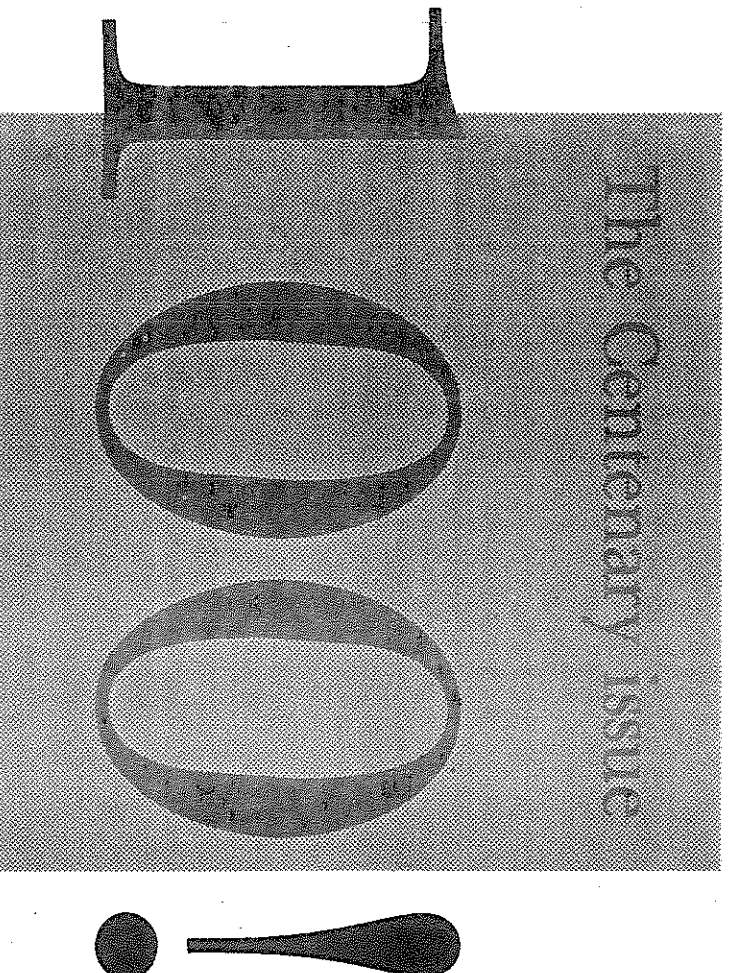

LAND AND LIBERTY

ECONOMICS • POLITICS • PHILOSOPHY

DOUBLE ISSUE March / April ∞ May / June 94



100 YEARS : AND STILL GOING STRONG

LAND: VIVE LA DIFFERENCE!

AFRICA: A POLICY FOR MURDER

RUSSIA: THE REACTION

LAND

AND LIBERTY

Volume 101 No 1168/9

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EDITORIAL

LAND: VIVE LA DIFFERENCE!

CHINA'S socialist economists are not the only ones who are confused over land and rent (see Essay: page 7).

Market economists continue to insist that land is no different from labour and capital. Conceptual artistry is employed in defence of that claim. For example: both labour and capital can command "rent" - according to the way neoclassical economists have chosen to redefine the classical concept of economic rent. In practical terms, then, that removes the difference with land!

In the real world, there is a difference; the difference between prosperity and poverty; between a humane society and a system at war with itself.

• Wages and profits are necessary to reproduce workers and capital, without which labour would die, capital would decompose. Rent is not necessary, in this sense, because land is not reproduced! Rent is not the measure of the cost of production.

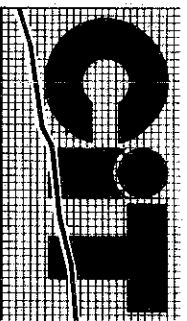
• Workers cannot capitalise their wages; try explaining to your boss that you require a million bucks - 20 years' wages up-front - before you work for him! Owners can capitalise the rent of

land into a selling price; if they are clever, they will lease the land, so that it reverts back and can be re-leased to the next user!

• There is a selling price for capital, but this is related to the cost of manufacturing the equipment. Land has no cost of production, so the selling price - from the owner's point of view - is no more than permission to let you use his land.

• If someone offered you land and capital of equal current cash value, which would you choose? The resale value of equipment is a declining one; capital depreciates, because it is perishable. Land does not perish, and its value increases with time.

This is not to say that rent is unrelated to benefits. It is. Land-owners may not provide you with anything (other than a right of access). THEY do not provide you with anything that was not already there, in the first place. But the price of land does, in part, reflect a real value: the value of the costs of producing public services, the benefits of which become accessible to the occupier of the site. (The rest of the rent is the value of services provided free by nature.)



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July 4, 1994

Dear Colleague,

The UK Fund

Land & Liberty has served its readers for 100 years. During that time, advocates of the philosophy of Henry George have tried to explain how to create the nearest thing to heaven on earth. Innocence may be lost, but a Garden of Eden was within grasp: *nature is not niggardly!* But ever since the high point in the 1890s, when Henry George himself led the campaign for social reform, explaining the preconditions for a decent society has become increasingly difficult. Curious, isn't it? Not really. The failure of Georgism was no accident. It was planned.

As you will see from Julia Bastian's feature on the *Life and Times of Land & Liberty*, in the centenary issue, the Georgist impact on the consciousness of the world has progressively diminished. Time and again, just as we were on the verge of making an impression - our efforts fizzled out...

Six years ago, London's Georgists decided that enough was enough: it was time to take a grip on the destiny of the Georgist philosophy. I read back through *Land & Liberty's* files. There was no mystery about what was going on: we were engaged in a Dialogue of the Deaf.

There had to be an explanation: people are not stupid. So why didn't they understand? Without an answer to that question, we would get nowhere. I wasn't about to devote my life full-time to speaking to a brick wall, so the hunt for the answer was on. The answer, we now know, reveals one of the most diabolical betrayals of integrity in the history of scientific knowledge.

We plan to tell that story in *The Corruption of Economics*. What it boils down to is this. To stop Henry George, they had to steal our language. By stealing our language, they stole our minds. By stealing our minds, they stole our lives. Melodramatic? I am afraid not. One of CIT's consultants - a world authority on heart diseases - has prepared a study for us which explains how the social system is lopping years off the lives of millions of people: the citizens of *your* countries, not the folk in the Third World.

To gather the evidence, CIT invested its severely limited resources. We are now ready to "go public" with our findings. At this point, I have to turn to you for help. We need money to help us finance the next stage of our campaign.

One stream of action is the publication of nine books in three trilogies. The first trilogy is slated to come out late this summer. In the second volume - *Land & Taxation* - we begin to reclaim our language; the language of the classical economists, the language that I believe will help us to remove the scales from people's eyes.

Three professors of economics from the United States have contributed to *Land & Taxation*. They worked for nothing. All they ask is that we provide them with a worthy platform. I told them that, this time, no expense would be spared: and that when we went into battle, there would be no repeat of Custer's Last Stand.

Time and again, Georgists have been cut down like flies, their opponents treating them with contempt. But I am not in the business of planning another Charge of the Light Brigade massacre. This time, the battle will be on our terms: literally.

The place is here. The time is now. Will you join us?

In Russia, we proved that we could take on a tough challenge. The finest testimonial to our campaign to explain Georgist tax principles is now being paid by our opponents. We crept up on them, and they are now scrambling to muster their forces. Relish the words on page 21 of the centenary issue of *Land & Liberty*: "This radical view has wide support in modern Russia. That is why it is important to pay serious attention to this theory." Too late: Georgism is on the move!

Now we in Britain need your help. A sustained campaign is expensive. Money is needed for publishing, organising top-level seminars, covering the travel costs of our specialists from all four corners of the world. Please be generous:

* Sterling cheques payable to *CIT Ltd.*

* U.S. and Canadian \$ checks payable to *International Union.*

* A\$ cheques payable to *Tax Reform Australia.*

Please send the cheques to me in London, stating that the money is for **The UK Fund.**

Yours sincerely,



FRED HARRISON

LAND HUNGER PLUS UNDERDEVELOPMENT SPELLS MURDER

TENS OF THOUSANDS of people died in the tribal conflicts of Rwanda and Burundi in the last few weeks, following the deaths of the presidents of these neighbouring countries in central Africa.

To viewers of the news on television, it looks like an orgy of slaughter without sense. Thomas Hobbes, the English philosopher, would have called the unfolding events a prime example of "the state of nature" in action. His solution: the need for the coercive power of the prince to impose peace, without which people are disposed to slaughter each other.

In fact, the logic behind these events are banal in their familiarity. The explanation starts with a primary impetus, and then leads to a secondary cause.

FIRST, the tragedy has to be seen against the historical canvas. New York Times correspondent Jerry Gray captured the essence of the problem when he wrote that the conflict originates with "a competition for land unlike anywhere else in Africa."

Whether this competition is really different from the political dramas elsewhere in Africa is debatable (see Land Hunger page 5). But land hunger is, indeed, the root of the problem, which has led to an inability on the part of the majority Hutu and the minority Tutsi to get along with each other.

Hundreds of years ago the cattle-owning Tutsi came to dominate the Hutu. Then, in the colonial era, the Belgians moved in to make their fortunes out of the primary products of central Africa, in places like the Congo and Zaïre. They plundered the resources of nature, and returned little except education and bureaucratic advantage to the Tutsi, which were exploited to advantage during the post-colonial era in what were to

become Rwanda and Burundi.

In beating their hasty retreat, the Belgians did not leave a legacy of infrastructure or communications on which the new nations could build. The ancient territorial bonds and practices had been destroyed, and the new civil societies did not have a historical template on which to fall back for guidance. It was a scramble for survival outside the realms of traditional tribal values. So violence was the medium by which disputes were resolved over the past quarter of a century.

This introduces the second problem, one that characterises most of Africa: poverty located in an economic system that relies on the export of commodities onto the world markets.

According to the World Bank, since 1980 developing countries have lost \$100 billion as a result of a drop by more than half in real terms in average commodity prices. The 35 countries that are classified as low-income commodity producers have an average GDP per capita of \$420. Twenty-six of those countries are African.

These countries are characterised by deep-seated poverty (they contain 31% of the world's population but contribute only 3% of total output). The social despair makes them ripe for social turmoil. They are vulnerable because, as incomes rise in the rich countries, people spend proportionately less on things like food, and turn to products that draw increasingly on synthetic substitutes.

ON THE FACE of it, then, primary producers appear to be doomed to a permanent state of impoverishment. Confronted with that prospectus, old enemies become excuses for blood-letting.

It need not be so. The commodity

producing countries have to diversify their economies, but the literature on economic development has not produced a viable model capable of guiding the transition to industrial and commercial activities. What do these countries need to do?

A sufficient step would be reform of public finance. To encourage capital formation and improvements in productivity, people need to keep their wages and profits. One legacy of the colonial era, however, has been a fiscal philosophy that undermines such a strategy. Taxes are imposed on wages and profits, at the points of consumption and production.

Public revenue, if it came from the rental value of land and natural resources, would create the optimum conditions for investment and economic growth. That fact is crystal clear in the economic literature; the policymakers, however, are not encouraged to translate theory into practice. One reason: multi-national corporations continue to exert the influence that was formerly exercised by governments from the metropolitan countries. And much of the "profits" declared in Brussels, London and Paris are, in fact, the rental value of natural resources extracted from Africa.

IF THE AFRICAN countries adopted the rent-as-public-revenue strategy, all else would fall naturally into place. For example, they would quickly realise the benefits of opening up their economies.

In the post-colonial era, protection for "infant industries" was thought to be a necessary ingredient of a development strategy. Result: inefficient, high-cost economies, in which the incentive to diversify into new activities has been low. A fiscal-led

Wolves With Sharp Claws

THE PHILOSOPHICAL poverty that afflicts parliamentary politics in Britain would be tremendously funny, if it was not tragic. In their desperation to remain in power, professional politicians are willing to divorce themselves from the facts, in the hope that the electorate will blindly accept their characterisation of reality.

If we need to illustrate this pathetic state of affairs, look no further than Premier John Major. The wolves even in his own ranks are baying for his blood, and I don't blame them. So vacillating has he been in matters of public policy, so ambivalent is his view of the responsibility of elected Members to Parliament - on such matters as telling the truth - that it is now necessary to give him a quick boot from office.

Mr Major is the man who, with a straight face, declared of the homeless in an interview with *Der Spiegel*, the German magazine:

"They are not on the streets because they have to be on the streets. There are empty places in accommodation units across London and in other areas where people could go if they wished. But they chose not to stay there and that is a cultural point. It is a strange way of life that some of them choose to live. And to make that point perhaps more vivid, we have in the UK at the moment a surplus of homes above the number of families."

Mr Major, who was bestowed by Margaret Thatcher with the responsibility of running the nation's finances, has not the slightest clue about what drives the housing market; what causes people to be homeless; and what can be done about it. From his judgment on the homeless, we have to conclude that no substantive action will be taken to remove the causes of homelessness, an intolerable state of affairs which is all the more indefensible because the Prime Minister chooses to wipe out the problem as a cultural trait of the people who are without a roof over their heads.

MR MAJOR'S choice of the word culture, to explain homelessness, is interesting. He ought to set his civil servants to work on the word, to brief him on what, exactly, he is saying.

Is he telling us that the homeless people come from a sub-class which has its own distinctive mores? A system of values that encourages them to sleep rough, underneath the railway arches at Charing Cross station, in preference to a bed in their own homes?

There are such people. Some of them, of course, were turfed out of the psychiatric wings of our hospitals as part

of the government's "care-in-the-community" programme (for which, read: "to save money").

But what about the rest of them? If the prime minister is correct, something remarkable has happened in Britain over the past 10 years of Conservative government. It seems that, under the premiership of Mrs Thatcher - and continuing under Mr Major - many people have found homelessness an increasingly attractive condition. This preference can be accurately measured.

• In 1983, there were 686,000 empty homes in England. In March 1993, the figure had risen by nearly 200,000, to 864,000, a rise from 3.8% to 5% of the housing stock.

• The number of households accepted as homeless by local governments rose from 75,000 in 1983 to 142,000 in 1992, a doubling of the number of homeless people.

Are we supposed to believe the Prime Minister when he tells us - implicitly - that people are abandoning their homes so that they can freely walk the streets at night?

If so - how do we explain the gap between the 70,000-odd increase in homelessness and a 178,000 increase in empty houses in England alone?

Obviously a deep-seated condition - a cultural manifestation, as Mr Major would have it - here; but what has this got to do with the proclivities displayed by the homeless of London?

THE SEARCH for an explanation, of course, goes deeper than the psychological propensities of the rootless people to whom Mr Major is in the main referring.

Whatever the explanation, it needs to encompass a variety of interesting developments that have made their mark on the public's consciousness these past few years. For example, mortgage repossession has left many houses empty. Over 75,500 homes were repossessed in 1991 alone, some of which remain unoccupied today. Would Mr Major have us believe that the families who were forcibly removed from their homes enjoyed the experience, such that some of them chose to live in a permanent state of homelessness - walking the rain-swept streets of Waterloo, drinking soup from the kitchens set up by charities in the streets of London?

The explanation for this disgraceful state of affairs has nothing to do with the preferences of a few rootless people and everything to do with the failures of government policy. Homelessness can be tracked back to defective land-and-tax policies. But the government has yet to learn this lesson; like Mr Major, it does not know whether it is coming or going.

Continued on page 22

Round the world

GENEVA
Growing inequality

THE United Nations' goal - health for everyone by 2000 - will not be achieved. The failure has nothing to do with the shortcomings of medical science, the World Health Organisation now concedes. WHO has decided that inequality of incomes is the cause of the inexorable rise in medical problems, and has therefore decided to refocus its efforts on the poverty issue.

According to the World Bank, 1.1 billion people - 30% of the people in developing countries - live on about \$1 a day. The fight against poverty is being lost: the reduction was greater in the 1970s than in the 1980s.

This problem is not peculiar to the Third World, however. In Britain, the gap between the highest and lowest paid has increased, and is now back to its 1988 level.

WHO is now polishing its efforts. "What we are doing is to spell out why many least developed countries are regressing rather than progressing in health terms and pointing the finger at poverty," says John Martin, who heads a new WHO task force. "We are here for peoples in greatest need, including groups marginalised in the US and UK."

NAIROBI
Land hunger (1)

KENYA'S conservation programme is being threatened by the shortage of arable land. World-famous anthropologist Dr. Richard Leakey has resigned as director of the Kenya Wildlife Service because of a government-inspired campaign against him. Dr. Leakey claims that a vendetta was directed at him because he refused to grant mining or commercial concessions within the nature reserves. Britain's Overseas Development Agency has withdrawn a £12m grant because Kenya is not protecting its forest reserves.

JOHANNESBURG
Land hunger (2)

The African National Congress, in its manifesto for the April election, called for the redistribution of 30% of agricultural land. It promises to create a land claims court to restore land to Africans who were dispossessed in 1913, when 87% of the land was reserved for whites. The programme also aims to reduce poverty, provide jobs through public works and improve the health and education services for black citizens. The ANC claims that it will raise the rate of growth of the economy above historic levels, and meet much of the additional financial need through a reduction in the waste of resources in the public sector.

HARARE
Land hunger (3)

PREMIER Robert Mugabe has ordered an enquiry into how government ministers, army generals and top civil servants have obtained land confiscated from white farmers - which was supposed to be given to land-hungry peasants. With an election due next year, Mr Mugabe launched a popularity-raising campaign to take land from white farmers (who own half the country's arable land) and reallocate it to some of the 7m blacks who live on reserves. But the peasants have not benefited from the programme. Under heavy public criticism, the government decided to launch its enquiry.

OSLO
Painted black

NORWAY'S government, pressed for new sources of revenue, devised a new wheeze for squeezing money out of artists last year. A law was passed, ordering artists to pay taxes on the value of all works unsold more than one year after production. The artists claim that it can take anything up to 30 years to sell a painting (Van Gogh died in poverty: he did not sell a single painting in his lifetime). On April 12, about 500 artists protested outside the Storting (parliament). They vent their feelings at the tax law by destroying their works of art with axes and knives.

BUDAPEST
Ban on foreigners

FOREIGNERS are banned from buying farmland in Hungary, under a law passed on April 6. It allows non-nationals to lease no more than 500 hectares for a limited period of 10 years. The government's policy is viewed as hostile to foreign investment, which observers claim is necessary to revive agriculture to its pre-communist levels of activity. But the government was responding to rural hostility towards foreign purchases.

HONG KONG
Price row

A DISPUTE has broken out over the cause of soaring land prices in the British colony. The government blames developers, and says it will "break the monopoly" of a small group that has withheld apartments from sale - helping to accelerate the rise in residential prices.

But developers blame the government, claiming that the refusal to release land has caused a 50% jump in the price of prime office space in the first quarter of this year. There has been a 22% increase in office rents, helping to push Hong Kong prices above those of Tokyo.

Into this controversy has now stepped Hongkong Bank, the colony's largest financial institution, which on April 26 issued a report implicitly criticising property developers for hoarding land. Prices would moderate if the government released more land, but steps would have to be taken to ensure that the land was developed quickly and "not simply added to developers' land banks".

Responding to complaints, the government has announced it would curb the hoarding by developers and also release more land. Its task force is expected to report by July.

Over 50% of the earnings of stocks included in the Hang Seng index are directly dependent on property.

LONDON
Queen of subsidies

THE QUEEN of England is to receive over £1m of taxpayers' money for not ploughing her acres at Sandringham Castle.

The land set-aside plan is supposed to reduce the output of unwanted food. The Queen will receive £220,000 for each of five years, but output is not expected to decline. The Sunday Times (June 5) was told by a Sandringham official: "You would be stupid not to set aside your least productive land".

The Queen's daughter, Anne, will receive £400,000. Last year, the programme cost taxpayers £125m.

News in Brief

BLUEPRINT

back to the past!

by Peter Poole

SIR JOHN BANHAM has been at the cutting edge of the British economy all his life, first as a McKinsey management consultant, then for five years as director-general of the Confederation of British Industry, and now as chairman of several companies in construction and TV. He also understands the public sector, gaining an insider's view of its seamy side as the first Controllor of the Audit Commission. He is currently chairman of the Local Government Commission. His views on what must be done, to wrench the country out of the relative decline of the past 100 years ought to command respect.

Sir John offers his views in a book subtitled "Blueprint for a New Era" (*The Anatomy of Change*, Weidenfeld & Nicolson, £20). Parliament, alas, is challenged with few solutions. This blueprint fails to guide the policymakers toward reforms that would make the slightest difference to the social and economic disarray into which the United Kingdom has degenerated.

The disasters Sir John lays bare are well known to all commentators. We need a new strategy for transport; yes. We need to end the £10 bn waste of taxpayers' money; yes. We must rescue the underclass or we will have here Chicago's South Side or New York's Bronx; yes.

But how?

Well, opines Sir John, we must create a savings and investment culture; yes. We must exorcise inflation; yes. And so on.

But how? Well, Sir John notes, referring to the '70s: "Very few people, other than those who had chosen their parents carefully, enjoyed any measure of financial independence; taxes on personal income made it effectively impossible to build any personal wealth except through speculating in housing". Yet wait a minute.... he wants us to abandon our culture of consumption and property speculation. In 1990 he told a conference, "We should stop playing Monopoly with the roofs above our heads". But under the rules of Monopoly, no one DARE listen to Sir John. For isn't that the way to maximise one's income - assuming, of course, that one avoids the downside of the speculative cycle? People will and must continue to speculate in residential property, an activity which

reduces the propensity to save out of earned income and encourages families to consume rather than invest in industry. Those of us who can get in on the act, will do so. We have to: otherwise, we will get chewed up by "the system". There are plenty of winners: a large slice of the voting public are richer beyond their wildest dreams, and all they have to do is "trade up" their homes during the 18-year cycle in land prices creating nest-eggs to comfort them in their retirement. No need to risk investing money in industry, which creates jobs and productivity for the economy, when all you have to do is relocate now and again and reap handsome rewards in capital gains.

Sure, some suckers will get burnt. Over a million families, today, are suffering from "negative equity" - they bought houses at the top end of the market, around 1988. Their mortgages are larger than the value of their houses. But if they can avoid their homes being repossessed - a thousand families a week are failing to do that - and if they patiently wait another 15 years, they will be quids-in. Nice for them - they will have made a huge capital gain - and tough on those on the outside, the homeless, looking in.

If Monopoly is a nasty game we must change the rules.

BUT there is nothing in Sir John's book about speculation in land, per se. He condemns speculation in houses - "as a one-way bet on which no one could lose" - but fails to isolate the dynamics of the land market. The usual scapegoat - planners who create land shortages, thereby causing its price to rise - is trotted out.

Sir John recommends a capital gains tax on houses. There are major problems with that. First, it penalises investment in the housing stock;

upgrade the quality of your home, and when you sell you pay! Secondly, it deters labour mobility - one of the problems of the 1980s, as Sir John notes. It is a retreat to the shambolic thinking of Labour governments in the 1960s, whose policies were ditched because they were impractical.*

How do we change the rules of Monopoly and wipe out the most destructive activity of all - speculation in land? There is a solution: treat the annual rent of land as public revenue, with equivalent reductions in taxes on incomes earned by labour and capital. That is the only way that Sir John's ambitions for Britain can be achieved.

SIR JOHN claims that the economic landscape has changed. "The familiar landmarks - high inflation and nominal interest rates, regular 'booms' fuelled by speculation in property and followed by equally regular 'busts', a generous social wage and depreciating currency... - are fast disappearing into the haze."

He's wrong. Some of the surface detail has changed, temporarily; but the underlying mechanism causing Britain's decline is exactly as it has been for two centuries. Speculation in land (not in "housing" or "property"), and the privatisation of the rent of land, are primarily responsible for the symptoms of failure that Sir John highlights. After Britain comes out of recession their influences will resurface to wreak havoc again.

So our politicians will continue ill-advised. The Labour party will probably win the next election; not because it has better ideas, but because the Tories have exhausted their nice line in confidence tricks!

* V.H. Blundell, *Labour's Flawed Land Acts 1947-1976*, London: ESSRA, 1993.

THE FIGHT FOR JUSTICE: A MISSION POSSIBLE!

BY THE EDITOR

THIS JOURNAL was first published 100 years ago, in June 1894. It was called *The Single Tax*, a name that blundy told the world that there could be no compromise over either social justice or economic efficiency. Over the years, the name metamorphosed into *Land Values* before eventually becoming *Land & Liberty*, but the mission remained the same.

On the front page of the first issue, the monthly journal declared itself "to be up and doing in the good cause of Land Restoration".

Throughout the world, from the Americas to the colonies of Australasia, the advocates of the policy articulated by Henry George in *Progress and Poverty* were vigorously exposing the flaw in industrial society: the privatisation of the rent of land.

The Scotsmen who launched *The Single Tax* knew that Britain had a special role to play in the global fight for justice. They declared: "Our work will be to keep our question and what is being done with it the wide world over well to the front, and to guide the loose ideas abroad on the land question generally".

The editorial policy of *Land & Liberty* remains dedicated to that objective. In the past 100 years, there has been a vulgarisation of the Georgist philosophy. *Land and Liberty*, however, preserves the purity of the principle: the rent of land is the legitimate source of revenue for the public. And taxation is theft of people's earned incomes. *Land & Liberty* will continue to fight for social justice. Its horizons remain global. Its staff will continue to do all that is humanly possible to help our sister organisations to promote a deeper understanding of the terrible injustices that flow from the privatisation of the rent of land.

With this issue we celebrate the centenary by honouring a proud tradition. We do so, by resolving to become even fiercer champions of the fiscal policy which, if it were honestly implemented, would lay the foundations for ridding the world of poverty and war.

Our fiscal policy, because it is comprehensive in its ambitions, is frequently demeaned as a "panacea". The people who use that epithet have no solutions to the problems of the world; and they are motivated

by the sole desire to prevent a change that would, in fact, disturb their complacency and begin to achieve the results that we all desire.

We are realists. We know that the problems are so deep-seated that they demand profound solutions. It took a simple genius like Henry George to recognise that this one "sovereign remedy" - the re-socialisation of the public revenue (land-rent), and the re-privatisation of earned income (wages and profits) - was a precondition for accomplishing the widespread change in behaviour and attitudes for which the world cries out.

The world has been able to retain the values and institutions of the past, and postpone radical reform, because it was not confronted with the ultimate consequences of the failures of the past. But unless we are now hell-bent on collective suicide, it is no longer possible to avoid change. For the world is now challenged by two acid tests. One is the havoc being caused by environmental damage and the pollution that is threatening our natural habitat, and with it, the survival of *Homo sapiens* as a species. The other is the prospect of nuclear war.

There is no effective way to combat these evils without creating the conditions for a decent society, one that recognises the rights of every man, woman and child. Put simply that means we have to banish the condition of landlessness on earth: a condition that afflicts Western civilisation just as much as the majority of the peoples in the Third World, who are more directly dependent on the use of land for their livelihoods. Unless we achieve this result some people will one day choose weapons to try and recover their birthright which will destroy the basis of social life.

The obligation on the advocates of the Georgist philosophy is a terrible burden, one that eclipses all other duties. The message has to be taken out into the streets and into the centres of power. People must be given the choice which at the present time they are being denied.

Land and Liberty has the honour to share in that mission. It is one that we will not betray.

LAND AND LIBERTY

THE FIRST 100 YEARS
A CENTENARY OF PROGRESS AND STRUGGLE
1894-1994

BY JULIA BASTIAN

HENRY George made a second visit to Britain in 1890. The American reformer's book, *Progress and Poverty* (1879), was rapidly becoming a global bestseller, and he was being received by large crowds everywhere that he spoke, the length and breadth of the country.

At that time Glasgow was the centre of the land tax movement. Two young men, John Paul and his elder brother, were captivated by the idea of an annual tax on the site value of all land. They regularly attended meetings of the Scottish League for the Taxation of Land Values, established to promote the ideas of Henry George.

In June 1894 the first issue of a monthly organ, *The Single Tax*, appeared in Glasgow. John Paul was editor. It was a simple affair of four pages, compiled in a small office at the Land Restoration Union in Montrose Street. Copies were made available via a dozen men who would distribute them to colleagues and neighbours. At that time Michael Davitt was sounding out on low wages, strikes and social misery, all of which he believed were traceable to a single source - the private appropriation of rent by landlords.

EARLY issues of the journal highlighted the plight of the Scottish crofters. There were reports from the United States, and descriptions of how a land value tax was already operating in New Zealand. Articles by Henry George, Herbert Spencer, Sir George Grey and other pioneer single taxers soon appeared and later the pages were enlivened by political cartoons and poems.

By June 1898, on the death of Mr. Gladstone - "a faithful servant of the people" - an editorial thanked him for helping the cause of taxing land values. The following year John Paul moved his small staff to 13 Dundas Street in Glasgow, a more central location, and readers were invited to come and admire the spacious accommodation. In November a Conference on Tax-

ing Land Values brought delegates to Glasgow from all over Scotland, and the magazine provided coverage with photographs of personalities and larger typescript, which made it an easier read. Advertisements were relegated to a back page.

TO RAISE funds in these early days there were Single Tax Bazaars which brought in cash to extend the work and supplement the literature. All readers were invited to help - especially the ladies. The Lord Provost of Glasgow, a single taxer himself, became Patron of the first Bazaar.

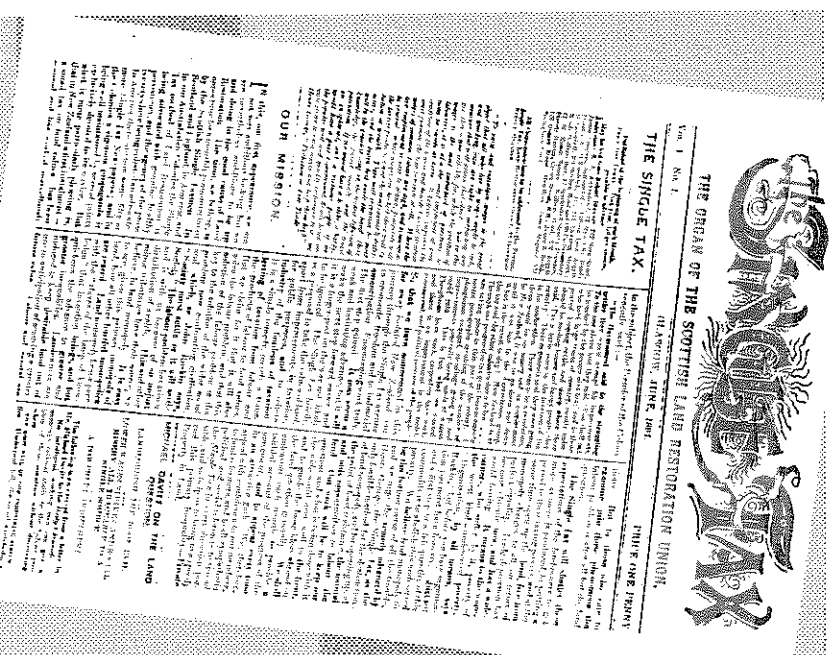
By 1902 the journal was expanding and a new title was adopted as more appropriate. *Land Values* was only 1d and readership was growing apace, attracted not only by the writings of Henry George, who had died in 1897, but also by the reporting of Parliamentary debates on land issues. In the twelfth year of publication it could boast 20 pages packed with interesting articles and reports. Leo Tolstoy wrote on "The Fruits of Land Monopoly" and Andrew Carnegie on how great fortunes were being made.

In August 1907 John Paul produced an important supplement on the Land Values (Scotland) Bill, the debate

in the House of Commons and Press coverage in national newspapers; this was to be the first of many supplements. The following year the journal organised a petition to the Prime Minister. It was presented by J.C. Wedgwood MP and signed by an impressive number of MPs, urging the government to include a tax on land values in the following year's budget.

Meanwhile, the pages were filling up with numerous reports about the work of the English League, and with listings of countless meetings taking place all over the country. In March 1909 the National Conference in London was reported with no less than nine pages of debate.

Later issues contained statements by Lloyd George,



then Chancellor of the Exchequer, and criticism of the "People's Budget", which sought to impose a variety of charges on land; the rates were low, but the hostility from the aristocratic landowners in the House of Lords was so intense that the Bill provoked a constitutional crisis. The Liberal Government won the day, however, with the backing of the electorate.

THIS WAS a time for land songs. In January 1910 the full text of *The Land Song* was printed and was sung by land taxers at many rallies and meetings. By August the Danish *Land Song* was printed in translation.

Women took up the cry for taxing land values. Mrs. Edward Pease gave a series of lectures to women Liberals - a dozen lectures around the country in October and ten more in November - and was commended at the AGM of the Home Counties Union of Women Liberal Associations for her dedication. Women were writing too, and raising money in other ways, as illustrated in the many book reviews and correspondence carried by the journal.

Editor John Paul found time to get married in September 1911 and the event was covered with an article on his work by Frank Verinder, author of *My Neighbour's Landmark*. Soon both husband and wife were involved in a Land Values Conference in Glasgow. By December of that year study groups were being held in Glasgow by F.C.R. (later Lord) Douglas. They were extended to Leeds, Huddersfield and Sheffield.

In 1912 the loss of the Titanic brought forth this statement: "Man builds ships which are 'unsinkable' - Man has not yet conquered Nature..." Glasgow's battle with the slum was foremost in the minds of the city elders: "104,000 persons lived in one-roomed homes, but our hands are tied by land monopoly", thundered R.L. Outwater. It seemed essential to press people to read *Progress and Poverty*, unabridged copies of which were selling at 4d, but readers were invited to send for a sample copy at no charge!

DESPITE rumblings of war, political and economic discussions continued at Young Liberal conferences all over Britain. A list of LVT Leagues was published, showing their wide nationwide distribution, and regular reports appeared showing how active they were.

Single tax literature was pouring into the country from America and Canada, "1s. for a bumper bundle." Every reader of *Land Values* was called upon to find one more reader, and to spread the word.

In January 1914 the Duke of Bedford sold his Covent Garden estate for many millions - "every penny unearned increment" - rich material for cartoons.

At the outbreak of war the House of Commons tried to set the land question into political cold storage. Not so John Paul, and editions of the journal continued to report on the work of the movement, which he said was not less, but more important in time of war. There was much comment on wartime measures related to the state control of rents and mortgages of dwelling houses, and with the minimum agricultural prices set to stimulate food production.

The war issues were taken up with articles on the production of food for the nation, pensions and rebuilding the country. Top writers including Henry Ford, who wrote "Land Belongs to the People", drummed up tremendous interest in the Land Question. The editorial offices were now at 11 Tophill Street, London SW1. The journal still cost only 1d. monthly, or 2s. per annum. Many copies were crossing to the United States and Canada at 50 cents. Parcels of books and pamphlets at reduced prices were sent out to soldiers, club libraries, and YMCA huts.

Crisis in 1910

THE TWO general elections in 1910 gave ample material for extensive Parliamentary debate, faithfully recorded for readers in *The Single Tax*. This was serious work: democracy was at a cross-roads, with the Commons fighting the Lords for ultimate control over the public purse. During this period there was no sign of a cartoon or a cheerful poem in the journal, as in the past.

Among many fine leading articles was one entitled "King Edward's Great Work", on the occasion of his funeral. As Prince of Wales he had signed the report of the Royal Commission on Housing the Working Classes. Bad housing had been an issue for years. A typical advertisement in the journal illustrated a small home with the words: "10s. monthly enables you to purchase a house worth £300". Yet farm workers could not even afford that.

a bitter blow to the movement, although it was not the taxation of land values as understood by its advocates. A valuation of all land was begun, however (the results of which were to be buried deep in the recesses of the Whitehall filing system: do they still exist?). Thousands walked through Westminster to protest against the Budget and the omission of LVT. By December local rates had been increased. The journal, now costing 3d. per issue, celebrated its 25th birthday in June by changing its name to *Land & Liberty*.

Agave-away! Leaflet entitled "Would the Single Tax cure Unemployment?" was included in the April and August issues, and readers were alerted to the forthcoming National Conference on Rating of Land Values in Glasgow in October 1921.

In June 1922 John Paul called for a thousand new readers, an appeal that did not go unanswered. The Society of Friends was among many groups to join forces with land taxers to demand a better deal.

1923 began well with the International Conference at Ruskin College, Oxford, at which 200 delegates from all over the world congregated. Harold Asquith MP addressed the meeting and papers were published in a subsequent issue of *Land & Liberty*. Following the General Election of that year, the protectionists were defeated, 198 MPs supported LVT, each one listed in the journal with a selection of testimonials. Among these supporting MPs was Andrew MacLaren, the founder of the School of Economic Science.

There was now a chance that the Labour Party might bring in LVT. Parliament had its own Land Values Group and proposals were made by no less than 221 MPs. Philip

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The next World Conference was due to be held in Edinburgh during the summer of 1929 and another pull-out of doctors suitable for election candidates.

The next World Conference was due to be held in Edinburgh during the summer of 1929 and another pul-
out listed a set of Questions suitable for election candidates.
- ten carefully worded questions to put at local meetings.
"Tax Land, not Food" was the cry. John Paul invited readers
to purchase the new abridged edition of *Protection or Free
Trade* and there was further celebration for the 50th
Anniversary of *Progress and Poverty*.

Another good idea from the editorial team was the promotion of a reproduction oil painting of Henry George, to be sold at 4s. each. Many thousands were despatched and funds benefited.

1930 saw the National Conference at Manchester, and a new shilling copy of *Progress and Poverty*, prior to the announcement of an essay competition with prizes. John Paul also suggested that land taxers could leave money to the movement; he made things easy for them by providing a standard Form of Bequest.

1931 was a stormy year following the General Election with Ramsay MacDonald again Prime Minister. Snowden produced a land taxing Budget which failed because of a political crisis, all faithfully recorded in *Land & Liberty*. A National Government ploughed a new furrow with MacDonald still Prime Minister until 1935.

Despite the economic crisis of the '30s there were good stories to print. Garden Cities and hand values were popular subjects. John Paul brought out a new edition of *The Science of Political Economy* and was still attracting top people to write for the journal.

WITH THE Liberals and Snowden forced to resign from the National Government, it was inevitable that Snowden's

VALUES.

The talk in 1985 was of gloomy. Editorials were pealed. Editorials were gloomy.

The talk in 1985 was of the Crusade Against War.

Aldrich McDermottman Open

[illegible]

was followed by a lecture on the Arms Race, while a 5th International Conference was being planned for London. Madsen's Assistant Editor, F.C.R. Douglass, was writing good leaders. "The Haves and Have-nots" highlighted the ever-present problems of poverty. Civil wars were raging in Spain and Brazil. Both countries were short of an answer to their respective land questions.

Snowden forced to resign from
as inevitable that Snowden's
land valuation and taxation
proposals should be re-
pealed. Editorials were
gloomy.
The talk in 1935 was of

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Price, ed.: by Hoel, J. J.

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1937 - following the I.U. conference the Henry George School of Social Science was founded. F.C.R. Douglas became its Hon. Secretary, co-ordinating a dozen or more classes in various cities. With more new classes up and down the country, the journal called for teachers to take on these new discussion groups.

Snowden died in the summer, and by the autumn, Attlee and the Labour Party were preparing to tackle the coming slump.

The leaders in these issues were mainly from the pen of Douglas, who tackled grave subjects with skill and elegance, such as "The Key to Social Prosperity" in January 1938.

The editorial team moved to 34 Knight Rider Street, St. Pauls, EC4. A new look was given to the front page, with a stylish contents list. During the summer, Random House printed 5,000 copies of *Progress and Poverty* as the Book of the Month Club choice, and this edition was given free to all subscribers of *Land & Liberty*.

Tha Year saw the Marquess of Bute sell half of Cardiff, which had been part of his estate, and this story attracted a lot of attention in the press. Land Value Rating was debated in the columns of *The Times*, while Douglas's fine leader "Social Justice and the Way of Peace" was widely acclaimed.

At the start of 1939 the journal was discussing London County Council and its proposals to tax land values, and by March the London Site Values Rating Bill had been drawn up.

The next National Conference was due to take place at Liverpool in September, to coincide with the Henry George Centenary (1839-1939); an International Conference was booked for New York in August. By September war was imminent. A talk on the BBC on Henry George by Professor C.R. Fay scheduled for Sept. 2 was cancelled (see page 19); all banquets, social gatherings, talks and other celebrations never took place. Douglas, however, managed to make it to New York, where he addressed the Conference on "Henry George's Teachings and the Crisis". Hitler was now on the world stage.

THE WAR YEARS for Arthur Madsen and his staff were not easy ones.

Although good writers were still prepared to submit articles, the subjects were depressing. These included "The Agony of Denmark", "The Iniquity of the Purchase Tax", "The Land Question in Germany" and "Why the German Republic Fell". Churchill wrote a historic piece on Land Monopoly which the journal published, and Charlie Chaplin's speech in *Modern Times* on liberty and peace was printed.

Correspondence courses were started with advertisements in the journal to Study Economics at Home - free

- just 1s.6d. for the textbook, *Progress and Poverty*. The classes took off and provided much stimulus for people stuck behind the blackout.

The journal was back again to slim issues, with the main topics concentrating on the Uthwart Report, on Beveridge Reports and the Lords debating on land and planning after the war. Herbert Morrison was making speeches and there was much to say about combines and cartels. During the war the office was obliged to move several times, finally ending up in a prefabricated building at 4 Ct. Smith St.

In September 1945 the lead story - "Freedom, Peace and San Francisco" - was about 50 nations signing a Charter for a new world organisation. By 1946 it was hoped the King would announce in his speech something positive about land values and local taxation. He spoke of betterment proposals but no mention of LVT because the Inland Revenue claimed it did not have sufficient staff for a valuation of the whole country. This was a severe blow.

The following year the journal reported the Town and Country Planning Act, including the Development Charge, and much comment on the soaring price of land.

In 1947 Vic Blundell, who had joined the office as assistant to Mr Madsen, started the Henry George School classes on a formal basis at 4 Ct. Smith St.

Emergence of Land & Liberty

The urgent need for funds came to a head in 1918, with John Paul's appeal for £25,000 for the continuation of the campaign. Advertisements were published in 18 national newspapers.

By May 1919, with the coming of the Labour Party, the journal's name was changed to *Land & Liberty*. The follow-on slogan "Free Land, Free Trade, Free Men" reflected the mood of the hour.

A new regular feature was a page of land prices and housing schemes. Land values were rising rapidly in these years and speculation was encountered everywhere. The Sustension Fund continued to request support, mainly for the printing of 100,000 new pamphlets.

MEANWHILE, following a general election in Denmark, the Justice Party gained ground. A new feeling of hopefulness filled the pages. Weekend schools and small conferences were arranged and the journal regularly reported these activities.

In 1949 the 7th International Conference took place in Derbyshire, broadly based on the themes of the United Nations and Human Rights, amid much political confusion, liberal coercion and loose trains of thought in the British parliament about land value. The value of the £ was falling. The journal was asking "Whose Welfare State?" and with Keynesian economics capturing the moment and agriculture "leather-bedded", Britain prepared for another general election.

With a Conservative government in office, and Churchill again holding the reins, it was not long before the journal joined in the demand for the repeal of the dreaded Development Charge, which eventually took place in 1953. A broadcast in Esperanto about LVT brought in a flood of letters from all round the world. Overseas interest generated reports from Italy, Spain, Pennsylvania and Jamaica, soon to adopt a measure of LVT. Tangier was proposing legislation and always there was poverty in the Orient. The Human Rights work highlighted the Asiatic and African land tenure systems and much was written about the dispossessed in India, the Philippines, Basutoland and Kenya.

At this time the journal was reporting on open air meetings organised by Georgists in London.

During the summer 47 cities in Pennsylvania were given power to rate land values, and many soon did so, at a higher rate than improvements.

IN 1951 a United States delegate to UNESCO submitted a resolution designed to place the question of land reform on the agenda of the United Nations; the Resolution remains in place to this day.

Henry Ford, among others, was calling for free trade. *Land & Liberty* pointed out that free trade without tackling the land question was not enough.

Many important initiatives were taken by the journal, in cooperation with the International Union for Land Value Taxation and Free Trade. For example: the I.U.'s open letter to General Neguib on the subject of land reform in Egypt, set out how best the problem might be solved.

Well argued leaders pointed out the folly and iniquity of purchase tax. There were dire warnings about "a planned economy". Throughout Britain rates rises had been unprecedented, the upward trend clearly the result of Welfare State legislation. And by 1954 there were more tariffs on food and new rates of purchase taxes were announced. In vain the journal sounded out the basic causes of the housing problem: high land prices, tariffs, taxes on building materials.

Butler's budget brought new taxes on industry, trade, incomes from all sources, imports and goods and services of all kinds, but, *Land & Liberty* was quick to point out, special support was to be given to the chicory growers in the UK - the Chancellor's only gift!

The 9th International Conference, this time in St. Andrew's, Scotland, enjoyed extensive coverage, including a splendid article on "What the Land Question Means" by the President of the Union, Hon. Frank A.W. Lucas, QC. Another famous paper - "Can Taxation be Constructive?" - gave rise to a remarkable response from the public. Reprints were made available and readers invited to distribute copies.

In the summer of 1955 the Labour Party produced a discussion paper on the rating of site values, written by one of its MPs, R.R. Stokes. Two weeks before the General Election the journal addressed a questionnaire to more than 1,350 candidates. Readers were invited to canvass attitudes on LVT and to ask questions at public meetings. The response by MPs was gratifying.

AFTER the death of A.W. Madsen in 1956, P.R. Stubblings, a former student of the Henry George School, became editor. From January 1957 the journal took on a bright modern look with red and white covers and an up-dated

had been submitted and numerous valuable ideas from many countries had been received.

In 1958 the journal printed a resolution of the International Union printed subsequently as the Declaration of Human Rights based on Equal Freedom.

In June readers were shown a picture of new premises - 177 Vauxhall Bridge Road, in Victoria - which were soon to be the home of the journal. Following further inflation the price had moved up to 8s. per issue by post but under Peter Stubblings, the circulation had risen steadily - despite rising costs and increased postage rates.

Editorial comment set out the purpose of the journal: to win new support for the Georgist philosophy, to serve and unite scattered members of the movement, and to attempt to influence legislation. Of this threefold aim, the first two were being achieved. There was a call for more new readers. Circulation could be doubled if each reader would sign up just one new subscriber. *Land & Liberty* was for the first time now available from Wyman & Sons Ltd, on a regular order.

Dedicated Founder Dies

In May 1933 the journal published a glowing appreciation of editor John Paul, on his death. Arthur Madsen, who was destined to take the reins, wrote movingly of his tremendous contribution and dedication to the movement.

The following issue was taken up almost exclusively with testimonials from his many friends and colleagues around the world. Small, uncertain issues followed.

As a memorial to John Paul's great work there was a world wide call for funds and again much money floated in. An Australian reader promised to match pound for pound to help the cause.

The IU held its next conference in Hanover in 1959. The German translation of the abridged edition of Progress and Poverty which Erich Zincke had made in 1953 was given a big launch.

The European Free Trade Association (EFTA) had been proposed and this gave rise to extensive Press coverage, cuttings displayed in the journal as well as numerous letters to the Editor.

Prior to the forthcoming election several regular writers were planning to stand as candidates, notably David Mills (Lib., Ilford North) and Oliver French (Lib., West Ham N) and their election addresses offering economic justice provided a double page spread.

1960 saw Peter Stubblings launch the Rating Reform Campaign, with over 45 local representatives. This focused public attention on the unr-

layout with shorter, narrower columns and a new subhead: "Land Value Taxation: Free Trade and Personal Freedom". It was *Land & Liberty*'s 64th year.

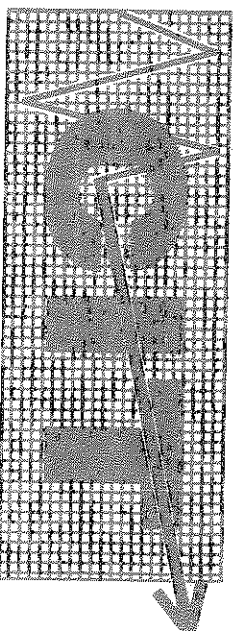
A long lasting series of profiles entitled "Personally Speaking" was introduced. Frank Dupuis, who had been contributing articles for many years, started off with "The Planter's Story", illustrating how he came to discover the Georgist philosophy. Many Georgists were to follow with their own stories. A nugget of Georgist philosophy was set out in a panel on the back page.

Articles in the journal centred around proposals for a Common Market and a European Free Trade Area, together with the usual comments on "mess, muddle and tangle" in local government finances.

Potential authors were invited to write a film script about the philosophy of Henry George: "Write a script for a Georgist motion Picture!" By November 1957 24 scripts

ECONOMIC INTELLIGENCE

EI/42 June 1994



CENTRE FOR INCENTIVE TAXATION

THE FUTURE BEYOND OUR KEN

CHANCELLOR of the Exchequer Kenneth Clarke's anxiety about inflation, and his emphasis on monetary policy as his key tool, confirms that the government has no strategy for positive growth in Britain's manufacturing sector.

Britain is not a good "buy" for investors who are adopting a medium-term strategy for their investment portfolios (some of the best bets are in debt-laden developing countries; see page 2). For investors who want to retain an interest in the UK - or employees trying to fathom whether they are still likely to be made redundant - the problem is to decide whether Britain will continue to be its worst enemy. The answer is not an optimistic one.

Whether Premier John Major is now sacked or not by the Tories after the hammering they have been taking in elections is irrelevant to economic strategy, because a consensus exists between the Treasury and the Bank of England. Unfortunately, the thrust of conventional economic wisdom is entirely misguided, a fact that emerged during Mr Clarke's speech to industrialists on May 17. He said: "Too many people still banker after the go-go growth of living standards they enjoyed in the years of boom. Well, this Chancellor does not want a boom because boom gets followed by bust."

In fact, there could not be a boom of the kind the Chancellor fears, even if he pulled out all the stops for it. Why? Because wage levels are low and unemployment high; and investment will remain painfully low for several years as the country wallows at the bottom of the OECD's league table of savers (due mainly to government dissaving). On the other hand, there *will* be a bust, at a time that can be predicted; and it *will* be caused by conditions that the Chancellor's monetary policy cannot neutralise.

The flaw in public policy can be

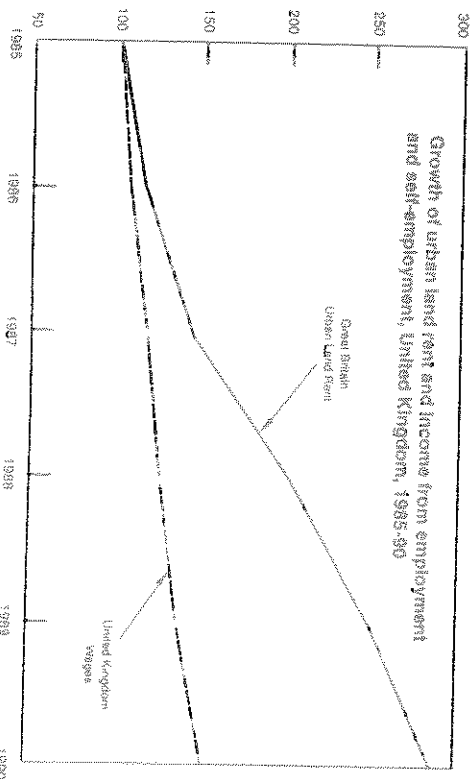
identified as the failure to employ a theory of the business cycle that works. The theory that correctly predicted the Crash of '92 has been exhaustively documented in EI since 1988. One of the crucial relationships is illustrated in the graph.* This indicates how the cost of land applied increasing pressure on people's living standards, with predictable consequences for industrial output and, eventually, the whole economy.

The theory identifies the land market as the mechanism that cyclically drives the economy over the precipice. What does it tell us about the next few years? Be your own analyst and put the EI theory to the test.

* The Chancellor fears a "go-go" boom. But with the underlying rate of inflation at a 20-year low, the slight rise in wage settlements in the last three months presents no risk of "overheating" from the demand side of the economy. On the supply-side, the price of borrowing money in the capital markets is low enough to encourage entrepreneurs. No problems so far! What of the third factor of production - land? There has been some recent alarm at the sudden rise in the price of residential land in the south-east (see EI/41). What does this mean "on the ground"?

Take the prospects for Higgs & Hill.

1985 = 100



the construction group that is asking shareholders for £22.2m to buy land on 13 sites. The average cost of a plot: £24,000. The average sales value per house: £32,000. This yields a land/house price ratio within the limits of profitability for the company, and affordability for the consumer. And the psychology of speculation among home-owners, which is a crucial element of unsustainable booms, does not exist.

* For the next few years there can be no housing-led activity of the kind that drove the fake boom of the late '80s. Yet the Chancellor is haunted by the legacy of the Lawson years: he is tilting at windmills. The result is twofold. First, misinformed policy is protracting the recession; it is not laying the foundations for the tougher competition in world markets that is in prospect when the rival economies finally lift themselves out of the trough. Second, the government is not preparing to prevent the boom/bust that will one day take us back to '92. But by then, our Ken will not be around to pick up the pieces.

* *Urban Land Markets: Policies for the 1990s*, Paris: OECD, 1992, p.53, based on data from Ronald Banks (editor), *Costing the Earth*, London: Shepherd-Walwyn, 1989.

WORLD BANK TIP FOR THIRD WORLD LAND DEALS

RICH PICKINGS are in the offing for investors who can identify the targets for public expenditure. With the aid of the World Bank, firms have been offered major clues on where to concentrate activity over the next five years.

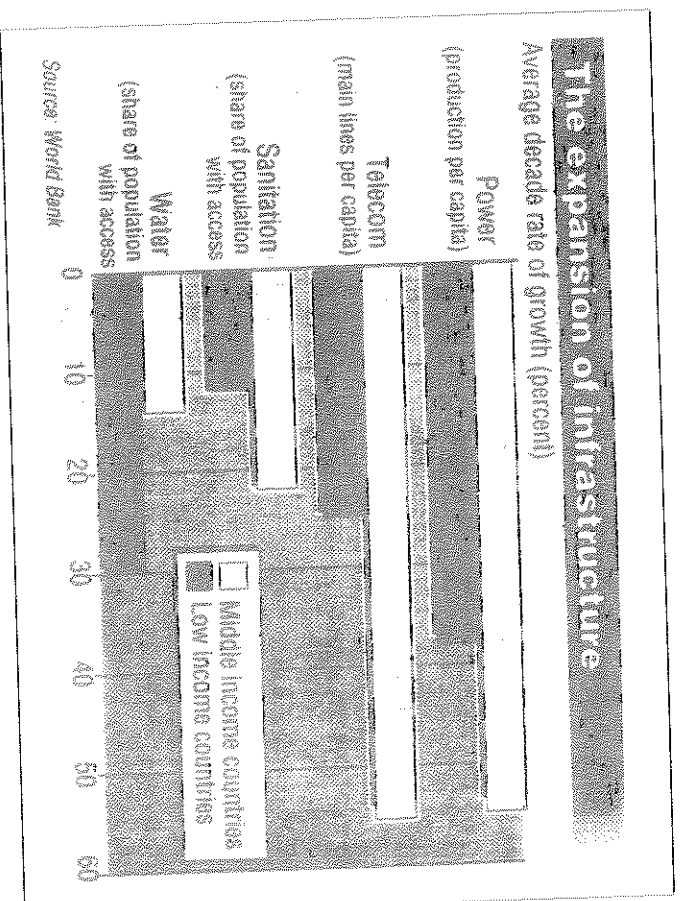
No less than three-quarters of the Bank's lending portfolio will be aimed at housing, related residential infrastructure and projects that include housing. On the basis of this flow of money, it becomes possible for corporate strategists to identify the best-bet borrowers, and narrow down the geographical areas where the money will be spent. For the construction industry, fat contracts are in the offing.

But in addition to the prospects of new investment, evidence is accumulating of a massive waste of resources in the less developed countries (LDCs): investment in new efficiency-raising processes could save an estimated £130 billion every year on infrastructural expenditure.

World Bank officials want the LDCs to plug the waste - £36 billion by improving the efficiency of power, water, telephone and other infrastructure networks; another £82 billion by eliminating the underpricing of infrastructural services such as railways and electricity.

Africa needs a massive roads programme: the continent could have saved reconstruction costs of about £30 billion over the past decade if £8 billion had been spent on maintenance.

All of this is good news for investors: the World Bank acknowledges that the rates of return on infrastructure spending can be up to 60%, consid-



erably higher than on other forms of investment (though the World Bank apparently cannot explain this).

THE NEW ATTEMPT by the World Bank to raise awareness on the link between poverty and market-based investment policies is calculated to shift capital to countries that are hungry for development.

South Africa is showing the way, but she may be exceptional: she has the determination and the internal resources to generate new rates of growth based on a plan of action that is not likely to be adopted by many other countries without the help of foreign investors.

That foreign investment will be searching for the high returns from the low income countries, where the supply of services has been less than efficient over the past 10 years

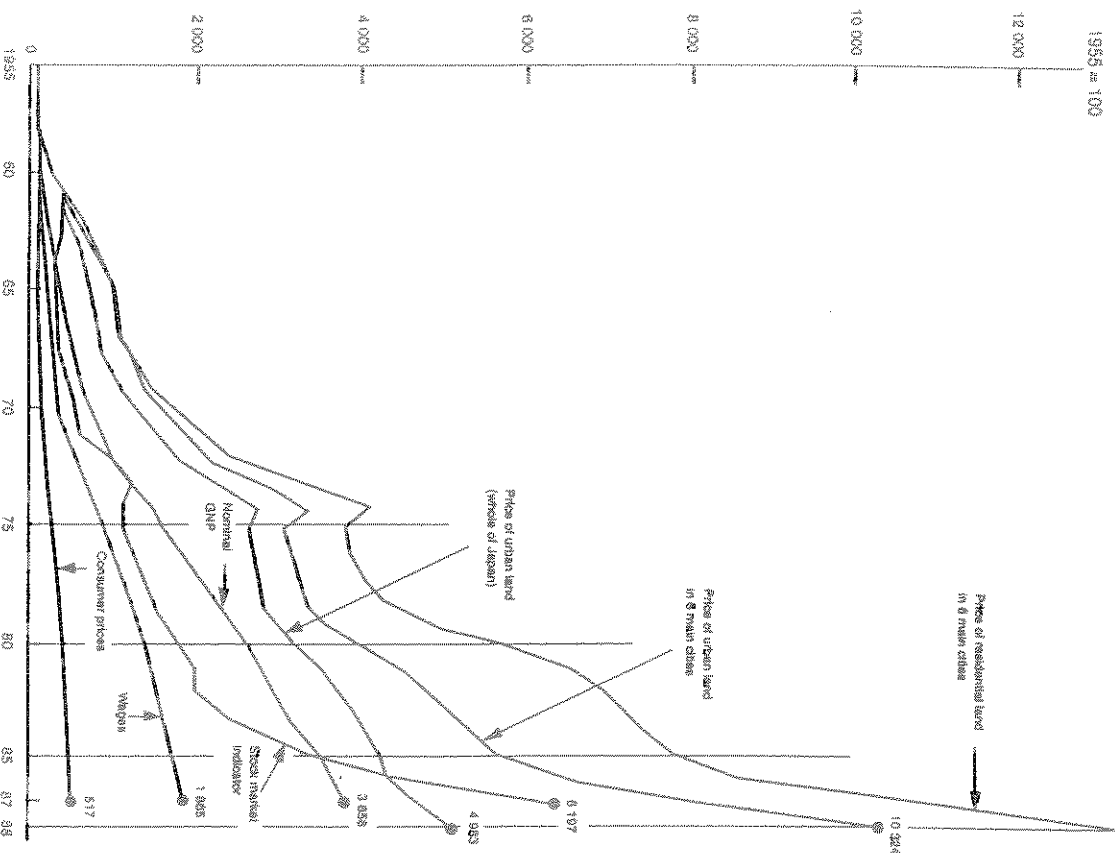
(see chart).

But when all is said and done, are the best returns really from power and telecom services? No they are not, although the Bank is silent on this. The highest returns will be made from the purchase of options to buy the choice sites in the burgeoning cities that are most likely to benefit from the inflow of capital.

The opportunities are particularly good for institutional investors, for they can take a long-term view of growth and maximise the returns on their money. What is the best advice? Buy options on the largest plots of land in the "stress" cities like Buenos Aires, Manila and Harare.

The lesson emerges clearly from the graph opposite, which offers a revealing insight into what has brought Japan to her knees. Since the late 1950s, when

Comparative trends of several economic indicators, Japan, 1955-98



Source: Hisagawa Tokunosuke: Recent data on land prices in Japan
Institute of Economic Research on Construction, Tokyo, 1999.

the Japanese economy was shattered by war, the rate of increase of land prices has eclipsed the increases in wages and stocks and shares. The data traces out two 18-year cycles: as Japan grew richer, the net benefits were soaked up in the land market.

A similar financial portrait will emerge for all the fast-growing LDCs of the next 20 years, which will grow faster than European and North American economies. It is true that the economic landscape of the 21st century will not be anything like the postwar years: the new trad-

ing arrangements alone will add between \$235-274 billion to world income (depending on whether you prefer the estimates from CATT or the World Bank).

This enlargement of the trading market through free trade provides enormous scope for new players. The transfer of information and micro-chip technology (see page 4) is so swift that new production centres can be opened up in the remotest corners of the world; which means that the heavy investment in education no longer provides an advantage to Euro-

peans and North Americans. The newcomers will muscle in on today's badly-weakened corporations which, already shell-shocked by the onslaught from the tiny tigers of Asia, have yet to devise new strategies for survival.

But although it would make sense for LDCs to block land speculation - the inflow of capital ought to go into job creating and investment - what are the risks of this happening?

The risks are not great. Third World countries take their lead from the OECD countries, and especially from officials of the World Bank and its related financial agencies. On the present evidence, there is no sign of a shift in policy of the kind that would put land deals at risk.

This emerges clearly enough from the World Bank Policy Paper on *Housing: Enabling Markets to Work* (1993). This makes it plain that the World Bank wants investors to shift resources into the residential sector. But its advice to client governments: emulate the tax-and-renture system that we have in the West. The policy paper makes it clear that people ought to be given the right to borrow money by offering privately-owned land as collateral, with laws to ensure foreclosure on borrowers who fail to make their mortgage repayments.

What appears to be happening, then, is the reformulation of World Bank strategy to encourage a major round of investment in the land-and-capital markets of the LDCs. Someone has to put the bricks-and-mortar in, but - as with Japan in the postwar years - the best profits are will be made from the land beneath the buildings.

AS THE MODEL SAID TO THE.....

WHO would you believe? When it comes to evaluating the relative importance of the economic factors of production, would you believe a lady who makes a living as a model? Or the professor of economics, a distinguished Nobel prize-winner who made his name by studying the way people exercised their choices through the political system?

The dispute between the model and the professor - assuming that the two ever came together in the same debating chamber - would be over land.

Nothing special about land, says James M. Buchanan of Public Choice theory fame, and erst-while professor at the University of Virginia: "...in centuries past, 'land,' as such, was far more important, relatively, than it is today".¹

Now what would a pretty lady make of such a thesis? Model Marie Helvin - "who still makes her living out of still looking amazing at 41" (*The Observer*, May 22, 1994) - disclosed her secrets of eternal youth in these terms: "I buy most of it in make-up shops, or Boots or Avon. I do have this one Clinique foundation which I really love, but I'd much rather save the money and buy a book, or food, or save up and buy some land".

Spotted the difference? Miss Helvin is willing to put her money where her mouth is. No theoretical convolutions for this lady of the kind that enables neo-classical economists to wipe out the special money-spinning characteristics of land. She knows that - besides eternal youth - there is one thing only that matters: land!

THE MORAL of this story is that you need to be careful when you choose your investment guru. Back a loser, and you wipe out your wealth; back a winner, and you retire in clover.

Now, among conventional economists, the importance of land as an investment asset has been played down throughout the 20th century. And they are still at it, projecting their prejudice into the next century. In the 1980s, information technology offered a variation on the theme. Computer terminals were going to render redundant the expensive rental space in central city locations. The land-boom of the late '80s put paid to that thesis, but a good story takes a long time dying, and it is receiving a new lease

of life by digitalisation.

The world is being rewired. So a person can sit in his croft in Scotland and enjoy access to any point in the world via his television/telephone at zero marginal cost; so who needs land? An awesome argument, you might think: consider the sheer scale of the operation! Japan, for example, plans to connect every home with optic fiber by 2010.³ Surely that is going to make a difference somewhere?

But how does this make land unimportant? Dig a little deeper. The Ricardian theory of rent demonstrates that, with the reduction in costs of production, the net benefits are converted into the rent of land. The "information revolution" has two effects: an increase in the aggregate rental value of land and natural resources; and the redistribution of rents to new locations and beneficiaries, in response to the altered arrangements of society.

Now apply this insight to Japan. In 2011 - a year after the complete rewriting of the nation - Japan will be in the throes of the deepest recession since the 1993 crash; and as with the *debacle* in the early 1990s, the 2011 crash will be driven by speculation in land. Jobless workers, as they struggle to pay for their unaffordable homes, will have ample time to reflect on how the zero marginal cost of dialling the rest of the world helped to push up the value of their stamp-sized residential plots. (This assumes that Japan has not in the meantime restructured her tax system to forestall the otherwise inevitable outcome.)

So to come back to our question: would you take the advice of the Model or the Professor? It depends on whether governments are likely to wise up to the root cause of the business cycle (land speculation). If they do not, then take the model's advice; save up and buy land! Despite what the Professor of Public Choice tells us ("It is now generally accepted that 'land,' in any meaningful economic terms, can be 'produced.'") they ain't making any more of it.

1. James M. Buchanan, *The Public Finances*, Homewood, Ill: Richard D. Irwin, 1960.
2. Victor Keegan, "Britain's thin dark line in forefront of info-revolution", *The Guardian*, London, Sept 6, 1993.
3. *Business Week*, May 30, 1994.

THE FIRST 100 YEARS

gent need for land value rating legislation in the light of escalating land prices which put house ownership beyond the reach of many. The Campaign attracted eight Labour and Liberal MPs as sponsors, and eventually 61 local Representatives from Accrington to Woolwich.

In due course, however, the Rating Reform Campaign was attacked by the Association of Land and Property Owners but found support from *The Master Builder* and other journals.

By now, the classes in economics were expanding. Enrolments were impressive. The Cardiff branch, for one, recorded a record attendance of 60 students tutored by Fred Giggs, Edgar Buck and Fred Jones.

In August a statement from the United Committee, entitled "The Land Crisis", was sent to all Members of Parliament. *Land & Liberty* followed this by a ten-page report on the debate in the Commons on the high prices and use of land, the "solution" was to build more new towns.

THE RATING and Valuation Bill was making its way through Parliament in 1961 and in April the subject of Land Value Rating was aired on BBC's "Any Questions?" Jo Grimmond MP on the panel spoke up well for its adoption.

In June the journal announced a Korean translation of *Progress and Poverty*. At the end of that year the journal printed a farewell message from Peter Stubblings, who had been editor for some eleven years.

Vic Blundell, who then added the editorship of *Land & Liberty* to his other duties, took the magazine immediately into a new look, with brightly coloured covers, new type face and many small sketches breaking up the solid text. There was humour on the pages with Mr. Muggleshorpe's regular entertaining comments spoken down a telephone, and the occasional cartoon by Reg Smith.

Peter Middleton, a regular contributor, returned to Australia but continued to file reports on the Australian scene.

A series of philosophical essays written by Frank McEachran were published over seventeen issues criticising not only the State but also the Church and other organised bodies of officials. It attracted many tributes. These essays were later published as a book entitled *Freedom the Only End*.

In 1963 the Research Project conducted by the Rating and Valuation Association (RVA) at Whistable in Kent was underway. Fieldwork was done by volunteer staff over several months measuring and compiling information. The Whistable Report published early the following year, described as "political dynamite", produced grafting results and was given wide circulation in political and municipal circles. By assessing the annual land value of each

separate site in the town, a comparison with the present rates could be made. *Land & Liberty* reported the research fully.

The next IU conference took place in New York in 1964.

Meanwhile the Liberals were advocating an increment tax on land values and editorials were tackling Radclimanism, high rents and house racketeering all over the country.

In January 1964 Richard Grimham joined as Assistant Editor, in time to cope with the huge volume of correspondence, press reports and reviews of the Whistable exercise.

Tributes to the late Winston Churchill with extracts from his important speeches on the evils of land monopoly and the justice of LVT appeared in January 1965.

By the end of 1966 Britain was in the grip of a wage freeze while Labour's Land Commission Bill was being fought through Parliament. Editorial comment was putting the case against entry into the Common Market, and A.J.

The "Old Warrior" Goes Down Fighting

THE 75th birthday of Arthur Madsen, who was still the active editor, was celebrated with a party to which a large number of friends and contributors were invited. The "old warrior" gave a fine speech, but it was to be his last.

In April 1956, during a weekend conference, Arthur Madsen collapsed and died while taking part in the discussions as Principal of the School.

As an economist, linguist, philosopher, statistician, statesman, colleague and friend, his contribution to the movement had been immense. Hundreds of tributes poured in from all over the world and many were published in the following editions of the journal, now in the hands of Peter Stubblings as editor.

Editor, wrote a probing piece entitled "Malpractices of the Common Market" and protests and complaints against the Government's Land Commission had become commonplace. The Labour government's grants-to-hotels scheme had caused land prices to rise and builders thought it had created more problems than it had solved. In 1971 the Keep Britain Out Campaign took a full page advertisement to attract support, blazing in bold print that the "freehold of the British Isles was for sale by Rome Treaty".

Christopher Frere-Smith, writing on the EEC, questioned whether a referendum or a general election would be sought. "Is Britain heading for a depression?" asked Peter Hudson. The letters pages continued to be crammed with much critical observation including extensive com-

The seaside I.U. conference in Caswell Bay, South Wales, was held in September 1968.

About this time a new name was appearing in the pages of the journal: Fred Harrison was biting off big subjects. His series on the United Nations ran through several issues. Other writers took as their subjects the fracas over pensions, health charges and education, all of which were causing concern.

Research reports from the Economic Study Association and from the Institute of Economic Affairs were considered in depth, analysed and contested. Ray Linley, a new Assistant

ment on the Government's plan to reorganise local government.

ENOCH Powell MP, writing in 1972, spoke out against the steady growth in unemployment, noting that it co-existed alongside inflation - "prices and unemployment rising together". Richard Body MP held forth on starvation and over-production and Roy Douglas asked, hopefully, "Is Henry George becoming fashionable?"

Parliament had not yet decided upon British entry into the Common Market, and yet more debates were held in the House.

In the United States, Perry Prentice was calling for a uniform statewide tax on land in a House & Home well-illustrated editorial. This was reprinted and sold as a supplement.

Germany had recently debased the currency which attracted comment that summer and the buzz words of the moment were incomes policy, social contract and pay restraint.

As Britain entered the Common Market in 1973, with about one in three of the population in favour of the move, *Land and Liberty* remained unconvinced. One leader warned "this policy is utterly wrong in principle and will be proved to be so in time". A host of new rules and restrictions were about to draw comment from these pages: decimalisation of the currency, metrication of weights and measures, the use of centigrade temperature scale, continental heavy lorries and worst of all, the value added tax.

Fred Harrison began his "Thin End of the Wedge" series of articles and Enoch Powell's speech in the Commons spoke of the obsession with betterment levies.

Prominence was given to Agnes de Mille, granddaughter of Henry George and widely acclaimed as "the first lady of the dance". Her book *Speak to Me, Dance with Me* was well reviewed and her belief in her grandfather's philosophy quoted.

The I.U. Conference on the Isle of Man in September 1973 tackled land economics, free trade and the problems facing islanders living in a tax haven.

The year 1974 opened with fresh green and white covers, a new price of 20p per issue, and extensive coverage of the Second Whitstable Survey, the Report, this time by the Land Institute, with updated figures and findings from the first pilot study carried out by the Rating and Valuation Association in 1968. Frank Othick had again taken charge and the valuer was again Hector Wilks. Extracts from both reports demonstrated beyond doubt that LVT was widely beneficial. Frank Othick wrote a frank statement: "A Challenge to Valuers", in a bid to urge valuers to support site value rating. Geoffrey McLean's article: "Positive policies for Land Use", reprinted from his address to The Land Institute Conference, was along the same lines.

Meanwhile the government was embracing quotas, subsidies and an orgy of deficit financing. Editorials that winter looked at Labour's White Paper Land which once again had thrown away the chance to collect land values for the community, or to end land speculation and windfall gains. It failed to bring down the selling price of land on the market or to make more land available. The Govern-

ment had done nothing to promote the highest and best possible use of all land.

Before the year end Britain's membership of the EEC was to be set before the public again, a public deeply dissatisfied with the existing economy, and in particular with the Common Agricultural Policy (CAP). The cap did not fit!

1975 opened with bright changes of cover design which included not only a witty cartoon by Reg Smith but text of a lead story. Each issue for that year had its own colour and humorous touches.

An article by Bruce Kinloch ("Why look further than a direct tax on land values?") was reprinted from *The Daily Telegraph*. Damaging legislation, including the Community Land Bill leading Britain into a fully socialist state were, so the lead story said, "frightening". Many voices were raised in protest at these moves towards state monopoly. Labour's socialism was moving faster than Tory socialism had done. In February Edward Heath resigned.

Through the decade these issues were well laced with articles by excellent writers, among them A.J. Carter, R.J. Rennie, Frank Dupuis, Robert Clancy writing from the USA, and Robert Miller. In July a chorus of disapproval was reported using extracts from proceedings at a professional meeting on the Community Land Bill, a highly controversial bill that dragged on through committee stages with amendments, re-draftings, compromises, concessions and much patching and all the tarring up processes which such ill-conceived legislation invites. Meanwhile land transactions had come to a standstill. Objections to the Bill had come from all quarters; it was a "prescription for general stagnation".

Through the autumn the public were being harangued with protectionist policies, and a "Buy British" campaign was in full spate.

By 1976 the annual price of the journal jumped to £2.50 to keep pace with increased costs of production and postal rates: it remained a non-profit making journal and continued to attract new readers. In September Ray Linley became editor and Vic Blundell took up the position of managing editor.

The Government was pushing through the mis-named Community Land Act and writers predicted that it would cause "severe disruption". Expansion of the Letters to the Editor pages proved this was the case. Meanwhile in Europe beef and butter mountains and wine lakes were forming and the Department of Applied Economics at Cambridge University issued their second Economic Policy Review which painted a dark picture of "the very grave economic condition in Britain".

THE Layfield Committee, which had been sitting for two years, was described as a "damp squib". The Committee of Enquiry into Local Government Finance totally rejected site value rating in its summary of conclusions. The following issue printed the United Committee's reply.

The autumn saw the start of A.J. Carter's series "The Arrogance of Man". Mason Gaffney's address, "What is Site-value Taxation?" delivered at the Canadian Tax Foundation in Quebec was printed in parts. The year ran out with

100

The centenary of *Progress and Poverty* coloured the year

1979 with Henry George on one cover looking dignified. Vic Blundell re-examined the contents of the book and wrote: "His philosophy offers the alternatives to violence and revolution". A new edition of the condensed version

was to be published that year. A centenary weekend was organised in Aylesbury with lectures and discussions covering booms and slumps, rents, property rights and much else, including fun.

The cover personality for July was economist Milton Friedman who was quoted as saying: "In my opinion the least bad tax is the property tax on the unimproved value of land; the Henry George philosophy of many years ago"

The next decade opened with an oil spout, drawing attention to sky-high profits in the oil-racket as OPEC pushed up the price of crude oil, to be pumped into private

back at the upsurge of interest in the crucial role played by land during the 1970s.

By spring, interest turned to the narcotics trade and the carve up of the forests. Widespread felling of trees was causing ecological imbalance by disturbing water tables.

Other issues, including starvation and malnutrition were tackled; land reform was seen as a moral as well as a technical issue, especially land reform in Latin America.

Prime Minister Margaret Thatcher was

[illegible]

vation and malnutrition were tackled; land reform was seen as a moral as well as a technical issue, especially land reform in Latin America.

Prime Minister Margaret Thatcher was cover girl in July, a champion of free trade, while inside pages printed criticism of Sir Geoffrey Howe's enterprise zones.

The first World Congress on Land Policy, held in USA by the Lincoln Institute, was reported in the September issue, commenting on soaring land prices, speculation and urban sprawl. Land value taxation and its alternatives had been discussed.

In 1981 the journal expanded its pages from 16 to 20, reaching out to more

readers, following financial help from two New York based organisations. Subscription rates remained the same (£4). Bob Clancy continued to contribute regularly from New York, often appearing on the back page with pertinent statements and lively humour.

ROUND THE WORLD coverage was impressive: Tanzanian President Nyerere and Cuba's Fidel Castro, Bangladeshi problems, the attempted assassination of the Pope and global recession, while Prof. F.A. Hayek was writing about British agriculture "in a mess". At home, Bert Brookes, Henry Law and Tony Carter were among the regular writers. Fred Harrison was in Florida investigating land booms.

On the death of Frank Dupuis, his impressive article "On the Rights of Man" was re-run as a tribute to his memory.

By the autumn of 1982 there were new crisis developments on which to comment. Revolution was taking place in China, bankruptcy was widespread in several Third World countries, Reaganomics was collapsing in USA. In the UK, Geoffrey Howe was embarrassed by the failure of his enterprise zones but more importantly, Land and Liberty predicted, a housing crash in 1984.

By the Spring of 1983 inflation was worrying everybody. Later that year, following an important editorial in *Fortune Magazine* which had highlighted Winston Churchill and Leo Tolstoy's appreciation of the Georgist philosophy, and had trumpeted "We need a tax on land", their contribution to the debate had been reproduced in *Land and Liberty*. By way of contrast, Margaret Thatcher's view on the land tax was also printed.

Meanwhile, Fred Harrison had been writing *Power in the Land*, a far-sighted book reviewed by Roger Sandilands.

Events continued to astonish economists across the world. Some 48 banks in the United States had gone bust. In Japan, climbing out of recession, there was a land price explosion. Britain failed to reform the CAP and house prices (land prices) were at record high levels having risen 80% during the previous year.

The May/June 1984 issue was devoted to property taxes in America with erudite articles by Henry S. Reuss and Walter Rybeck showing that land was the key to economic recovery. Steven B. Cord recorded a significant contribution in Pennsylvania, Stan Frederiksen in Missouri plus others all rooting for LVT in USA. George Collins reported on how developers were exploiting tax inducements. Bob Clancy, writing from New York, invited readers to look at George Orwell's assessment of the year in the light of current realities. The Orwellian vision of 1984 came across painfully to *Land & Liberty* readers.

In September the focus had moved to Latin America, its poverty and conflict, and had thrown a searchlight across the \$700 billion world debt crisis. A three-part analysis by James Bussey made plain that Marxism and corruption were the two main obstacles to land reform. A later issue that year featured Prof. Donald Denman's "LVT in Deep Water", a look at the seabeds, our last frontiers of common ground. Mary Rawson in Canada took as her subject mass transit systems and how to pay for them

- out of land value.

Some issues that year attracted space sales including a full page advertisement paid for by *The Economist*, and another by Butterworth Scientific Ltd, to advertise their book *Land Use Policy*. The Robert Schalkenbach Foundation, USA's leading publisher of works on LVT since 1925, took space to list their many books, pamphlets and films, with some much needed funding filtering into *Land and Liberty* accounts.

LIBERATION theology was the topic for January 1985. Was it the answer to prayers? Bert Brookes explained why the Pope was not amused. Another important statement was made by John D. Allen on revenue from North Sea oil, a taxation survey that covered new ground, while Oliver Smedley looked into issues affecting UK, EFTA and EEC, simplifying a complicated subject. Henry Law's illustrated article "How we can return to full employment" was so persuasive that it was circulated as a reprint.

Special issues that year attracted comment. The one on *Land and War* highlighted the root causes of war, the principal one being lack of access to land. Roy Douglas warned that we were continuing to recreate conditions that could give rise to another Hitler: "If goods cannot cross frontiers, then armies will". Fred Foldvary's land plan was designed to end the Arab-Israeli war while the journal took a critical look at Cyprus and its long-lasting conflicts.

In September it was time to laugh, with a splendid cartoon on the cover and much wild talk about introducing a poll tax, along with several articles on UK rating reform and how it should be done.

In 1986 the Duke of Westminster showed up in Court, attempting to hang on to his land interests. He lost his case. By contrast readers were shown current levels of poverty in the Third World, and also in Ireland. A difficult subject was tackled by Richard Mernane who reviewed the government Green Paper on the future of broadcasting and the collection of rent of airwaves: another frontier of common ground.

The special issue in November was devoted to Henry George who again appeared on the cover. Steven Cord compared the philosophies of George, Adam Smith and Karl Marx. Guest editor for this issue was Stan Rubenstein, then Director of the Henry George School in New York. The first issue of 1987 was again packed with American interest: tax cuts, poverty and the arms race, and Bob Clancy on tax reform.

In May the journal told readers why Georgists should be "green" and why the Greens should be Georgists. By July the School of Georgist Economics was being compared with that of Leo Tolstoy, while Sun-Yat Sen's version of the land tax, fully discussed, did not forestall Parliament in the UK from introducing the Poll Tax (euphemistically called Community Charge) in place of the rating system based on property, before autumn turned to winter.

THE GREAT CRASH of 19 October 1987 prompted the editor to review the various stock market shake-outs, including the last one in 1974 and to analyse the various recessions. Doomsday in 1992 was predicted!

Codfrey Dunkley reported from Johannesburg on how to encourage a healthy economy within an ethnic mix, and Nigeria expressed the need for a tax on vacant land.

In the spring of 1988 the Editor took a trip to Denmark to appraise the tax policies of an enlightened country, after 70 years of LVT. Later he met and talked with affluent Russians, including Gorbachev's economic guru, and warned readers that the Russians would soon be trading in world bazars...

During the summer Australia celebrated a bi-centennial and the July issue was packed with Australian problems and successes: the Aborigines and their land rights, the drugs menace and trade in narcotics, as well as the prosperity of areas where LVT was already in place. Meanwhile work went on inside the Channel Tunnel and the effects of land deals along the Kent coast were described.

1989 opened with the Prince of Wales' criticism of property dealers and the great architecture rumpus. Despite dissatisfaction in most quarters and the many "quicks" about the poll tax, the Lords were whipped in from the extremes of Britain to vote urgently in favour of it and he new head tax became law. *Land & Liberty* spoke out fiercely in opposition. By May Paddy Ashdown's article in the national press was reprinted. It was a plea for LVT - but far too late.

Maggie was again cover personality that summer. The British economy "was under siege" according to the team behind *Costing the Earth* (Shepherd-Walwyn, 1989). This was a major study to estimate the value of the nation's total and natural resources in modern times. It was convened by the Editor and seven contributors took part. The book, reviewed in the journal, sold well and its title was quickly adopted both by a popular radio programme on conservation and a special inset in *The Economist*.

Dealing with the folly of "set-aside" policy, it was revealed that Lord Sainsbury received £30,000 a year for doing nothing on his many acres, in a bid to reduce surplus food stocks.

In September 1989 one of the early reports appeared in the Soviet Unions' unique chance to move to land value taxation. Subsequently, the editor and several colleagues were to make frequent trips to Russia in an effort to educate, advise and lecture to a growing number of supporters of LVT in that vast country.

THE GREEN Party enjoyed a welcome success in the European elections, gaining 15% of the vote, their Charter, which included LVT, was published in the journal.

The US bank crisis followed the house-price crisis. As the crash of 1992 approached the Editor warned that British banks were also at risk.

"Planning gain" became the fashion in municipal circles as the decade opened and Dr Francis Smith's assessment of planning gains and property rights revealed a "secret tax" that enabled councils to get what they wanted without paying for it. The Church was again in the public eye. Fred Harrison met the Rt. Rev. John Davies, the Bishop of Shrewsbury, and discussed with him alternatives to Marxism and capitalism. The Bishop got himself a place on the September 1990 cover as a supporter of LVT. The Church

and the land problem continued through to the November issue with David Redfern analysing some gospel truths and Geoffrey Lee looking at the causes of homelessness and the property slump.

The first issue of 1991 printed an open letter to Mikhail Gorbachev, signed by no less than 29 top economists, including three Nobel prize winners. Together they urged the Soviet President to retain land in public ownership and to raise government revenue by charging rent for the use of land. The debate in Moscow continued to turn on property rights, now the heart of perestroika. Georgists all over the world were taking note. *Land & Liberty* spelt it out with land in social ownership the State could grant individual use rights within a market economy. Prof. C. Lowell Harris of Columbia University, New York, one of the signatories of the Gorbachev letter, described in an article the community package which could benefit everyone.

The March/April edition became a Washington and New York Special. Fred Harrison, who had been in Seattle writing on sensitive tensions about ecology, now put his pen to describe a property tax storm, derelict residential areas and the impact of the tax on the sociology of cities.

By May the journal was showing how the poll tax was putting the British nation under strain. Margaret Thatcher had to deal with the Scots who were furious, and with riots. Over 350,000 people failed to pay the poll tax in protest.

Airwaves were also presenting worries and plans were discussed on ways to raise revenues by tapping the rental value of the air.

By July the editor was reminding his readers of his prediction that 1992 would be the year of depression. Town planner Alan Spence wrote on re-building Russian cities and proposed a plan for creating new towns in the Soviet Union by capturing the economic rent of land to finance the renewal of the urban environment, especially in Armenia which had been devastated by an earthquake. The Garden City concept, developed by Ebenezer Howard at the end of the last century, had been inspired by the fiscal policies of Henry George.

The Soviet empire continued to crumble through that summer and disputes over the share out of the rental value of natural resources took up space in the journal.

Meanwhile the Editor was reviewing the experience of oil-rich Alaska and looked at the rent-boom in a country where there was no state or local tax. By contrast, a book by Sir Richard Body MP, reviewed by Ian Lambert, showed how the average food bill in Britain was being inflated. The part played by the CAP was under fire.

The year ended with the searchlight on South Africa, now a powder keg as the different races and tribes fought for power in the post-apartheid era.

In 1992 the cheerful coloured covers of *Land & Liberty* disappeared, to be replaced by black and white covers and a new look to the journal with the inclusion of *Economic Intelligence* contributed by the Centre for Incentive Taxation. The appeal now had swung towards the economist, the business man and forecasters, rather than to the general reader. The Editor was flying about the world, in Tokyo to study land prices and their new land-value tax squeeze

on Japan's speculators, to Russia again and then to South Africa.

Readers were now looking for the regular *Land & Liberty* Essay which kept up a consistently high standard of essay writing. David Redfearn's piece on the causes of war homed in on the bloody Balkan warfare which illustrated the folly of mankind and threatened our extinction. David Richards took as his subject, the claims of nations on natural resources and created wealth. This was written following the United Nations Conference on Environment and Development (UNCED) in June 1992, attended by heads of state and ministers from 178 countries. The Summit was arranged after a hole had been detected in the ozone shield that protects the Earth.

The end of the year saw Fred Harrison back in Russia, visiting Sasnovy Bor to report on the Russian "revolution" and a people actively searching for a new identity. "From the ashes of communism could spring the first rent-as-public-revenue society," he wrote. In Moscow he interviewed the Head of the Department of Urban Land, a division of the federal government's Land Reform Committee. Russia's land rent had become the strategic weapon that might yet compete in western markets.

By March/April Russia was featured in the journal with Yeltsin's government receiving bad advice from the West. Together with Tamara Chystakova, Director of Eco-Grad, a private research centre in St. Petersburg, the Editor of *Land & Liberty* published an important document on the strategic importance of land-rent in Russia's future international relationships. Readers expecting a new tax strategy to take off were disappointed. Although no less than 80 cities had said "yes" to LVT and declared in favour of a reform of the system of public revenue, by July/August 1993 the IMF and the World Bank had blocked the rent revenue strategy. Shells from Boris Yeltsin's tanks on 5th October had blown much good work apart. Nevertheless the Union of Russian Cities, led by the city of Novgorod, were determined to cut taxes and make up the shortfall in revenue from land rents. CIT helped to prepare the ground work.

The United Nations had affirmed "the worst slump since the 1930s" while *Land & Liberty* was running reviews on a number of academic works, notably *Public Revenue without Taxation* by Ronald Burgess, which set out the problem and the solution in plain terms. "Only one policy can remove land speculation - a tax on the annual rental value of land." Britain was slowly emerging from a depression caused by the latest phase of land speculation.

WRITING from the United States, Professor R.V. Andelson contributed "Henry George - a prophet whose time has come", which spelt out the belief that George's philosophy was assuming a new significance.

Nicholas Denny's analysis of land rights for the Cosacks analysed the problems that undermine indigenous peoples of the Soviet north, making reference to the work of Survival International.

A bumper double issue at the turn of the year was again dominated by Russia and the possible move towards the Single Tax. A Plan had been drafted by Sir Kenneth Jupp,

a judge in the English High Court for 15 years who was well versed on land law and privatisation. This was to be presented to Russia as a Bill to collect the rent of land and thus pave the way for a reduction in taxes on wages and profits.

Meanwhile the editor was in South Africa where plans for the first democratic election were moving forward. In his emotional article "Africa: Cry for Freedom", he wrote about the vision of Nelson Mandela and the African National Congress, negotiations with President de Klerk and the new constitution that would emerge after the election. "Someone," he concluded, "has to explain how a fair system of public finance will bring everyone benefits."

Commons Without Tragedy

R.V. Andelson (editor)

An international group of scholars examines the impact of population on the economy and environment, arguing for a reappraisal of property rights.

Published in Britain by Shephard-Walwyn Ltd, London (£14.95) and in the USA by Barnes & Noble, of Savage, MD (\$34.50).

"One is left with a feeling that some of the contributors might actually come to blows if left to manage anything in common - but this really makes the book more attractive, since opposing views are put with such scholarly passion." - *Population Studies*

£5

THE MAN WHO WANTED TO RAISE HELL

BY THE LATE PROF. C.R. FAY

In 1939 Prof. Fay, lecturer in economic history at Cambridge, prepared an appreciation of Henry George, to be broadcast on BBC Radio on 2nd September 1939. With the international crisis which culminated in the declaration of war on the following day, the talk was cancelled. The script was never broadcast.

GEORGE, our dictionary tells us, is a proper name derived from the Greek and meaning a labourer on the land; and as surname it has been borne by two men of world distinction, one the great statesman who now grows apples in the county of Surrey, and the other the great writer and social reformer whose birth in America a hundred years ago we commemorate tonight.

The link between them is direct. For although a Royal Commission on the Housing of the Working Classes (1885) toyed with the idea of a small tax on vacant land, nothing came off, and it was left to Mr. Lloyd George in his People's Budget of 1909 to impose land taxes endured with the faith that God gave the land to the people.

Another Chancellor of the Exchequer, the socialist Philip Snowden, himself more radical than the radicals, renewed the attack in the Budget of 1931, only to fail in effect as his predecessor had done. For his tax of a penny in the pound on the capital value of land required for its operation the valuation of the land, and before this was completed the economic crisis had brought a National Government into power, and the National Government dropped it. It was a piece of sharp practice in the eyes of Philip Viscount Snowden, by this time promoted to an irony of loneliness in the House of Detested Acres and Mounting City Sites.

And who will be in office 40 years from hence, namely in 1979? For that year to the disciples of Henry George will be *the* year, seeing that in 1879 their master published his famous *Progress and Poverty*, a book of which more than two million copies were printed between 1879 and 1905 - two million in 26 years, which means that it had become a Bible. When that centenary comes along, the then Chancellor of the Exchequer, it may be, will be explaining why the special tax on site values, by which all the municipalities of 1979, perhaps, will raise a portion of their rates, cannot with propriety be used for imperial purposes, and will recall as a curiosity the distant days of this present year, when Mr. Speaker ruled that the London Rating (Site Values) Bill could not be introduced except as a Public Bill, because it made so fundamental an alteration in the law of rating.

WHO, then, was this American? The son of a Philadelphia publisher, he was drawn as a youth by the spirit of romance to the sea, and to California around Cape Horn.

For this was the age of the Californian Gold Rush, when

all the world without his wife was heading for the Pacific coast. Before the mast, in his printing office, travelling the country for reporter's copy on horseback or on bicycle, as well as in his invariably unsuccessful mining ventures, he was the same sensitive man: devoted to freedom, sympathetic to suffering, intolerant of social injustice. He saw miners sweating and starving, a score of failures for every success; railroad barons battering on monopoly; building booms, in which land values soared fantastically overnight (as they did in Florida in the 1920s) to the enrichment of the unscrupulous few; all this on the sombre background of a continent prostrated by the civil war of 1861-5.

These manifold impressions crystallised, and the crystal was his book *Progress and Poverty*. He was, however, not a man of one book, for after *Progress and Poverty* came *Social Problems* and *Protection or Free Trade*, to mention only two of his later works. *Social Problems*, published in 1884 is a fascinating little piece, and reveals his many-sidedness; for unlike Robert Owen (if I may say so), and unlike some of his own disciples, he did not freeze himself within the limits of a single thought. With him free trade, free enterprise and free access to land were parts of the larger whole of freedom, and in this he resembled Adam Smith.

His fame established, he returned to the East, where at first he was welcomed by the wealthy because they saw in his programme no challenge to business enterprise, and he all but gained the mayoralty of New York in 1894. But his strength was in writing and public speaking rather than in politics. 'I do not,' he said in reply to a leading question, 'want the responsibility and work of the office of the Mayor of New York, but I do want to raise hell.'

And his lecture tours at home and abroad were more congenial and fruitful than the political campaigning into which he was again impressed in 1897, when he was stricken by illness and died. I think of him as an American Cobbett, deriving passion from the mute appeal of the countryside, and rather lost in the tumult of the town, even though it was to townsmen that he most appealed.

WHAT WAS his programme? In his own words, 'What I propose as the simple yet sovereign remedy is to appropriate rent by taxation;' and the rent he had in mind was not that part, loosely so termed, which is interest on improvements, but the pure economic rent arising from the scarcity and situation of land, and augmented in value by the progress of society.



Through emphasis on the efficacy of such a tax by itself he and his school were dubbed 'single-taxers'. It is, however, but just to remember that in his day a Federal income tax, i.e. a tax levied by the central government in Washington, was unconstitutional. The alternative to a general tax (whether on land or income) was a mass of commodity taxation of customs and excise, which was offensive to liberty and oppressive on the poor.

When he was under fire in England, his critics quickly made the point that a land tax, being necessarily domestic, would only by indirection tax the great stream of wealth accruing from investments overseas and furthermore that it was inept to tax the employment-giving industrialist occupying a large area of land, a steel works for example, more heavily than the no less wealthy merchant enjoying a relatively tiny space and employing only a handful of clerks. Very properly, therefore, his followers of today stress the impact of the tax rather than its singleness, and rest their case on the capacity of land, and in particular of urban land, to bear a special tax over and above that which is imposed on other forms of wealth.

IN THE United States Henry George was something of a prophet without honour in his own country; and the notice of him in the new *American Encyclopedia of the Social Sciences*, though penned by a progressive democrat, closes on a chilly note: 'The practical results are slight apart from scattered attempts to shift taxation from the value of improvements to the value of land'.

In Great Britain, as I have said, the attempts to realise a part of the programme miscarried. But in the Dominions, as well as in parts of Europe, special land taxes have sometimes met with success.

Overseas, the Provinces of the Canadian West tried them and found them on the whole abortive. But in New Zealand, with its more persistent socialism, more success was won: and land taxation has probably become a permanent element of the New Zealand tax system - of the tax system; for New Zealand scholars insist that it is a tax, and not as a panacea for all social ills and economic maladjustments, that land taxation must be judged.

However, alike in New Zealand, Australia and Canada, land taxation is no longer the inspiring formula that Henry George would have desired. The place of panacea is occupied now by social credit, with Major Douglas for theorist and for practitioner Premier Aberhart of Alberta.

In England Henry George left behind the seeds of a missionary organisation; and for some time past the United Committee for the Taxation of Land and Values has promoted the cause in and out of Parliament. Their writings are ardent, though necessarily when they come down to the details of finance the going is hard. But it is not intellectual difficulty which embarrasses their spokesmen when they are on the floor of the House. They are distracted rather by the chord of social memory which strikes within them as they speak. They could not have a better case than the monstrous cost of building a new roadway over the Thames, fourteen million odd, of which eleven million would go to compensate the owners of the site. Nevertheless, the eloquent mover of the Land Values (Rating) Bill of 1937 only got to his central point at the very end of his speech. For he, like others before him, felt impelled to begin with the information 'and all that', when man's green hospitals, the commons of England, were closed against him by King Henry VIII of dubious memory.

THE YOUNG Philip Snowden, when a Revenue Collector in Aberdeen, was struck by the furor which Henry George and his book created in Scotland in the early 1890s.

'No book ever written on the social problem,' he says, 'made so many converts' (*Autobiography* 1.49). Among others it gave to Keir Hardie his first ideas on socialism. And the intelligentsia of England took Henry George no less seriously. The last work of Arnold Toynbee, in whose memory Toynbee Hall in Whitechapel was founded, was two lectures on *Progress and Poverty* in 1883. The youthful Fabian Society advertised him. A.J. Balfour dissected him at an Industrial Remuneration Conference. But the sharpest opponent of all was Alfred Marshall of Cambridge, the doyen of English economists.

When Marshall was Principal of University College, Bristol, he delivered three Public Lectures on Henry George's books. Invited by Jowett to succeed Toynbee at Balliol in 1883, he was there for one year, and in the course of it engaged Henry George in a personal debate, in which the atmosphere was so electrical that ladies fainted. Henry George junior, in the brilliant life of his father, reports it at length. Suffice it here to say that during the debate Henry George felt somewhat indignant; and with some reason, for was it not Marshall's own master, Adam Smith, who wrote that landlords, like all other men, love to reap where they never sowed? Indeed, just as Karl Marx was in a sense the last of the Ricardians, so in a sense was Adam Smith the first of the land reformers; and we might without infidelity to history point to a continuous strand of reforming thought from Adam Smith through Spence and Ogilvie and Paine to the warm evangelism of the once dreaded Henry George. *Tantae animis caelestibus inae?* (Can such anger dwell in heavenly minds?)

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PRIVATE RENT SEEKERS IN RUSSIA FEAR GEORGIST CAMPAIGN

A DETERMINED bid to combat the spread of Georgist reform plans has been launched in Russia. A document is now being circulated among Russian municipal authorities that seeks to undermine proposals for a system of public finance that would eliminate taxes on consumption and production.

The document is signed by Dr. Raymond Strike, the Washington, D.C. based Program Director of the U.S. Agency for International Development and Co-operation with Russia in Housing, and Ms. Olga Kaganova, who describes herself as a member of the Honourable International Society of Land Economics, St. Petersburg.

Ms Kaganova is directing her efforts against the London-based Centre for Incentive Taxation, whose consultants have now spent more than a year working with city officials in Russia. She is known to have personally visited officials in Novgorod, the ancient capital of Russia, to urge them to sell their land.

The publication, entitled "Is Russia Ready to Accept the Theories of Henry George?", was translated by CIT's St. Petersburg associate, Mrs Tanya Paschoshnaya. It is reproduced here in full.

FOLLOWERS of the theory of American philosopher H. George - both in Russia and abroad - persistently advise the government of the Russian Federation to follow two basic principles while creating the systems of land relations and taxation:

- a) to preserve public ownership of land and to rent it to private users; and
- b) to increase public revenue mainly by collecting payments for the use of land.

This radical view has wide support in modern Russia. That is why it is important to pay serious attention to this theory.

The Georgists' program includes the following main statements:

1. To develop rental land markets only, selling leasing rights at auctions or using the auctions to determine the rental value of land;
2. Abolish the profit tax and income tax, and collect and rent only;
3. Collect the full land rent through rental payments or leasing rights to land;
4. Review land rent at least annually and even more often if there are high rates of inflation;
5. Attract investors by foregoing payment for the land or the first 3-5 years, but to include in the lease the obligation to pay full land rent in the future.

The philosophical base of this program contains three main statements:

Land is given by God, that is why it belongs to everybody and cannot be in private ownership.

Thus, private owners are expropriating national wealth, which is inadmissible.

Public revenue should be collected from the land tax, and being rented, and not from taxation of other factors

of production such as labour and capital.

Practical experience of the proposed system is rather scanty, for there are few governments in the world which implement such a radical program. Those who dared did it only partly. H. George's supporters usually use the example of Hong Kong and several cities in the United States, where a real boom in construction industry took place after the tax on buildings was reduced (though all other taxes were preserved).

The land tax is attractive for its simplicity. But it is very important to examine the proposed program thoroughly before the final decision about its practical implementation in Russia is made. We would like to give the following considerations:

1. Which of the models "private ownership" or "leasehold" will be more effective for the development of the property market will depend, theoretically speaking, upon the bundle of rights given by each of the models. If in the new land legislation there will be the opportunity to lease land for 99 years, to sublease land freely and to sell the leasing rights freely, then the "leasehold" model will be the stronger.

2. In modern reality legal guarantees of property rights and leasehold rights given by city authorities are not the same. It looks as if property rights received from the State suggest more guarantees. While leasehold rights determined by leasing agreements that state the most important terms, such as duration, review of rent, bases and possible increase of land rent, compensation to the leaseholder in case the lessee does not conform to the terms of leasing agreement, etc. Under the conditions of relatively lawless culture of society, extreme nihilism of town authorities, it is possible to foresee that the leasehold model will produce a lot of cases where interests and rights of leases

will be neglected. This will, in turn, influence the flow of investments into city real estate.

3. From a political point of view, refusing to recognise private ownership of land means that one of the fundamental rights of the citizen that is mentioned in the new Russian Constitution is not recognised. It is important to remember that the promise to introduce private ownership of land was one of President Yeltsin's main declarations; should this promise not be fulfilled, it will automatically mean that the reform programs are discredited.

4. The introduction of the proposed reform of taxation will put Russia outside the international system of investment, because foreign capital will be double-taxed. In Russia, investors will pay the full tax which will be called "Land payments" and at home "profits/income tax". If the taxation systems in countries are similar, there are agreements between States about mutual recognition of tax liabilities.

5. There is no other way to determine land rent (if it is possible to do so at all) than to determine the revenue received from the property and to try to separate land rent from the total revenue. This is done when assessing the land value according to the income from real estate. But as in any case everything is based on income, which is the base for determining profit, debating whether to tax profit or to collect land rent is more an argument of terminology than an issue of substance.

6. The transfer from taxation of profits to collection of land rents is fantastically labour-intensive, if possible at all. It is well-known that a lot of enterprises disguise their profits, but at any rate, procedures to register tax payers and their profits exists, and it works. The question is how to register rental income when the majority of legal entities are not the direct land-users, only renting a part of a building and very often not at their legal address, and sometimes illegally. There are no renewed registers which include, at least, official users of buildings, or full land cadasters of direct land users. At any rate, this is the case for the majority of cities. Besides, it is quite obvious that if land payments depend on the incomes of enterprises (and this is, as we see it, the basic idea for extraction of land rent and systematic review of rental payments), it means that enterprises will disguise their incomes as they are doing now with profits. This is the bookkeeping technique.

7. The example given by Georgists of the construction boom in the U.S. cities where taxation of buildings was abolished and they are only paying land tax, can perhaps be interpreted the following way: advantages rarely appear, and then only in comparison with surrounding cities which preserved the former system. But it is possible to imagine that such a reform took place everywhere, as it is proposed for Russia, then the effect resulting from this difference in conditions will disappear. Besides, not long ago, there appeared evidence that if we will fulfil exact econometric analysis, results of the well-known Pittsburgh experiment can be explained only to a small degree by changes in the taxation of real estate.

That is why we have to determine the clear criteria for evaluating the results before we start an experiment on any scale, and these criteria should be analysed by independent experts, perhaps international.

8. Nowhere in the world do they manage to collect the full land rent. This is recognised by Georgists themselves. The full realisation of this idea will possibly destroy the advantages of the centres of cities and their attractiveness to investors. For Russian cities it will be disastrous because centres are in particularly poor condition.

9. Regular review of land rent, for example annually, will of course discourage investors. Obviously, in the course of time, this problem will be sensibly solved. Authorities of those cities who will be especially active will gradually understand that they are loosing investors. But now, when there is no experience of sensible land policy, and the cities need urgent investment, such orientation of local politicians can be especially harmful.

Arguments given here confirm our opinion that there are no reasons to adopt the programs of Henry George followers for payments from the land. More than that, we are worried that Russia will start once more to experience new, practically untried ideas. The country once followed this way in 1917 and the results were rather poor.

Continued from page 3

strategy would soon persuade new entrepreneurs that lower trade barriers would afford them greater benefits.

Unfortunately, the international trade agreements that are now proliferating on the international circuit reveal not the slightest awareness that the fiscal option would resolve most of the geopolitical tensions that are now encouraging people to turn to the gun for relief.

Continued from page 4

An illustration: the government has guidelines designed to preserve the green belt. So who does it appoint as its chief planning adviser (he's paid £28,000 a year for a 2.5-day week)? David Lock, a consultant to development companies which are trying to override the government's green belt policies. On behalf of one of his clients, Professor Lock represented a company that bought green belt land for about £2,000 an acre and sought to get it redesignated as building land, which would produce a profit measured in millions of pounds!

Nothing wrong with redesignating land, if that's what the community wants. But could it be that the enormous increase in the price of land has something to do with pushing the price of houses beyond the means of many people? Might this not contribute to homelessness? And isn't the government charged with the duty of dealing with such a scandal?

The Prime Minister's Pontius Pilate performance on the homeless brings disgrace on himself and his government. Unfortunately, it is also a disgrace on Parliament. But that is something which does not appear to cause him discomfort.

HENRY GEORGE

BOOK REVIEW

CAPITALISM'S PROBLEM OF PAIN

Lost Prophets

Alfred L. Malabre, Jr.

Harvard Business School Press

SINCE the collapse of communism the need for a "new" economics has become increasingly obvious. The social injustice which accompanies capitalism and which for decades made communism and, for a time, fascism, so very attractive to millions is still around; progress, or at least technological advance, still carries poverty with it, and even appears to feed it. Current fashionable economic theories provide no remedies.

Here is more evidence. Shortly after the publication of Paul Ormerod's *The Death of Economics*, which argues that economics actually contributes to our problems, comes this book by the economics editor of *The Wall Street Journal*. The lost prophets of the title are modern economists; Malabre considers economics to be "at best a pseudo science and, at worst, a guessing game, often wildly inaccurate, frequently carried out by clever bamboozlers".

Malabre describes the huge increase in the numbers and influence of economists in the US since Roosevelt's time, when very little economic data was collected and only a few academics to analyse it, through to the establishment of powerful bodies like the Council of Economic Advisers, the Joint Economic Committee (of Congress) and the National Bureau of Economic Research. Government departments and large companies came to find it essential to have an economist on the staff, if not a whole department of them.

Malabre traces through this period the shifts in policy, with economists and their theories going in and out of fashion as, one by one, they are seen not, after all, to have discovered the key to everlasting and non-inflationary prosperity for all.

He starts with Keynes, the first economist to be seen as relevant to government. Or he thinks he starts with Keynes; he does not appear to know of Keynes' remark on his return from Bretton Woods (and shortly before his death) that he had been "the only non-Keynesian there". Thus a lot of Keynesian ideology is unfairly laid at Keynes' door: budget deficits during business cycle upswings, the pursuit of full employment through demand management, and the dethronement of money from its central economic role. In fact Keynes believed that he had made a major contribution by returning money to the heart of economic theory.

Malabre is on surer ground with recent American economists - he appears to have read them. Milton Friedman's panacea (remember? - just control the money supply - easy - and Utopia will follow). Malabre points out that Friedman grossly oversimplified both his diagnosis

and his prescription in order to convince and to drum up support, after failing to get a hearing with more rigorous analysis. Years later Friedman had the grace to admit that he had got it wrong and that he had no good explanation for having done so.

BY FAR the best story is about the supply siders, who managed to convince a lot of influential people, including a President of the US, that there really is such a thing as a free lunch. Laffer's famous curve purported to show how lower tax rates (especially on high incomes) led to bigger tax returns, through providing incentives and hence increased production. This was in effect a return to Say's Law - that supply creates its own demand - which had been economic gospel before Keynes.

Most unfortunately, Laffer and his chums were riding high among people of influence. Malabre admits that this was, to a considerable extent, due to the support of the *Wall Street Journal* - when Reagan began his journey to the White House. As Martin Feldstein (Chairman of the Council of Economic Advisers in the early '80s) said, the Laffer curve was "something a Congressman can digest in about thirty seconds and then talk about for months". Reagan thought it was great, and once in power he initiated his policy of tax cutting combined with increased government spending. Utopia was again on the horizon. The fact that within the decade the US had moved from being the world's largest creditor to being the largest debtor, and that Utopia was as far away as ever, was not widely publicised. This might just possibly have been related to the benefits enjoyed by the rich and influential - both individuals paying less tax and big companies getting profitable government contracts. Malabre's description of how this silly but simple idea was floated and then spread and supported is worth reading.

Interestingly, Malabre does like to have it both ways; having torn them and their ideas to shreds, he is happy to claim the support of "most economists" for his own ideas. Ormerod too ends up assuming that economic ideas must somehow prevail.

It seems to me that there is room for optimism here; we can't do without economics, but there is a vacuum where economic thought should be. The sterile communism vs capitalism debate is surely over, modern economists and their ideas are highly suspect, and general interest in formal economics is low. But concern about economic issues is growing - unemployment, homelessness, the gap between rich and poor, the degradation of the environment caused by unregulated capitalism, and so on.

Perhaps advising a return to the works of a nineteenth century thinker is not the best initial approach to Henry George today? Had Laffer suggested going back to Say and his famous law he would probably have got nowhere. It seems that few people are prepared to take the trouble to read a writer before feeling competent to either agree with or dismiss him. Thus Malabre is quite sure that he knows what Keynes said, and in the same way economists, if they have heard of George, think they know all about him. Oh, for a simple, brief statement expressed in modern terms - and the support of something like the *Financial Times*.

BOOK REVIEWS

SUSTAINABLE ECONOMICS

No Free Lunch

Tony Beamish, £2.50

THE AUTHOR argues the case for sustainable economics and suggests that the current obsession for industrialised growth is leading to social degradation and environmental despoliation. The desire to maximise production and trade at the expense of human and ecological needs has created a crisis that the author believes will not be resolved without a complete rethink of present-day policies.

Growth, stalled now by the recession, has not been a solution to the problems of rural decline, urban decay, poverty, rising crime or long-term unemployment. The boom and bust cycles that are concomitant with attempts to increase production and trade without reference to demand are one aspect of the mania for growth. The depletion of non-renewable resources, and the consumption of renewable resources at a rate faster than they can be replaced, is another aspect. Tony Beamish rightly says that this cannot go on.

He points out that whereas at one time the world economy consisted of many agricultural countries trading with a few industrialised nations, we now have a multiplicity of fully industrialised and newly industrialising nations, all of which are seeking to expand the market for their products. Every one of them is deliberately trying to increase its production far beyond the ability of its home market to absorb it, with the expectation of exporting the surplus. Clearly, if everyone has an excess of similar products at similar prices, then the doctrine of comparative advantage no longer holds good. And if labour costs are less in one country than another then, says Mr. Beamish, capital and jobs will be exported to the low-wage

nations.

Tony Beamish gives several pages of suggestions for possible solutions. Some are obviously sensible - such as powers to control pollution, land-use regulations and land-value taxation, the setting up of an integrated transport policy, and so on. However, other suggestions seem unnecessary - controls on foreign exchange, the breaking up of big companies and, most controversially, a protectionist policy rather than free trade.

The proposals regarding large companies are unnecessary since, with a sound home economic policy, no country would need them. If big firms are too large with diseconomies of scale and divergent interests, then they will of their own volition divide, as ICI has done recently. If they are uncompetitive because of their size, then smaller rivals will take their markets, as IBM has recently found to its cost.

AS FOR FREE trade - exports must balance imports in the long run. Floating exchange rates will see to that. Cheap imports only cause unemployment when a country has a flawed economic system. If Robinson Crusoe was offered food by a neighbouring island in exchange for something he could produce with much less labour, then he would accept it with alacrity. It would be the nearest thing to a free lunch that anyone is likely to get.

* Available from the author at Preston Hall Barn, East Preston, BN16 1HU, for £3 (including post and packing).

GEORGETT LEE

PRINCE OF REFORM?

Highgrove:

Portrait of an Estate,

The Prince of Wales and Charles Clover, Chapman, £20

PRINCE CHARLES has offered his views on land. In a colourfully illustrated book on his home in Gloucestershire, he states: "I am convinced that we need to take a fundamental look at our relationship with the land."

But the Prince is not talking about EVERYONE'S relationship with the land, of course. He means that current owners ought to treat nature with greater sympathy. Hence his interest in organic farming. He states:

"All the things I have tried to do at Highgrove have been the physical expression of a personal philosophy. I believe that if you treat the land with respect and love (in particular respect for the idea that it has an almost living soul, bound up in the everlasting miraculous cycle of growth, decay, death and rebirth) then it will repay you in kind."

All of which is laudable, of course, except that the heir to the English throne has yet to make the breakthrough to an understanding of how the health of society dictates an equally radical review of tenurial rights. For the hand of the land monopolists is behind many of the phenomena of the centuries.

Such an investigation need not threaten the monarchy, for English common law vests all land in the Crown. In legal theory, the Crown is the guardian of society's natural heritage.

The prince is a lateral thinker. He is correct in calling for a reappraisal of the way in which we treat the environment. This does provide some hope that, after further reflection, he could produce a blueprint for restoring the nation by restoring the birthrights of "freeborn Englishmen". Such an act would bestow on him the title of land reformer, and he would thereby go down in history as the king who reversed 800 years of history.

ARTER MOORE