed, any development is often considered damaging to the deer forests and grouse moors, both of which thrive on extensive, "unspoilt" wideopen spaces. In any case, the steady

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long-term rise in land prices means that, whether it is developed or not, the purchase of an estate will always be a sound investment.

In recent years, these attractions have encouraged speculators to move into Highland land in a big way. Overseas investors, offshore companies, financial institutions and forestry investment groups have figured prominently, buying estates for a variety of speculative, tax shelter, investment and short-term exploitation ends.

Of the minority of owners (about 20 per cent) who do have an interest in the productivity of their land (and seek to get a livelihood from their estates), many simply lack the capital to undertake worth-while investment. Most become progressively impoverished. While the capital value of their properties may make them paper millionaires, they jibe taking the drastic step of turning part of it into funds for development.



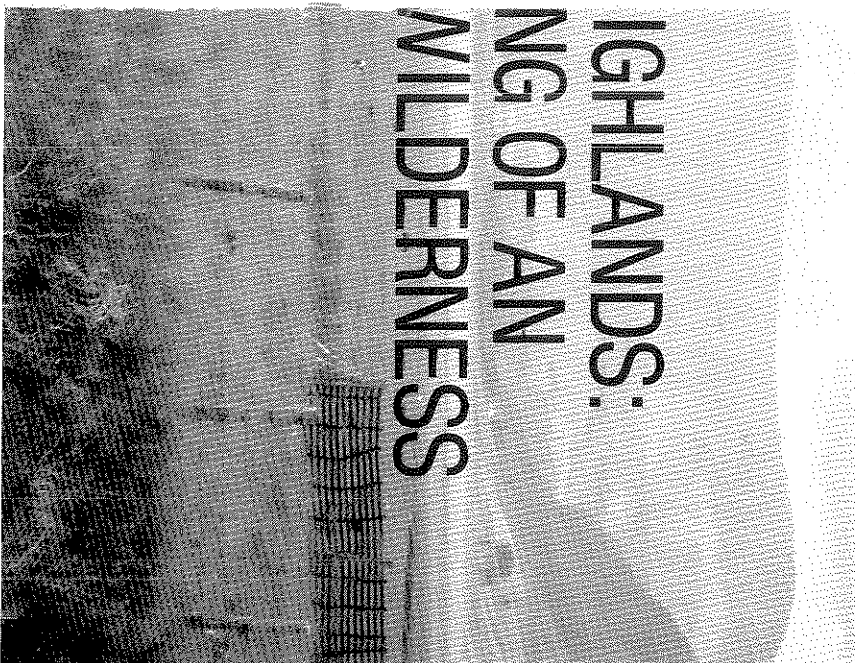
BY ALLEN ARMSTRONG

● This article is based on Dr. Armstrong's Ph.D. thesis *Rural land ownership, use and management on Scottish Highland estates*, which was written at Dundee University.

It is against this background that the tragedy of the Highlands has to be considered. For, despite its limited resources, the area fulfils nothing approaching its real potential. Agricultural land goes unused; land which could be useful as woodland is reserved as sporting ground – probably producing no more than a few pounds of dead game weight per acre.

It is true that some government action has been taken. There is a series of official carrots and sticks, principally grants and subsidies backed by favourable tax concessions and assisted by advisory services and voluntary agreements. This loose package of policies which goes under the heading of "land use planning," however, is nothing more than an uncoordinated hotch-potch – inadequate, unsuitable and confusing.

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Despite the landowners' often considerable personal wealth, little contribution towards the cost of these measures is made by the estates. Obviously, little income tax is incurred, while capital tax is regarded as "voluntary" – to be paid only by owners who die prematurely or who cannot afford a good tax accountant. Since agriculture and forestry are derated, even the biggest estates may make only minor contributions to the hard-pressed local communities they often claim to subsidise. Nor can most estates offer much in the way of employment. On average, one job is offered per 1,500 acres, and even this is declining rapidly.

The hard fact is that no government has yet acknowledged, let alone tackled, the root of the Highland problems from which most of these evils stem. Tory governments simply seek to preserve the established vested interests and, perhaps, throw in a few more financial incentives. Labour governments favour increased planning, public sector landowning and punitive taxation. So the basic problem persists. There still exists no effective mechanism to ensure that the land is put to any useful economic purpose. Essentially, it is another facet of the same underlying problem which results in the comparable dereliction and waste of Britain's inner cities and industrial heartlands.

What ought to be done? Isolated demands to institute an annual land tax – made since the beginning of the century – are perhaps listened to with slightly more sympathy these days. Certainly, in the face of continued blatant misuse or under-use of land resources and the failure of official policy to influence landowners, the simple concept of paying a regular ground rent on land to the ailing Highland communities appears an increasingly attractive solution. Properly operated, it could not only deter speculation and abuse of resources but serve as an instrument for land development and economic regeneration. After 240 years of economic decline it will take a radical solution such as this to offer any real hope of resuscitation.

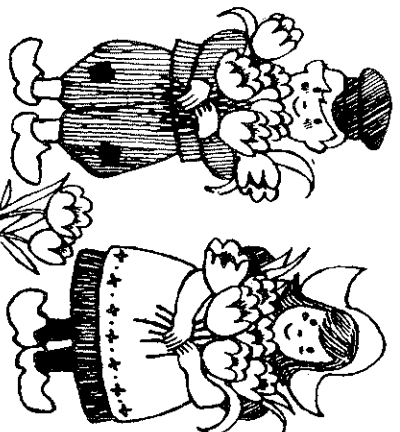
UTRECHT '82

INTERNATIONAL CONFERENCE Utrecht, Holland, 24-31 July 1982

PARTICIPANTS at the conference organised by the International Union for Land-Value Taxation and Free Trade will enjoy the rare opportunity of visiting a spectacular side-show – the Floriade.

This is a horticultural show that was last staged 10 years ago. It will sprawl over a vast new park at Gaasperplas, a short 15-minute journey by metro from central Amsterdam.

The finest specimens from a multi-million pound industry will be on display, from the famous Dutch flower bulbs to bonsai trees.



A FEW PLACES are still available for people wishing to attend the conference.

Cost of accommodation is from £110, plus conference fee of £25 which includes room, all meals, use of facilities and a set of conference papers.

Write now for a booking form to : Secretary, International Union, 177 Vauxhall Bridge Road, London, England. Tel: 01-834 4266.

PROGRAMME

In addition to the main speakers and subjects announced in our last issue (and others yet to be arranged), there will be special working sessions on the following topics:

- Educational work;
- Achieving the aims of the Union;
- Journals and literature of the Georgist movement; and
- International work and the Third World.

ON THE RIGHTS OF MAN

THERE is still some magic in the words, the Rights of Man; it is as if they awaken a deep instinct

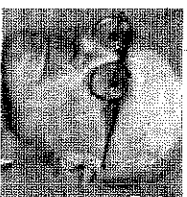
as well as provoke discussion. It is strange to us in the atmosphere of today, to imagine that a statement of government policy could arouse such feelings. But the American Declaration of Independence, 1776, and the French Declaration of the Rights of Man and of Citizens, 1789, were not election addresses. Despite imperfections, such as "all men are created equal," these documents were the culmination of a century of active thought, known to historians as "the Age of Common Sense," or "the Age of Reason." After the English Glorious Revolution, 1689, "the eternal spirit of the chainless mind" had been awakened. The ideas of John Locke, that government itself has no rights, only the duty of protecting individual rights, began to spread like slow fire at the roots of paternalism. Carried to America and back again to Europe on two great occasions it had brought into public affairs not professional politicians but amateurs of courage and conviction, not yet corrupted by power. The ringing phrases of these two manifestos breathe the spirit that resists government pretensions, that scorns patronage, that begs nothing from public funds; a spirit based on the conviction that "the sole causes of public misfortunes and corruptions of government" are not defects in the planned economy or welfare regulations but "ignorance, neglect, or contempt of human rights." They were uncompromising appeals from man to man, not from organisations to the timid who seek the shelter of organisations. Said Benjamin Franklin: "They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety."

It is a cold douche to turn from these declarations to the text of the Universal Declaration of Human Rights – later referred to as the Charter – originally approved by the United Nations Assembly at Paris, 10th December, 1948.

The Charter does not begin with a clear definition of universal human rights, ie, inherent to every person any time and in any place. This might have saved the sponsors from confounding rights and duties in so many of the Articles. This not only confuses the reader; it blurs perception of both rights and duties. We all acknowledge moral obligations, duties to society; but these would have been much clearer if tabulated separately. Moreover, in such a statement it is necessary to use words only in their essential, unmistakable meaning. In the preamble the Charter refers to "freedom from fear and want" and to "fundamental freedoms." But freedom, the state of being exempt from outward restrictions or compulsions, has no direct reference to human emotions. Open the prison door and the man is free, but he is still subject to natural fear and the need to supply his requirements by his own efforts. Misuse of the word freedom, in this context, deflects enquiry from possible restrictions or compulsions leading to unnatural fear and unnatural privation. Freedom is a universal principle with infinite application; to pluralise such an abstraction is absurd and misleading.

"The natural liberty of man," says John Locke, "is to have only the law of nature as his rule." All are born equally free to use their natural powers, mental and physical, as seems best to themselves within the limits that nature imposes. This equal freedom of natural opportunity is the basis of all human rights, and one which any intelligent person can understand. If the sponsors of the Charter had made this clear at the outset the document

By Frank Dupuis



AFTER spending twenty years in Central Africa, during which time he served in the East Africa campaign and managed cotton, tobacco and sisal estates, Frank Dupuis returned to England in 1931. This was the period of industrial depression and widespread unemployment, and it was this rather than any interest in economics that first led him to the economics and philosophy of Henry George.

He joined the United Committee for the Taxation of Land Values in 1937 and for forty years was one of its leading figures, contributing articles to *Land & Liberty*, speaking at meetings and distinguishing himself at international conferences with his wide grasp of history and philosophy.

Those who knew Frank Dupuis will remember his gentleness, his kindness, his quiet humour and above all his great intellectual capacity by which he would reduce the most complex of questions to their innate simplicity.

In *A Planter's Story*, the first of a series of "personally speaking" articles which were published in *Land & Liberty*, he wrote:

"Some people are surprised that we hold so firmly to our convictions against the prevailing drift of thought and the course of events. Perhaps some of these do not realise how impossible it is to give up an opinion acquired by study in favour of a notion accepted on trust. They cannot imagine the satisfaction of striving not against persons or parties but against common error; of knowing that every step gained is in the sphere of sound thinking, the point from which all improvement begins."

Among the numerous articles written by Frank Dupuis are *Letter to a Clergyman*, *Geologists, are they Human?*, *The Silence of the Historians*, and his searching examination of the United Nations Declaration of Human Rights, a condensed version of which is reproduced in this issue as a tribute to his memory. He will for long be remembered with admiration and affection.

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might have been more convincing and have attracted more attention. A right is a negative conception. If an alleged right conflicts with another, one or both must be spurious. If an alleged right requires someone to do something, it is spurious. No right can be created by government; human rights are anterior to all government.

The first sentence of Article 1 of the Charter: "All human beings are born free and equal in dignity and rights," clearly accords with this definition, and so with a number of subsequent passages, eg: "Everyone has the right to life, liberty and security of person." "No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence." "Everyone has the right to own property." "No one shall be arbitrarily deprived of his property." "No one may be compelled to belong to an association." "Everyone has the right to work." Assuming that property is understood in its universal sense, all the foregoing accord with the negative conception of rights and with the definition, in every reputable dictionary, of freedom as "the state or condition of being free."

In other parts of the Charter, however, we find so many passages in conflict with the above that an inattentive reader might forget these quoted statements as mere

verbal formalities. We are told, for example: "Everyone has the right to social security." "Everyone has the right to favourable conditions of work and to protection against unemployment." "Everyone has the right to equal pay for equal work" and to "just and favourable remuneration . . . supplemented, if necessary, by other means of social protection." "Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay." "Everyone has the right to a standard of living adequate for the well-being of himself and his family, including food, clothing, housing," etc. "Everyone has the right to education." "Education shall be compulsory" and directed to purposes the Charter prescribes. "In the exercise of his rights and freedoms everyone shall be subject only to such limitations as are determined for the purpose of securing the general welfare in a democratic society."

As we are also told that "education shall be free" and that "parents have a prior claim to decide their children's education," the clauses on education are contradictory; but one can see, on examination, that none of the above statements conforms to a universal human right. They are all statements of claims for things which everybody has the alleged right to compel everybody to provide. If A has the right to well-paid employment with paid holidays, B must necessarily provide it; but if B has the same right, then A must also provide B with the same. This is not a statement of universal human rights in the enjoyment of which all might freely provide for themselves; it is a code of regulations for a dependent world. Such statements might have been drawn up by a committee of well-meaning persons, who, taking slavery for granted, were concerned to ensure that the slaves were well treated; allowing the inspector, however, wide discretion in interpreting what shall be "reasonable," "adequate," "conducive to the "general welfare," etc. All is based on the acceptance of compulsion as a necessary and permanent element in human rights.

'It is a cold douche to turn from these declarations to the Universal Declaration of Human Rights'

The most significant aspect of the Charter is its omissions. Almost all controversy today is concerned with what are called economic matters: questions of inflation and trade, taxation, and the prohibitive cost of land for people to live on and work on. And it is conducted with so much expertise, jargon and metaphor that it is a kind of closed circuit from which the common sense of ordinary people is excluded, although they are well aware that their interests are at stake, and when the promised miracles do not emerge they feel sullen discontent. Here, if anywhere, a clear lead on their rights is required. Yet on these subjects the Charter has nothing to say, leaving the public to infer that no human rights are involved. For all the Charter has to declare, any ruling authority, by debasing the currency, might reduce everyone whose means are only in the form of money to destitution; by putting a complete embargo upon the exchange of goods and services it could reduce its subjects to the lowest scale of human existence; by taxing all their earnings it could confiscate all their property; by denying them the use of the earth it could deprive them of life itself.

The Charter requires drastic revision if the original purpose is to be realised. Many persons are capable of a surprising degree of self-delusion when faced with awkward realities, but the patrons and sponsors of this Charter occupy the highest positions in Church and State.

If they delude themselves they delude millions. Intellectual integrity is a moral obligation; it could not be more so than in framing such a declaration.

The Charter declares that recognition of human rights promotes the "inherent dignity" of men and women and "freedom, justice and peace in the world." If the earlier conception of rights is accepted, a general view of history confirms this, and a specific example can be quoted in relation to one human right which the Charter omits.

The right to trade freely is a natural right. It conflicts with no other right and requires no compulsion. At all times and places the natural impulse to exchange goods and services to mutual advantage has tended to form a peaceful bond between individuals and nations, to stimulate intelligence and to promote prosperity. Governments have always denied this right, usually succeeding in persuading people to believe that the infinite series of exchanges can be directed by officialdom, using restrictions, penalties and taxes, national treaties and alliances, better than by leaving trade to the individuals concerned. But in Britain and in the 1840s popular agitation obliged the government to allow this essential human right to trade. Restrictions were progressively removed, and with opportunity increased and more open to personal initiative, the material benefits were so impressive that restrictions could not be re-imposed until 70 years afterwards, when the example had been forgotten. But the moral effects were equally marked. Poverty remained, but the victims had more spirit to fight it. People discovered that by relying upon themselves instead of protection from above, life had much more to offer. Respect for their own powers in providing for their material needs enhanced their dignity as men and citizens. Feeling that honest effort was rewarded more than political intrigue, they respected the property of others and the laws that protected it. At the beginning of Victoria's reign crime was rife and pauperism widespread; by the close, the incidence of crime had declined to a quarter of the earlier figures and pauperism perhaps even more.

If recognition of an important, though not all-comprehensive right, had this effect, and if the Charter's view of human rights as claims on society is correct, one would expect similar effects to have become evident during the last twenty years, during which Western governments have increasingly implemented the Charter's view, and indeed extended it to industries. Yet who could say that the standards of self-respect and public spirit have risen; that peoples, classes and individuals are more at peace with each other; that life and property are more secure; that confidence in freedom is firmer?

The record suggests that to systemise state relief for all as a human right can never bring happiness. The general malaise threatens to erupt in violence as blind and selfish as that which preceded the downfall of previous civilisations. The riotous demand is not for recognition of human rights. Students on public assistance demand more assistance and fewer obligations to the society that supplies it. Closed shop trade unionists do not strike to assert the right to work but to monopolise it. Consumers are exploited by private and state monopolies; taxpayers are subjected to arbitrary and crushing imposts; elderly savers are robbed by debasing the reward of thrift; land users have to pay an ever-increasing toll to land owners; but none of these victims think of invoking the United Nations Charter of Human Rights. If they did they would find no specific Article to protect them.

It is absurd to expect that this tide can be turned by ceremonious professions of well-meaningness, by hoping

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● Ronald Rennie presenting the Silver Salver to Vic Blundell.

Farewell to Vic, the dedicated campaigner

AS OUR regular readers will know, Tuesday, 22nd December, 1981, was VHB Day: the day on which, having reached the age of 70, Vic Blundell officially retired from his duties at 177 Vauxhall Bridge Road, and those of us who were able (72 in all) met together at a dinner at the Piccadilly Hotel in London to mark the occasion in an appropriate manner.

The collection that had been started in October, 1980 had produced a sufficiently large sum to enable us to purchase a handsome silver salver (which we had engraved with the words "TO VIC AND LOUIE FROM THEIR GEORGEIST FRIENDS THROUGHOUT THE WORLD - 22nd DECEMBER, 1981" and still leave a cash balance of £2,000. This amount (in the form of a cheque) and the salver, together with a gift card bearing the signatures and good wishes of all contributors, were presented to Vic by 81-year-old Ronald Rennie from Glasgow, who has himself been in the land-value taxation movement for 60 years and has been a member of the United Committee for some thirty of these, for most of which time he was on the Executive. In his presentation speech, Mr. Rennie summarised Vic's career with the movement and paid tribute to his untiring work and complete dedication.

Louie Blundell, who, over the years, has made her own contribution in many ways (not least of these being acceptance, without complaint, of the frequent occasions on which she has had to take second place to "the cause") was presented with a bouquet by Reg Smith.

Jim Busey, Professor Emeritus in Political Science at the University of Colorado, USA, then presented to Vic a Special Resolution, drawn up by Dr. Bill Filante of the California State Legislature, in recognition of Vic's activities and achievements.

Following this, the Master of Ceremonies, Ron O'Regan, read out tributes and goodwill messages from: Bob Clancy, President of the Henry George Institute, New York, and of the International Union Bill Pitt, Treasurer of the Henry George Foundation of Australia
Jerry Stovin of Calgary, Alberta,
Yoshisaburo Yamasaki of Japan
Mirta and German Lema of Colombia, South America
Ron and Jill Banks, who were snowed up in Wiltshire
Shirley-Ann Hardy of Pritochry, Scotland
John Kemp of London (but, at the time, holidaying in Switzerland)

The many other messages received had, since they were too long to include in the gift card, been incorporated into a file which was given to Vic.

Vic then took the floor to express not only the thanks of Louie and himself for the gifts and messages but also his appreciation of the loyalty and support he had always received, right from the start of his connection with the movement, from so many members all over the world.

Finally, Fred Harrison spoke of the debt of gratitude owed to Vic by younger members of the movement, such as himself, for introducing them to the works of Henry George and pointed out what a major role Vic had played not only in London and the UK but in the worldwide movement.

For the benefit of the very many contributors who were unable to attend the dinner, Vic and Louie have asked us to reiterate, through the medium of this journal, their heartfelt thanks for the beautiful salver and generous cheque and to say how deeply touched they were to receive not only these material gifts but also the numerous tributes and good wishes.

E.N.

that justice can be done without injuring those who profit from injustice, or by merely ringing the changes in prevailing ideas. It can be turned only by giving a different direction to thought on social affairs. A beginning might be made by a new and arresting re-statement of human rights, capable of showing normally intelligent people that if essential rights previously overlooked were now acknowledged they could live and prosper by their own efforts, without having to interfere with others.

The inconsistencies and evasions of the Charter appear, on examination, to have arisen from the perception that under what was called freedom the mass of people found and still find themselves threatened by poverty and unemployment, so that any new statement of human rights must somehow help to allay this fear. The sponsors of the document had either to show that these evils were caused by violation of essential rights, and to denounce such violation, or to re-state human rights in such a way as to accord with artificial measures of protection and relief, as if these evils were natural and inevitable. They chose the latter alternative and produced a document which the most selfish land owner or trade monopolist could sign; but it has done little or nothing to enhance the value of human rights in the eyes of the people; the indifference is general. Only after long disappointed hopes and aspirations have Western peoples turned away from the ideal of self-reliance, but they still cherish it instinctively in their hearts. If a re-statement could satisfy both the logical understanding and the innate urge to be free, people would not remain indifferent.

The weakness of earlier declarations has been the failure to emphasise the essential conditions of human life within which all the rights of man must be exercised. Yet the key is to be found in common knowledge and observation. It seems a truism to point out that man and every one of his requirements, all drawn from animal, vegetable and mineral resources, go back to the earth; but it is a truism almost always ignored in relation to social questions. If the first of human rights, that on which all others depend, is not the right to land, everybody's conception of the world about them is mistaken. But if they are not mistaken, and as there is nothing in the order of nature to show that any individual has more right to land than another, then the first consideration in a synthesis of human rights is to ensure that rights to land are free and equal. Insofar as this right is denied, other rights cannot be freely enjoyed; they must appear in practice to be insufficient, and however reluctantly, people will surrender their rights in return for some form of charity, genuine or compulsory.

LEFCOE'S LAND SPECULATORS

SIR — Your article in the November-December issue entitled *Professors and the Land Tax* contains passages by Professor George Lefcoe upon which I cannot refrain from adding my own comments.

Professor Lefcoe's belief "that there is a role to be played by land speculators" means, I suppose, a useful role. He is quoted as saying "... speculators hold land out of use which ought not to be put to immediate use." Says who? If land use where I live is to be manipulated by forces other than the natural laws of the market place I want that manipulation to be done by my duly elected representatives to the government, not by self-appointed regulators who obtained the power to regulate through the ownership of land. If the time has not yet come for the more ambitious use of a piece of land the rent will reflect that fact. What is the harm if a man wants to build a single family house on it? Or, on the other hand, if it is true that the particular land in question ought to be held for a few years pending a future highly beneficial use, then the owner will be able to hold the land even if he must pay the land rent to the government

LETTERS

as a tax. In a sense he will still be speculating, but in land use instead of in unearned profit from land ownership.

The other point I wish to deal with is the other prong in Professor Lefcoe's "two pronged attack" on land-value taxation. He speaks of the possibility of a net loss to society from adopting land-value taxation, using the rising and falling of land values in his calculations. The Professor has lost sight of something he surely must know. Land value is not wealth. The rental value of land is how much wealth already produced must be given up in order to obtain the privilege of using the land. The market value of land is the capitalization of the net rent. This is wealth the owner can obtain but not wealth he has produced. The rise and fall of the market value of land does not measure the increase or decrease in the amount of wealth society possesses. The gain or loss to society must be measured in terms of increase or decrease in productivity. Only if collecting the economic rent as a tax would lead to decreased production of wealth would society sustain a net loss.



● **George Lefcoe**

It is the *failure* to collect the land rent as a tax that has already led to decreased production. Collecting it would relieve labour and capital of the burden of supporting the land monopoly. Maldistribution of wealth would disappear. Productivity would be limited only by the limits of ambition and capability of the producers and by the earth's ability to supply the raw materials and absorb the waste.

In the professor's illustration, if the land rent is collected as a tax in both location I and location II then there must be some reason other than the influence of taxation that has led to greater improvements in one area than in another. The rise and fall of land rents does not initiate but follows the economic changes that occur in a given location. If a new and better highway is built in location I but not in location II then rents will rise in location I and not in location II. The residents and businesses in each area will then be paying for what they are getting.

Establishing land-value taxation may hurt some of Professor Lefcoe's precious land speculators but it will certainly never lead to a net loss to society.

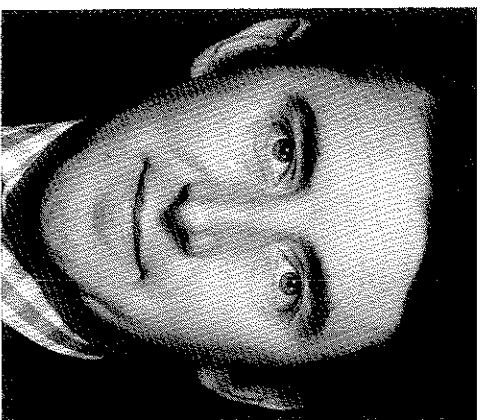
LAWRENCE D. CLARK, SNR.,
Medfield, Mass, USA.

William Edward Enright

WE ARE sorry to report that Bill Enright died, at the age of 78, on January 6, after a massive stroke. He was an outstanding and lifelong advocate of Henry George's philosophy.

His sister-in-law, Mrs. Betsy Harris of Kimber Henry George League, writes: "Bill came to our farm 60 years ago to work for my father, the late James A. Sampson, who introduced him to Henry George's ideas and practical proposals. Bill was a sincere believer in absolute freedom and considered *Freedom the Only End* one of the best contributions to Georgist literature."

Mr. Enright's funeral was held in Adelaide and among those who were present and paid tribute to him were Mr. Lewis Ellis and Mr. George Jukes.



● **David Steel**

ALLIANCE FOR WHAT?

SIR — For close on a century the Liberal Party has advocated the breaking of land monopoly by means of the taxation of land values, but at its assembly in 1943 this policy was undermined by a resolution supporting a scheme to purchase land that would endow privilege at public expense. The Party also abrogated the old free trade gospel of Liberalism, passing a resolution which declared that the reduction of British tariffs was a matter of reciprocity dependent on international agreements.

Gravely concerned with this betrayal of the principles of Liberalism, a few well known Liberals formed the Liberal Liberty League in an attempt to rescue the party from the slippery slope of State paternalism and serfdom.

We were opposed by Jo Grimond and his Radical Action Group, who including David Steel, have led the party into decisions favouring the extension of State subsidies, patronage and control over a substantial part of commerce and industry. The recent alliance with a group of the Socialist Party signifies the demise of the Liberal Party as such.

The true concept of a Liberal society is, that men cannot authoritatively plan and impose a good life upon a great society, that this can be entertained only by men who do not realise the potentiality of personal effort, or the infinite variety of human purposes.

The Liberal objective is not a society committed to the decisions of a few finite politicians here and there, but to the whole genius of mankind made free from arbitrariness of any kind. Retribution cannot long be delayed.

STEPHEN MARTIN,
Fordingbridge, Hants.

ZONING

The Problem Exposed, but Solution Shunned

LAND is the only thing in the world that amounts to anything... for 'tis the only thing in this world that lasts, and don't you be forgetting it! 'Tis the only thing worth working for, worth fighting for... worth dying for." And thus the tone is set by Peter Wolf, quoting from the all time best seller *Gone With The Wind*.

Quotes, anecdotes and a plethora of information on land permeates *Land In America*. Sentence by sentence and paragraph by paragraph, the author demonstrates the multi-faceted causes of land values. Zoning, federal legislation, tax laws, land speculation, access and migration are all subjects developed in this interesting presentation of 600 pages. But alas, one flaw emerges — one of perspective.

Peter Wolf is a planning consultant to governments, corporations and private landowners, and has published on a wide range of subjects connected to land use, land values and planning. In dealing with planning, legislation affecting land, and an historical perspective of the importance of land, his narrative is impeccable. However, as he meanders into the realm of economics, notably as it relates to land speculation and taxation, there is much to be desired. Professionally, his thoughts are moulded by his clients' desires, and that may account for his limited horizons.

BY STAN RUBINSTEIN

Notes on buying and selling a continent — a chapter focusing on a brief review of land in this country — offers insight into land's imprint on the American scene. Through a series of brief vignettes and short commentaries, land itself becomes the focal point, as well as what happened on it and to it since white settlement. Methods of land acquisition by the federal government and its disposal to the private sector, are presented to make more understandable our situation as a nation of mixed private property and public ownership.

Federal Lands: Public Wealth and Private Privilege — a section devoted to public lands, details the extent of government ownership of land, about one third of the nation's total acreage. Illustrating the narrative with charts and graphs, the author depicts who owns the land and how it is regulated. Various departments are responsible for its use and regulation — the Bureau of Land Management having the most control. And the economic activity or the lack of it, can have an important impact on our economy. Marion Clawson, noted land economist, states that the total economic activity on the federal lands, including sale of goods, and foods and products derived from the land in 1957 accounted for about ten per cent of the Gross National Product, a sizeable amount. What industry has that much economic clout?

Most of our energy reserves are on or under public land; half of our oil and natural gas reserves, 40 per cent of our coal and uranium, and 80 per cent of our shale oil. These lands, or part of them are leased, but most are controlled by about one dozen corporations. Leasing of coal resources is an interesting example of how our natural resources are distributed — a sorry example of what can happen when government owns the land.

The New York based Council of Economic Priorities claims that the leasing of our coal resources is a "give-away" of public resources. Lease prices paid the federal government several years ago averaged one dollar an acre, state governments collecting an average of 41 cents an acre. An insignificant amount to pay for the use of our natural resources. Is it any wonder that a majority of these leases are not producing coal, but are being held for speculation? At these prices, what corporation would act differently? The five largest federal leaseholders control about 31 per cent of federal coal leases. And the largest? Exxon Corporation.

Recognizing that many factors affect land value, all of them external to the landowner, Peter Wolf, in his numerous commentaries, fails to identify the culprit. Although sympathetic to the injustices and inconsistencies of leasing, as with other areas affecting land use, he continually avoids coming to grips with the central problem.

Again, in his discourse on zoning and its effect on land value, he admits that through rezoning the manipulation of value is engineered by experienced politicians and land investors. Zoning, he claims, is the single most decisive arbiter of land value in America. With the first shoe dropped to the floor, one impatiently waits for the other, but to no avail.

Quoting Churchill that "unearned increments in land are not the only form of unearned or undeserved profit, but they are the principal form of unearned increment, and they are derived from processes which are not merely not beneficial but positively detrimental to the public" does not prevent Peter Wolf from stating that a high tax on land is unsound. Along with Churchill, Henry George, John Stuart Mill and Lowell Hariss are included as advocates of a land-value tax. Devoting scant space to their ideas, he shuns the merits of this tax, failing to recognize any connection between his solution and all the problems he dwelt on.

"There would be a deluge of selling, or at least of offering. Land would be available everywhere at lower prices... New construction would on the contrary, occur just as it does today; where the land is comparatively inexpensive and where there is a projected market demand. On a comparative basis, underdeveloped land all over the land would deflate. But the new tax on land... might also produce considerably less revenue than anticipated... It would also lead to runaway windfall profits for the owners of improved real estate, the very individuals who benefit directly and most extensively from federal regulations today."

Had Peter Wolf's research been as thorough in the areas of land-value taxation as in other subjects connected to the causes of increases in land value, he may have avoided these fallacious arguments.

Notwithstanding his myopia in economic matters, "Land in America" is well organized and professionally researched. Twenty-five pages of a bibliography can assist anyone who wishes to further study this area. Missing from his list of hundreds of books, however, are those dealing with land-value taxation.

● *Land in America: Its Value, Use & Control*, by Peter Wolf, New York: Partheon, 1980, \$20.

THE FRENCH call it a *residence secondaire*. We call it a second home or a holiday home. If you have one in rural Wales you run the risk of having it burnt down by arsonists. If you have one in some other part of the United Kingdom the risk from the firebrands may not be so great but the chances are that you will still be blamed by the younger members of the local community for their not being able to find a place to live in their own home village.

In *No Homes for Locals*, Mark Shucksmith concedes that the growing demand for second homes in rural areas is not the only factor that leads to young newly-weds being condemned to long years of living with mother-in-law or to even longer years on the waiting list for council homes. But he sees it as a major influence, and he concludes that more of the taxpayer's money ("a significantly greater commitment of public resources") is needed if the poorer inhabitants of attractive rural areas are to have a decent roof over their heads.

Mr. Shucksmith's approach to his problem is theoretical rather than practical. He gives no hard evidence of poverty in the shires. He paints no picture of squalid living conditions among the poor contrasting with the gracious opulence of the well-to-do. He merely "proves," with the clinical objectivity of the academic, that, in the sphere of housing, the free market produces results that are neither efficient nor equitable. As he sees it, the disparity between rural and urban incomes leaves the countryman at a distinct disadvantage when the affluent town-dweller moves into the

Commonwealth Games at risk over native land rights

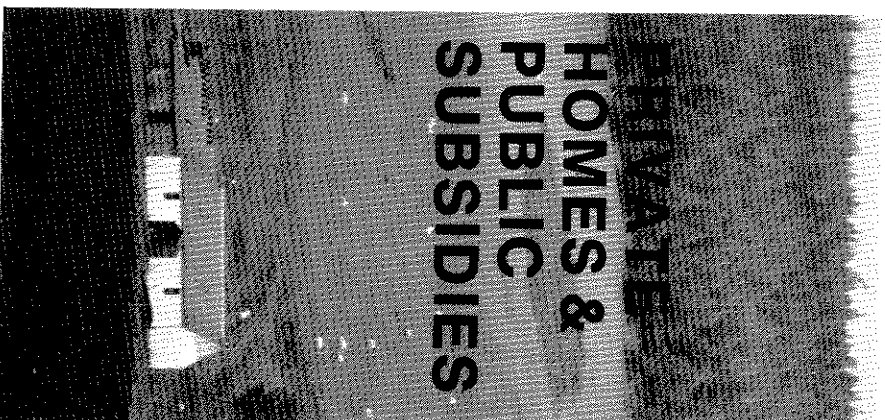
AUSTRALIAN aboriginals are threatening to disrupt this October's Commonwealth games unless land rights are granted to them.

The government in Queensland, where the games will be staged, has one of the poorest records for recognising that the original inhabitants of the continent have rights to land.

And now Mr. Charles Perkins, head of the Aboriginal Development Commission, has warned that there would be no Commonwealth games unless justice was done to Queensland aboriginals.

The state government has been reluctant to grant freehold land rights because of a conflict over the ownership of mineral deposits.

PRIVATE HOMES & PUBLIC SUBSIDIES



local housing market. The price of houses, driven up by the demand of the urban invaders, moves constantly beyond the reach of the locals. Add to this the inadequacy of local authority house-building programmes (there is never enough money to do what is needed), the decline in the number of houses for rent (blame the Rent Acts but we have to live with them) and the blighting effect of planning restrictions (to conserve the countryside) and you are led inexorably to the conclusion that government intervention is morally justified and economically sensible.

Of course, some local government authorities have already made efforts, within the powers that they have, to even-up the scales for the locals. In the Lake District, for example, the Special Planning Board uses its powers under Section 52 of the Town and Country Planning Act of 1971 to "restrict completely all new development to that which can be shown to satisfy a local need." Its intention is that there should be "no expansion of towns or villages outside their existing boundaries; infilling plots will be reserved for local use as they arise..." The effect of this policy has been to reserve all new housing for "people employed or about to be employed locally, or retired from local employment."

Unfortunately for its advocates, the policy has succeeded only in diverting the demand for second homes and holiday homes into the market for existing housing. This already handles about 80 per cent of all house sales in the area and prices, under the impetus of the increased demand, now threaten to reach a new high. All the signs are that the policy will fail to help local people. First-time local purchasers will still find new houses beyond their means, while existing houses will now be even more expensive than before.

Where, then, should we look for a solution? Depressingly, Mr. Shucksmith merely hands the problem to central government. The only answer he sees is a "re-allocation of resources in favour of rural council housing provision." Where, apparently, private enterprise has failed, the state must step in and provide.

Mr. Shucksmith's book is a useful glimpse of the problem – in the same way that an aerial photograph is a useful glimpse of a battlefield. But just as a photograph merely shows the dispositions on the surface, so the book confines itself to the facts immediately apparent to the onlooker. The author observes, for example, that "The essence of the housing problem in rural areas is that those who work there tend to receive low incomes..." But he does not concern himself with the reasons for the low incomes and whether the circumstances are just or unjust, susceptible to change or immutable. He does not reflect on the extent to which a change in the incidence of taxation relating to land might make agriculture more productive, with consequential benefits for those working in it. Nor does he consider the question of how, in any event, the level of those incomes might be expected to rise as the area concerned developed from a farming community into a holiday area with a rising demand for different types of labour. Surely experience in the development of holiday areas, both in Britain and overseas, could provide relevant data?

The book leaves the reader with a feeling that it is only Part I of a deeper study; that it focusses on effects with little concern with the causes, and that, before anyone rushes to the central government for more subsidies and handouts, further research is needed into the wage levels of agriculture and into the circumstances that depress them.

BERT BROOKES

Tories sidestep SVR

IN RESPONDING to the popular clamour for the reform of local taxation by offering substitute methods for consideration, it was to be expected that, because of the influence of a strong sectional interest, political considerations would prevail over economic and moral ones.

The landed interest is well represented in the present Government and it may be taken for granted that this interest has not remained silent on its attitude to property taxation which, in the domestic section, it is proposed to replace with some other form of tax. Thus site-value rating is not even considered as an option for domestic rating by the Government in its Green Paper. This is not surprising *if the opportunity is to be seized to abolish property taxation regardless of what takes its place*; for the present system of taxing domestic and other rateable property is such that (in an indirect, clumsy and invidious way) land values provide a substantial part of local revenues. It can be seen therefore why site-value taxation, which concentrates the burden *wholly* on land values, is not popular with the present Government and is judged by it as best ignored.

The abolition of taxation on landed property would make a gift to land owners, who would capitalise this ultimate rate relief in higher prices or rents, as they have done with every other form of rate relief to date.¹

However, for the present, the Government's Green Paper does not propose to abolish the domestic property rate but to supplement it with some additional form of revenue, a poll tax appearing to be the favourite. Under this scheme, everyone on the electoral register would have to make a contribution.

The options that are rejected after some consideration, are taxes on vehicles, tobacco, alcohol, and petrol. Those that qualify for further consideration besides the poll tax are a local sales tax and local income tax, the practical problems of which are acknowledged.

Among the various criticisms given of the existing system of rating domestic properties, is the popular one that earners who are not householders make no contribution to rate revenue. But hotels, lodging houses, guest houses etc., must have as much regard for rates in their charges as they do for lighting, heating and cleaning. And households that have several wage-earners must have regard for the same overheads when contributions to household expenses are agreed. But this argument, like the "ability to pay" and similar arguments, is no more relevant than those presented in favour of the options advanced as substitutes for the present system. The central issue is that there are public "wages" available for public services – "wages" (in the form of site-values) earned by the presence and activities of the people in their everyday transactions within the community – and no other sources of local revenue should be considered while this source, created and sustained by the people themselves, remains untapped.



CRITICISM of rates – the local property tax – always goes down well at political meetings, says British Liberal MP Stephen Ross, "but it would be more honest to mention the fact that most alternatives are likely to prove equally icky. When the Irish Republic abolished rating a few years ago the citizens soon took to the streets protesting at the high rates of taxation."

ALTERNATIVE TO DOMESTIC RATES*

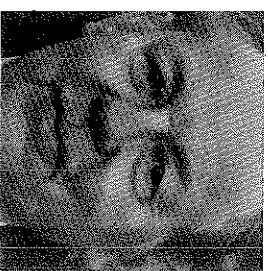
The Government, in response to continuing discontent with the way in which local people contribute to the cost of local services and the specific dissatisfaction arising from the notion that local people who are not householders make no contribution, has published a Green Paper which offers for public discussion alternative methods of raising local revenue. The Paper considers ways in which the domestic rating system might be improved and describes a number of possible alternative systems.

The Government says that the intention in publishing the Green Paper has been to set out the options and draw attention to the considerations involved in each of them and to suggest ways in which difficulties could be met, without at this stage setting out a preferred strategy or firm proposals.

The Government invites comments from local government, professional bodies, commerce and industry and the public on the issues raised by the Green Paper and submissions should be sent to The Secretary of State for the Environment by 31st March, 1982.

*HMSO, London, £4.75.

By Vic Blundell



Abolishing or reducing rates on houses may or may not be balanced by a poll tax for some home-owners, but those seeking to buy for the first time will be in danger of paying twice – once in the poll tax or other substitute and again in the price of houses, which will ultimately reflect the absence of the property rate.

There can be no legitimate excuse for not giving consideration to site-value rating. Evidence in full, and by answers to specific questions, was supplied by the United Committee for the Taxation of Land Values to the Department of Environment at their request just prior to the publication of the Green Paper.

As mention of site-value rating in previous government papers on this subject has merely consisted of attempts to make a case against it – attempts have been distinguished by a lack of understanding and by spurious arguments – it can only be that, faced with no new objections worth offering, the issue has been avoided for political reasons. The fact that site-value rating has been applied in a number of other countries for many years as a primary or sole source of public revenue would make its omission incredible were it not for the reason stated.

All that is required for site-value rating to be adopted here is to change the basis of assessment of properties from the composite value of land and buildings to land alone – in itself a great saver of time in valuation. Then there will be no need to experiment with extensions of national taxes and other bottom-of-the-barrel substitutes.

The whole argument for site-value rating need not be spelled out here but, if only as a defensive measure, the abolition or dilution of present property rates must be strenuously resisted.

REFERENCES

1. See *In Defence of Rating*, T. A. Ende, Land & Liberty Press, 10p.

WERE he alive to-day, Lord Beveridge would probably be having considerable misgivings about the consequences of his celebrated 1942 Report. His aim was to abolish want, and he proposed to do this by a "combination of security, enterprise and social service, redolent of old-fashioned Liberalism."

But the Welfare State of the mid-20th century, that monster of state paternalism that eventually emerged from the dark-room of socialist witch-doctory, was far removed from what Beveridge had in mind. If he had lived to see its full development, to see his modest humanitarian concept frantically dedicated to the organized molly-coddling of the whole population from the cradle to the grave, he might well have come to accept the criticism of one London businessman who said, in 1958: "The inventors of the Welfare State have much to answer for. In its very essence, it is the most degrading political philosophy which has ever betrayed a country."

Today, the Welfare State lumbers on like a runaway elephant, no one sure of where it is going. Under the impetus of politicians spending other people's money, the field of its largesse has spread far beyond the original concept. Its spending is now such that the ingenuity of Chancellors and their Treasury aides is stretched to the limit to accommodate it in their Budgets. The taxes to support it now reach down to the very poorest, even to those receiving its benefits.

Inevitably, few are satisfied. Those in work, who provide the wherewithal, resent the burden of taxation, and the black economy flourishes. Those receiving its benefits condemn them as inadequate; yet the incentive to work declines. Continuing high inflation reflects the failure of successive governments to contain the welfare Frankenstein monster.

And now we have Arthur Seldon, in a recent IEA paper,³ forecasting that, under the pressure of economic and social change, the apparatus of the Welfare State will not only become increasingly ineffective but will, in the not too distant future, qualify for the last rites.

To Mr. Seldon, the basic vice of the Welfare State is that it no longer seeks merely to provide *minimum* income during the emergencies of ill-health or unemployment (the "prevention of inadequacy"). Its aim now is the "pretence of equality," the imposition of maximum standards for all. The former state, with people free to rise above the minimum, would have been compatible with a free society. The latter, which amounts to "equality by coercion," is not.

Not only is the Welfare State incompatible with individual freedom, it is also wasteful and inefficient. As an example, Mr. Seldon compares the "mediocre medical care" of the British National Health Service with the "widest insurance systems abroad, especially with the medical variety and the most advanced innovations" of medical services in the USA. In the NHS, where, to both doctors and patients, "someone else is paying," there is little incentive to economy, costs become inflated and value for money takes some finding. Abroad, where private insurance financing is common, the patient with consistently high claims is noted and can be required to pay higher premiums.

CORRECTIONS

We regret two errors in our January-February issue. In *Protection and the Welfare State* by Nick Blittch: page 9, third paragraph, the word "minimum" should have immediately preceded the words "state intervention". In *Community Rent or Land Bank* by David Redfearn, page 4, column three, (c), the word "no" should have preceded the words "better off."

MONSTROUS WELFARE

By Wyckham West

So Mr. Seldon sees the writing on the wall. He envisages that, despite the rapacity of taxation, incomes will continue to rise and the desire for private education, medicine, housing, pensions and unemployment insurance will become a tidal wave that nothing will hold back. At the same time, the people's native resistance to being clobbered by taxation, linked with inevitable growth in tax avoidance and evasion, will undermine the financing of the present system. People will insist on their democratic right to choose. And aided by technological progress (computers, television, video etc.) private enterprise will progressively develop facilities to satisfy the demand.

Mr. Seldon sees two major factors supporting his forecast: the working of the market and the rise of the Social Democratic Party. In the end, he believes, market forces are irresistible. In the end, it will be market forces that will compel the Welfare State to yield to private choice and technological advance.

But politicians can help the inevitable to come about. The Labour Party, he suggests, will not rule again; it is the party that would insist on maintaining the Welfare State by coercion and will be abandoned by those who see the folly of such a policy. The SDP, on the other hand, will be swept along by the tide of Liberalism. It will attract to its ranks people determined to escape the leg-irons of State direction and intent on their right to choose.

Mr. Seldon's argument commands respect. And the prospect of political parties competing in their liberalism is pleasant to contemplate. But his paper fails to consider why the Welfare State was needed in the first place and to what extent the economic and social problems that led to its birth have been resolved.

The answer must surely be that nothing has changed in Britain since Beveridge to eliminate poverty at its roots. The Welfare State does not attack causes, it only conceals effects. History shows that technological progress, while conducive to the total production of wealth and the raising of *general* living standards, leaves in its wake an army of unfortunates entangled in a web of unemployment and poverty. While the causes of this economic distress remain untackled there will always remain a need for State welfare to provide for its victims.

The tragedy of William Beveridge is that his "old-fashioned Liberalism" did not, apparently, include facing up to the Land Question, the age-old controversy which lay exercised the *radical* liberals of his early life and which lay then, and still lies to-day, at the root of the unemployment and poverty which bedevils developed society.

REFERENCES

1. Maurice Bruce, *The Coming of the Welfare State*, Ch. 8, B. T. Batford Ltd., 1968.
2. J. Gibson-Jarvie, Chairman of United Dominions Trust, quoted in *The Observer*, 'Sayings of 1958', 21 December, 1958.
3. The Institute of Economic Affairs Occasional Paper 60, *Wither the Welfare State* by Arthur Seldon, 1981.



The US: haven from Poverty?

BOB CLANCY writes from NEW YORK

ONE YEAR LATER, Reaganomics is on the defensive. President Reagan's economic programme of tax cuts and budget cuts to revitalise the economy is running into trouble, with conservative as well as liberal critics. A recession is under way, unemployment is up, the tax cuts have not produced the increased investments that were anticipated. Wrestling with the budget has yielded a deficit of approximately 100 billion dollars and the national debt has reached a trillion dollars for the first time in history.

It is estimated that 90 per cent of the taxpayers will not gain from the tax cuts. Furthermore, the states are deploring the "new federalism" that reduces their financial aid from the federal government, thus requiring them to increase their own taxes.

There is also widespread criticism of the social costs of the Reagan programme. Too many people have become dependent on government payments and too much suffering is anticipated in the process of bringing down inflation. The economy has become accustomed to pervasive governmental involvement and redistribution, and this is not so easy to untangle as Reaganomics and supply-side economics so bravely supposed.

The unsolved economic problems lie deeper and remain mostly untouched.

BAFFLED ECONOMISTS, unable to diagnose the troubles in our economy would do well to look at the soaring price of land.

Two organisations in Washington have recently issued studies to this effect. The Worldwatch Institute reports that "the cost of land has been the single most important housing problem over the last decade." In 1949 the cost of land for a new home averaged 11 per cent of the cost of 1980 it was 23 per cent. In rapidly growing cities there were dramatic rises. Land costs quadrupled in San Diego and tripled in Seattle between 1975 and 1980.

The Homer Hoyt Institute issues a *Land Review* newsletter about land cost. A recent issue had the following story:

"A California land investor, David Michaelson, says his favourite story has to do with a downtown parking lot in Denver, which purportedly changed hands four times in 12 months, while the price increased by a factor of six. The hands all belonged to Canadians. Some Canadians bought it for \$100 a square foot and sold it 30 days later. Thirty days after that, the buyers sold it for \$250 a square foot. Then, those Canadians sold it in 90 days for \$400 a square foot, and the next buyer double-escrowed it and sold it for \$600."

Canadians own more agricultural acreage in the U.S. than any other foreigners. Would you believe that the

Dutch Antilles, Hong Kong and Liechtenstein are among the top ten foreign countries represented by ownership of U.S. agricultural land? High as land prices are in the U.S., foreign investors find them a bargain.

BANKS are in trouble these days. High interest rates are causing many of them to pay out more than they are taking in, and depositors are withdrawing more money than they are putting in. Numbers of bank failures are recalling shuddery memories of the 1930s, and big banks are gobbling up little banks. *Barron's*, a business weekly, offered this humorous advice to ailing banks:

"(1) Stretch out losses over the life of the auditor.
(2) Merge with another sick bank and change your name. That way, it could take twice as long to go under, and, in any case, your creditors will have trouble finding you.

(3) Go into the oil business."

As for (1), stretching out losses is already being practiced. In the case of (2), mergers and changes of name are certainly taking place. And (3) is not bad advice. While the oil business raked in lush profits. The banks, symbols of big bad capitalism, are showing themselves to have feet of clay. Better to have your feet in an oil well or some other natural resource.

NEW YORK has its full share of problems, with a deteriorating transit system, pollution, strikes, blighted areas, etc. But New Yorkers according to a poll taken by the New York Times regard crime as the most serious of all the city's problems. Indeed, crime has worsened. In 1981 had the doubtful distinction of seeing more murders committed in New York than any other year – and 1982 started off at a good clip. Muggings and burglaries are on the rise, and the story is similar in other big cities.

There is a demand for more police, swifter trials, more severe punishment (including a return of the death sentence). But the judicial and penal systems are already overloaded. With crime at epidemic proportions, it's time to look at the social causes of crime and do something about that.

ILLEGAL IMMIGRATION into the U.S. continues at a steady pace. Mexicans cross the border almost uninterrupted, despite sporadic efforts to restrain them. Since their labour is available at low pay – but higher than they get in their own country – employers are not anxious to report or deport them.

A recent influx is from Haiti. Desperate to escape from grinding poverty and an oppressive regime, Haitians climb into frail boats risking their lives (indeed many have lost theirs) trying to get to the U.S. Their welcome is less than idyllic and they are herded into detention camps. Nobody knows how many illegal immigrants there are in the U.S. – estimates run to ten million. Groups agitating to stop this influx might ponder the words inscribed on the Statue of Liberty:

"... Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore.
Send them, the tempest-tossed, to me."

Many Americans seem to have changed their minds about that, forgetting that America was a haven for their own forebears who were escaping poverty and oppression and looking for better opportunities.