

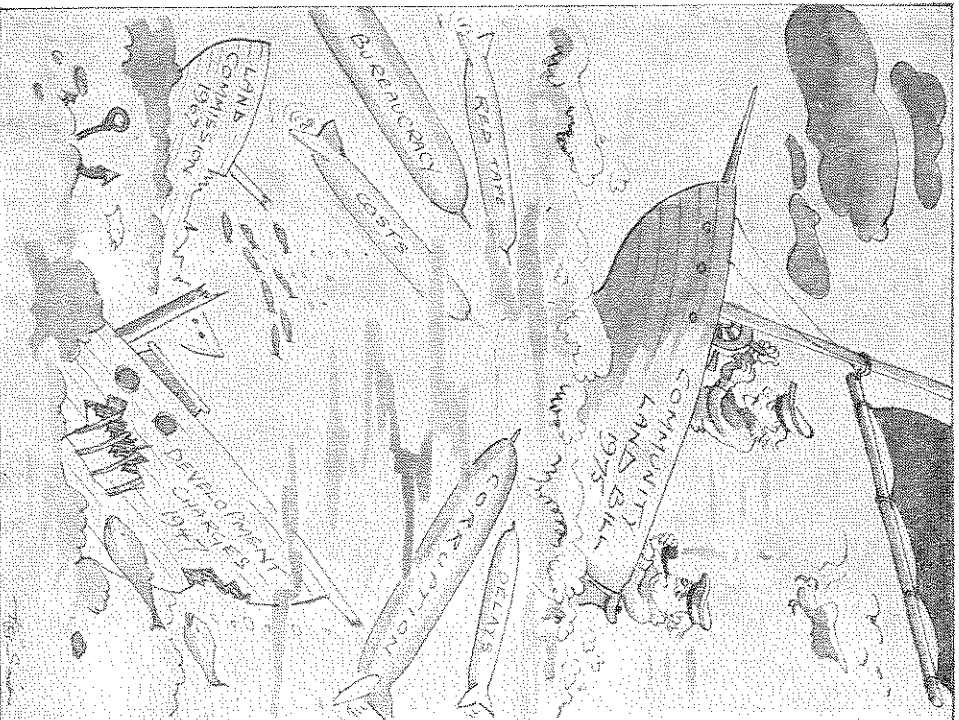
LAND & LIBERTY

MAY & JUNE, 1975

The Great Betrayal

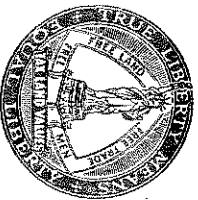
FROM the often bleak and depressing days of the Great Depression between World Wars I & II, down to the present day - that is, these past 50 years - "learned" men and women have, in large numbers, peddled their tendentious nostrums whereby society might avail itself of the "new wisdom" for solving the economic and social problems that are asserted to afflict us day in, day out. A few of our latter-day soothsayers have, it is fair to say, been motivated by no more than a strong and sincere desire to better the lot of their fellows; others, alas, demonstrate a propensity characterised by more mundane and pedestrian considerations and motivated by a more obvious desire to seek the patronage of the politically influential, hoping thereby to hoist themselves into highly remunerative sinecures complete with perks and such other money-making opportunities open to those on the make - such as a ready access to T.V. and press as pundits and gurus.

One sure way of gaining the ear of a potential patron (politician) is in the field of the "jam tomorrow" economics; but our latter-day Nostradamus has need to assess in advance what it is his political patron wishes to sell from the hustings and electoral market place, before offering such "learned" and "professional" advice thought to be politically acceptable. The hopes and expectations of politician and voter are the guidelines, not economic truth, common sense and natural law. The result is (and has been) that economic forecasting has, for the most part, displayed about as much validity to a true



*Inflation Dilemmas
SSR made "Acceptable"
Anti-social Security in the U.S.
How Civilization may Decline
Keith Joseph's Capitalism
Letters on the EEC*

Land & Liberty



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science as the predictions of a witch doctor prophesying the future with the aid of incantations made over the entrails of a dead animal, or a fortune teller doing the same over a crystal ball. Our contemporary sorcerer, equipped with 1st Class Honours (Cantab), has, it is true, to hand the more sophisticated "entrails" which take the form of an amorphous rag bag mass of statistics, models, together with a whole array of imposing technical contrivances and specialised jargon to blind the unwary (and untutored) with "science". The validity of most so-called forecasting has, for the most part, proved to be of no more use to a proper understanding of the economics of the real world, than the astrologer's predictions inform us about the nature of the universe, or the likely future we can hope for and expect from the years that stretch ahead.

Where sound economic analysis, logic and honest intellectual endeavour should prevail, in order that men and women should have a proper understanding of the true nature of the society and world they live in, wishful thinking and charlatany prevail. As Edmund Burke observed some 200 years ago,

"... the age of chivalry is gone. That of sophisters, economists and calculators has succeeded; and the glory of Europe is extinguished forever."

There is no shortage of potential geniuses to hand, ready to display a spurious and specious ability to square the circle; their attempts to do so may, for the most part, be regarded as a piece of harmless fun; it is only when society takes them seriously that our troubles begin. The price

of liberty is external vigilance; to be forewarned against the false notions of "experts" is to be forewarned against such advocates when peddling their economic panaceas.

Lest it be thought that all is gloom and despair we note with pleasure and satisfaction the award of a Nobel Peace Prize to that Grand Old Man of Libertarian economics Frederick Von Hayek, whose ominous warnings in *The Road to Serfdom* were published some thirty years ago, in the wake of a most dreadful war which had engulfed over half mankind for some six years. In spite of his brilliant analysis and uncompromising warning he was (and still is) abused, ridiculed and treated with contempt by his trendy colleagues. The history of these past thirty years has borne out the truth of Hayek's misgivings regarding the way the future was being shaped when he wrote the aforementioned classic; while the utter failure of the New Economics is condemnation itself of his critics past and present.

We also note with satisfaction and a qualified

optimism the emergence in the press of contributions to intelligent economic discourse by Professor Alan Walters and the good work being done week by week by Samuel Brittan in *The Financial Times*. Which one of us who watched a recent B.B.C. programme on inflation, wherein Milton Friedman routed his critics and demolished the pompous fatuity of those trendy bores of the Cambridge School of Economics, was not delighted with the former's mastery of his subject. If they but knew it classical liberals are back in business; cant and sophistry have (as always) many powerful friends; it behoves men and women who follow reason to resist the temptation to follow the crowd in admiring the Emperor's succession of new clothes. That not all the resistance fighters for freedom appear to be aware of the significant relationship between land and liberty is regretted but they are allies in a crucial battle for the freedom that will at least leave this question open to debate and resolution.

N.A.B.

SOUTH AUSTRALIA

Ratepayers Again Reject Taxes on Buildings and Improvements in Marion City



TWO YEARS ago a change was made in the South Australian Local Government Act to allow each ward within a municipality to choose its own local tax basis instead of a common basis being used over the entire city. Marion City had adopted the land value basis by voting to un-tax improvements at a poll of ratepayers many years before. Nevertheless, most of the councillors in four of the five wards decided to sponsor proposals to return to local taxes on buildings. Ratepayers had the right to demand that this be not implemented unless confirmed by polls and demands were soon presented for these.

After a very heavily fought campaign the proposals to return to local taxes on buildings were defeated in all four wards at the polls on May 28, 1973. But although other legislation on change of rating systems in South

Australia stipulates that two years must elapse before a defeated proposal can be re-submitted it is found there is no limit in the new legislation.

A little more than a year after their previous defeat, most councillors of the same four wards decided to try again and further polls were taken in each of these wards on December 7, 1974. An active committee was formed to oppose a return to taxes on buildings and other improvements. A strong campaign was conducted by personal canvass, press letters, advertisements and pamphlets.

In the overall result the proposals were again defeated in all four wards. In three of the four wards the margin in favour of retention of land value rating and un-taxing improvements was higher than before, although the total number of voters who exercised their votes was less than before.

The campaign to return to taxing improvements was conducted by and in the name of the Marion Council under order of the Council through its Town Clerk. A sixteen-column-inch advertisement under its name, addressed to "Ratepayers of Marion An

Open Letter from your Council" appeared in *The Guardian* of December 4, 1974, putting its case. The morality (and possibly legality) of its action in spending ratepayers' money to press a partisan case on an issue subject to referendum is questionable. Those opposed to its proposal have had to meet the costs of putting their own views and will also have to pay their share of extra rate money spent by the council in putting its views.

The councillors concerned must feel chastened at the rebuffs they have suffered twice in all four wards. It seems a change is needed to elect new councillors who will carry out what the ratepayers of Marion have said they want on three occasions.

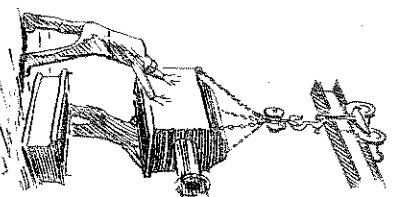
Efforts should be made to make the South Australian Government aware of the need for an amendment to the relevant Act to assure that three years must elapse before further polls can be initiated on proposals which have been rejected. Otherwise, confidence in stability of the rates will be undermined. People will be less willing to outlay large sums in buildings if their rates are liable to be drastically increased at any moment on capricious proposals initiated by two or three ward councillors.

The above report is from *Progress*, February, 1975.

CAPITALISM WITH A HUMAN FACE

A. J. Carter

"It may not be a natural consequence of capitalism, but rather a defect in social institutions Unless advocates of a market economy uncover this defect and put it right, their cause is hopeless."



IN a paper called *Why We need a Social Market Economy** the Centre for Policy Studies enunciates its fundamental beliefs about the free market economy and the need to explain it to a confused British public. The Centre was set up under the auspices of Sir Keith Joseph and Mrs. Margaret Thatcher and can be expected to influence the formation of policy by the Conservative party, though it is tantalisingly suggested that the market economy is historically "neither a right-wing nor a left-wing concept" and can embrace many forms of ownership, including cooperatives. Like the Institute of Economic Affairs, the Centre does not preach only traditional *laissez-faire* but urges that capitalism be complemented with social policies - hence the description "social market economy."

Much of the content of this paper will be familiar to those who have some understanding of the principles of a market economy. The price mechanism is seen as a signal, a means of transmitting information to producers and consumers; the profit motive as the element that brings supply and demand into balance; and competition - the "enemy of complacency" - as the most effective stimulus to innovation, economy, and responsiveness to consumer demand. The market economy is regarded as more efficient than the alternative of administrative discretion in a "command economy" and, even more important, as embodying freedom of choice and the decentralization of economic decision making. The growth of the state's economic power is feared as a danger not only to the satisfaction of the consumer but also to the political liberties of the citizen: economic centralism and political totalitarianism have proved ready bedfellows in the Soviet Union and eastern Europe.

While deploring the politicization of economic activities - one effect of which is that economic rewards can be gained by political clamour - the Centre shows little perception of the reasons why this has taken place. It attributes shortcomings to the market for not providing for the old and unfortunate and for perhaps bringing about an unacceptable distribution of wealth, and is willing to entertain a limited degree of redistribution to overcome these drawbacks. "We are not prepared", it declares, "to tolerate poverty and deprivation where, in the absence of government intervention, this would otherwise occur." However, it is precisely because poverty and deprivation were so widespread that government intervention has been so extensive. Failure to investigate the source of that poverty has bred the palliative of redistribution through high taxation and social welfare. To abandon or reduce this government intervention will produce the same hardship again unless the causes of poverty are first identified and removed.

The Centre sees a conflict between egalitarianism and complete capitalism, since the successful working of a market economy must endow some individuals with considerably more wealth and income than others. Where these rewards represent a reasonable return for a contribution to the common good, we need have no quarrel with them, but wealth and income arising from privilege are another matter. By the nineteenth century the gulf between rich and poor was enormous, far beyond any possible variation in contribution, and still widening, evidently the result not of individual initiative or improvement but of a divisive wedge within the social structure. The rich grew richer, often with no effort or sacrifice whatever, and the poor grew poorer, however great their toil. This division,

seen as a natural consequence of capitalism, gave rise to class warfare, trades unions, and socialism. It may not be a natural consequence of capitalism, nor anything to do with capitalism, but rather a defect in social institutions. If so, this defect has never been corrected and therefore still exists, a hidden crack in the foundations which can bring the most august edifice tumbling down. Unless advocates of a market economy uncover this defect and put it right, their cause is hopeless. The Centre for Policy Studies should look closely and urgently at the distinction between land and wealth produced.

A less serious but nevertheless disappointing omission from the paper is any reference to non-governmental restrictions on competition. Too often it is capitalists themselves who diminish competition, by mergers and market domination or by demanding and obtaining subsidies, quotas, tariffs and other forms of "protection". In practice high profits are not always "a sure sign that a firm is pleasing its customers". The Centre accepts that "government involvement is necessary to create . . . a framework of law in which private enterprise can be truly competitive," and one hopes that it will enlarge on this.

The Centre will seek to counter the prevailing stream of anti-capitalist propaganda by publicizing the benefits of capitalism and so reawakening the instinctive sympathy of the British people for the market economy. It is assumed that in a healthy democracy people will wish to make their own decisions, and the Centre is obviously aware of the expanding pressures for them to do so, in many

*Centre for Policy Studies, 8 Wilfred Street, London, SW1.

different fields. Accordingly, one of the Centre's aims is the diffusion of economic power and it will try to encourage the wider spread of capital ownership, both to increase participation in the capitalist process and to strengthen the countervailing forces against the concentration of political power, with its inherent threat to political liberties.

For the reasons already mentioned, the arguments in this paper are, by themselves, inadequate. In it, as in most contemporary defences of capitalism, the evils that accompanied capitalism in the past are ignored or played down. Subject to that criticism, the approach

is excellent. It is robust, it relates economics to politics, it sees the need to put the message across, it expounds the advantages of the market while affirming that "a market economy is perfectly compatible with the promotion of a more compassionate society", and it recognizes the usefulness of dispersing private capital to help to achieve "the ultimate in participative societies". Not least, the paper is clearly and eloquently written, and if this standard is kept up we can look forward to some powerful and refreshing attacks on the many misconceptions that obscure the virtues of the market.



An End to Inflation?

R. J. RENNIE

THE WORD 'inflation' is so often heard and read at the present time in a context referring to increases in prices that its correct definition, according to the Oxford dictionary, "undue increase in the quantity of money in relation to goods available for purchase", has almost been forgotten. This criticism, however, cannot be made against Professor W. H. Hutt, in *Politically Impossible?** a short book published in 1971 but perhaps even more relevant today and thus worthy of a short review. The author describes his work as "An essay on the supposed electoral obstacles impeding the translocation of economic analysis into policy" or "Why politicians do not take economic advice."

The dilemma is presented as the readiness of politicians to accept in the same programme, contradicting policies such as "to fight inflation" and "to work for full employment" and "to defend the untrammelled right to exert strike-threat power in wage-rate determination." Neither do economists escape criticism as is apparent from the following quotations: "University text books abound in tendentious passages expressed in the jargon of economic science," and "The economists' only way to permanent influence is to take a

line which will be consistently acceptable to some powerful group, or else to pander to the established convictions and conventional beliefs of society at large."

The author's proposed solution to this dilemma is that economists' advice to politicians (and indirectly to the electorates) should be something as follows: "In our judgement the best you will be able to get away with is programme A; but if you could find a way of really explaining the issues to the electorate our advice would have to be quite different. We should have to recommend programme B."

To illustrate the way in which his proposed solution might work the author discusses monetary policy, income transfers, "Keynesianism" and the "strike threat system," contrasting what the majority of economists actually said of each policy and what Professor Hutt considers should have been said: the latter broadly conforming to the fundamental tenets of political economy as enunciated by the classical economists.

The present power of the large trade unions is such that even a halt to the annual round of wage rate increases, many of which have recently exceeded the annual rise in the cost of living, appears "politically impossible": still less a

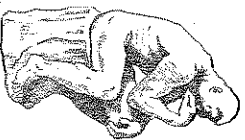
reduction in wages which, economically might be necessary to stem rising unemployment.

Professor Hutt points out that, in these circumstances successive governments have chosen the easy short-term remedy of inflation to maintain demand and employment. In economic terms when labour, by strikes and other strong-arm tactics forces wage rates above what the market can bear and there is no subsequent increase in the money supply then a rise in unemployment is inevitable. It seems from the Chancellor of the Exchequer's warnings to trade unions of the dire consequences of wage settlements in excess of the "guide lines laid down in the social contract" that he has belatedly recognised this economic truth.

Henry George, writing in *Progress and Poverty* nearly a century ago, when the dollar and the pound sterling were freely convertible into gold and their purchasing powers were virtually constant, and when there existed no means whereby labour could force wage rates above market values, attributed the cause of recurrent industrial depressions to the other major factor of production, land, pricing itself out of the market by speculation in land values. In this conclusion he was undoubtedly correct.

The excessive wage rates extorted from employers in both the public and private sectors of industry by powerful trade unions tend to increase unemployment but so does the speculative rise in land values beyond the point where capital and labour can profitably engage in production. While this tendency of rising land values to curtail production can be mitigated temporarily by inflation (lowering rents in real monetary value) it can be eradicated permanently only by the taxation of land values imposed as nearly as possible to the full unimproved value of all land, which, unlike inflation has no adverse side effects. It is to be regretted that in this interesting and instructive book Professor Hutt has ignored the importance of land monopoly in the highly organised industrial society, which exists in Britain today.

* *Institute of Economic Affairs.*



A LASTING AND PRACTICAL INFLUENCE

Paul Knight

THE IMPACT of a particular book on one's thinking can be gauged less by its immediate impression on one than by its lasting impression. Some books are a mine days wonder, others endure to take a permanent place in our thinking and philosophy. But for some, this is not enough, for others too must be like-wise influenced and introduced - if not to the book then to its fundamental philosophy. Thus some books become classics - and some of these pay the price of becoming a classic by being left unread by a new generation.

In his family biography *A South Australian Colonist of 1836 and his Descendants*, Sir Ronald East includes a Commemoration Address he gave in 1965 at a Dinner to mark the birthday of Henry George, the author of *Progress and Poverty*, in which he told of the effects of this book on his own thinking both within and outside his profession. This Address is now reprinted as a booklet *The Effects of a Book**.

Sir Ronald, a highly trained and experienced engineer, had little respect for politics and he found political economy "as dry as dust, unreal and hazy". It seemed to him to lack the law and order of engineering and to be unworthy of the appellation of a science. He discarded his studies of this subject in favour of the "real order, logic and satisfaction of engineering" where the engineer "sought for underlying, unvarying natural laws, and having found them, built his theories and his structures accordingly."

Reading *Progress and Poverty* changed his attitude - not towards the economists but towards political economy as a science; for him, Henry George "in simple

lucid sentences, unravelled the tangled skein of social problems and drew together into one harmonious whole the apparently disconnected threads of science and sociology, of production and politics, of human passions and natural laws."

It was when in 1934 he was appointed a member of the State Rivers and Water Supply Commission, that he saw the opportunity of relating his profession to Henry George's economics. (He had already been active politically as a Municipal Councillor). This bore fruit in 1943 when he advanced his idea of a State Development Tax as a method of meeting the costs and reaping the consequent land value benefits of large scale government redevelopment.

"The real profits resulting from irrigation development lie not in the sale of water but in the increase in business activities and land values resulting from that development - and these increases are not by any means confined to the farm lands on which irrigation is carried out. On the contrary, they are largely in the urban areas."

Sir Ronald wrote a number of papers and addressed many societies, institutions and committees giving examples of how many economic and social problems could be dealt with by harnessing the economic theories of Henry George.

"Every engineering plan is a forecast. It is a forecast that forces will be of certain magnitude and that materials will act in certain ways. In other fields of human endeavour forecasts are notoriously risky. Why are engineering forecasts almost invariably correct?"

"I think the answer to this question is that the engineering planner studiously avoids wishful thinking. He earnestly seeks the truth in regard to the forces that will affect his structure of machines and the strength of the

SIR Ronald East, Kt., C.B.E., M.C.E. (Melb.) is a distinguished engineer and administrator. He was Chairman of the Victorian State Rivers and Water Supply Commission for the record term of twenty-eight years, and directed the planning and construction of very great magnitude. They included the Eildon Dam, and the Rocklands, Cain Curran, Tullarrop and Eppalock reservoirs as well as irrigation and drainage undertakings.

He was also the Commissioner representing Victoria on the River Murray Commission from 1936 to 1965 and a member of the Commonwealth-State Committee which evolved the great Snowy Mountains Project. His work in connection with Water Conservation was recognised by a C.B.E. in 1951 and a Knighthood in 1966.

materials which will resist those forces. He seeks out and applies the laws of nature. It does not even occur to him to question the fairness or unfairness of these laws, or phenomena or their political acceptability. He knows that in nature there are no rewards and no punishments: there are only consequences. Errors of thought in science once detected are soon discarded, and are seldom if ever revived. That is not the case in economics."

Defending the free market economy but opposing monopolies, privileges and injustice, Sir Ronald examples Henry Ford: "He had no monopoly privileges, no subsidies and no tariffs enabling him to charge more for his goods than they were worth. People willingly paid his price for his cars and were satisfied that they had obtained value for their money. Henry Ford's profits were legitimate profits. His desire for those profits had meant a material advance in the standard of living of millions of people throughout the world.

"But there are other profits which I would not call legitimate profits, for they have been obtained as a consequence of giving nothing for something or of chang-

*Available from Land & Liberty Press, 177 Vaunhall Bridge Road, London SW1, the Robert Schalkenbach Foundation, New York, and Henry George League, Melbourne. It is 20p from London.

ing more for articles than they were worth, which charges have been made possible as a result of the total or partial exclusion of competition by tariffs, import licences or other legal privileges. It is unfortunate that the term 'profit' is generally applied to all gains whether they are earned or unearned. For example, the term 'profit' is used when referring to the unearned increment obtained by land speculators who have bought up suburban or country land and held it unused for later resale at enhanced prices.

"Unearned increment is always paid in toil and sweat by some-

Compromise or Realism?

W.A.C.



AN ATTEMPT to make a form of land-value taxation "politically acceptable" is contained in a submission to the Committee of Inquiry into Local Government Finance by Mr. Scot Young on behalf of Dover Liberal Association.

On the ground that the residential sector, unlike the industrial and commercial sector, is not engaged in financial enterprise, the submission proposes that residential land should be classified into two categories, "improved residential" and "unimproved residential" and that the former should be subject to "a low assessment." "Unimproved residential" land (vacant residential sites) and derelict property would be subject to a full site-value tax.

"The full application of site-value rating to residential land, as presently proposed, would probably be too radical and politically unacceptable in the United Kingdom at present."

The assumption appears to be that residential properties on average now pay less under the existing system of taxing improvements than they would under one of taxing site value alone. This is not borne out by the 1963 and 1973 Whitstable surveys. If it be claimed that Whitstable provides only

one, yet people have seldom questioned the commonsense or the morality of legal or political systems that not only permit unearned increment to go into private pockets, but make it unavoidable."

Among the most popular of Sir Ronald's booklets are *The Faith of an Engineer* and *The Financing of Development Works* obtainable from Land & Liberty Press.

It must be a great satisfaction indeed to be instrumental in translating "mere theory" into practice and then observe it work, even if in limited fashion. This was the privilege of Sir Ronald East.

isolated evidence for this argument then, one may legitimately ask, upon what evidence is the contrary argument based? The paper offers the answer that owners with large gardens would pay more site-value tax than owners with small gardens. But so they do today - other things being equal, and it would be no great burden if their gardens continued to be assessed at "garden value" and nothing else as they would be under site-value rating. But Mr. Young has another justification for not taxing gardens (which if he retained the present system for valuing residential houses he would automatically do anyway) and that is that a garden brings in no extra income, "and in that respect bears no relationship to ability to pay."

Rating on a site-value basis for residential properties is further rejected because Mr. Young considers it would unfairly penalize a house owner if development around him increased his land value. To this it must be answered that at least the higher value would be realisable without further tax (or it would not be included in a new assessment) whereas under the present system every realisation of land value potential is taxed through a higher

valuation Mr. Young may call his plan a political expedient but hardly "an equitable system" of rating.

The odd thing is that on the very first page of this evidence appears the following: "Taxes on residential land and property should not discourage the maintenance and improvement of property and the optimum use of sites . . . the present rating system discourages property owners from improving their houses . . ."

The foregoing apart, what is the objection to the workable system of having a lower rate on residential properties? This would work equally well under site-value rating while retaining the basic advantages of the change in assessment procedures. That is, of course, if residential properties must get preferential treatment.

Under Mr. Young's scheme, the industrial and commercial section would be rated on a full site-value basis. Rates would be collected by a central authority and distributed among local authorities according to need. (Local authorities and decentralists would prefer it the other way round although a form of equalisation of site revenues would be acceptable.)

An appendix describes a modified system of land-value taxation at present in operation in Hawaii - that is, a system that taxes land separately from buildings and improvements and at a different rate. Some interesting and simple tax analysis charts are given. (Site value taxation is often opposed as impractical, too costly, too difficult etc. Hawaii has apparently had no difficulty in introducing it and retaining and working the old system at the same time!)

Scot Young has been very influential in the Liberal Party and deservedly so. At heart he wants only to follow the unadulterated theory of site-value taxation. As a politician he discerns political snags in this. "Politically possible" is his guiding star and if that means compromising the true principle of LVT, then so be it never mind what snags and inconsistencies his own course reveals. For ourselves, we can only say that we have been up that road before.

Civilization and the

FRANK DUPUIS

*"A wild bird caught and thrust into a cage, offered food and propped
battered itself to death against the bars"*

ALTHOUGH the mass media never mention the subject and are never likely to do so, there must be few persons of a reflective disposition in such countries as America and Britain who have no foreboding that Western civilisation is falling. Most "ordinary" people if they ever think of it would regard it as academic, having no relation to themselves and their interests. Yet, as history shows, if our civilisation collapses they would be the first to suffer.

Civilisation began in rich river valleys where the comparative relief from drudgery enabled the people to have more leisure to think and develop higher powers. But if a few could contrive to rob the producers of their natural reward then they were reduced to drudgery, intelligence waned and civilisation began to decline. While the Egyptians were being reduced to a nation of slaves there arose on the stubborn soil of Attica a city whose ships traded with all the known world and whose philosophers and poets, artists and lawgivers have remained an inspiration to mankind ever since. This would not have been possible if the ordinary Athenian citizen had not loved freedom, resisted tyranny and on the whole retained his own property.

War is always a negation of reason and civil war, especially, is a symptom of a decline in civilisation. As this article is being written British ports are being blockaded not by an enemy fleet but by British fishermen. The object, however, is the same: to bend the people to their will, in this case by denying them the right to buy cheap fish. The fisherman might say that as other powerful groups, by means of protective tariffs, subsidies, quotas, tax concessions and other ways too numerous to mention, but all legal, are making war against the British public, the fishermen are entitled to do likewise.

However, these various groups while fighting amongst themselves have one common opponent: the people in general. Yet every person in these groups is a member of the people in general. They are thus fighting themselves. This is the typical pattern of Western civilisation as it is today; and it is accepted by almost all the leaders

in Church and State, the new priesthood of economics experts, the directors of education and TV networks, and all other organisations that influence the public mind. Yet it is based on a fallacy that any intelligent child would laugh at: that everybody can become more prosperous by robbing each other than by honest work; and that everybody can get more out of the State than he puts into it, as if 2 minus 2 equals 1. If a civilisation based on such things as this could endure it would be a monstrosity.

Another symptom of decline is the crushing taxation that is imposed against all principles of justice. In a natural and just order every genuine producer would receive the value of all that he produced. Now he must surrender half his wages to the State. As it would not be expedient to make this too obvious most taxes have to be obscured or concealed. One method is to debase the currency. As this inevitably raises prices, scapegoats must be found to divert attention from the real culprits.

Currency debasement, or inflation as it is generally called, is as old as the hills and has again and again been used by corrupt rulers as an expedient to conceal their waste of public money. It promotes a hectic gambling atmosphere and thus helps to corrupt the general character of the people, on which the character of a civilisation must depend.

A paradox of our time is the ever-increasing progress of science and the decay of character and social institutions.

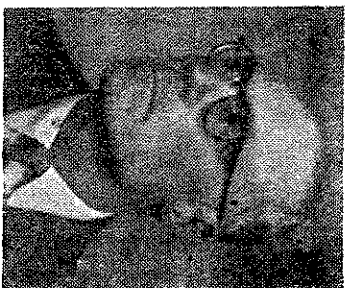
Some might say that as poverty has been eliminated civilisation is still advancing. In fact, if that compulsory and unnatural redistribution of wealth called welfar-

ism were suddenly abolished there would be widespread starvation. Welfareism acts like bandaging a suppurating sore with a filthy rag. The sore is concealed but the poison spreads throughout the whole body. Much could be written about the demoralising effects: how it paralyses public spirit, conceals the basic evils of society, leaves everything to government initiative, encourages selfishness and dries up natural sympathy for the suffering. It is perhaps the greatest single factor at present leading to the downfall of civilisation. The remark of that shrewd satirist Juvenal on "bread and circuses" is well known - though not so well known as it used to be - but to examine it more closely would reveal how, in all particulars, our society to-day resembles that of decadent Rome.

If we look realistically at what is called the State we see that it is composed of a group of persons drawn together by a mutual desire to exercise authority over their fellows; but the deluded people regard it as a mystical body endowed with super-human wisdom, capable of guiding them for their own good not only in economic matters but in the education of their children. Schooling alone is not true education which is to draw forth all the higher powers of mind and spirit; but State schooling can have a terrible effect on children's growing minds. The old Ottomans could take the children of Christian parents and after State schooling transform them into fanatical Moslems. The State to-day will never use such power except to strengthen its own power. State schooling inevitably produces subordination of mind and any system of regular schooling can be dangerous. Bismarck said that the battle of Königgrätz was won by

'Common Man

in against all dangers of the wild, will yet
her than submit."



the Prussian schoolmaster, and Victor Hugo, who began life as a schoolmaster, said that common sense exists not because of but despite education.

Any subject except genuine science, which must be based on natural law, can be taught in such a way as to serve the purpose of the directors. The purpose of history is to teach by examples but to-day history is taught so as to teach nothing that might shake confidence in the present rulers. To compare our own times with previous times that might have been better, would be dangerous. This tendency also is as old as the hills. The Chinese emperor Che Hwang-le, who died 210 B.C., issued a decree that anyone talking about the past so as to blame the present must be put to death.

If it is admitted that Western civilisation, previously improving, has now declined there must have been some period when the turning point came. The present writer, who was born two days after Gladstone died, believes this came during his own lifetime and the most critical moment was during the few years just after World War I.

The free trade revolution in Britain marked a notable advance in European civilisation; the benefits were at least as moral as they were material. Other economic philosophers had shown the absurdity of monopoly and restrictions in trade and production but Adam Smith by examining the true nature of wealth was the most influential. He thought, however, that the ignorance and selfishness of ordinary people would prevent the operation of common sense being put to practical effect. Yet ordinary people by vast petitions to Parliament demanded, as well as the abolition of the Corn Laws,

the abolition of protective duties supposed to benefit themselves. This had a profound effect on character which remained right up to 1914. The revolution had been won by an appeal to reason in widespread debate among ordinary people. They realised that freedom paid better than selfishness, and that it was better to rely upon oneself and one's own intelligence than to delegate one's thinking to authority. Richard Cobden in his last speech pointed out that although trade had been liberated it remained for the next generations to apply the principle of freedom to land. This must have helped in an historic election, to bring into power in 1906 a Free Trade, land-reform government. All monopolists, like members of a gang of robbers, collaborate amongst themselves but in the end they are all subordinate to the land monopolist. Churchill in 1909 said, "It is true that land monopoly is not the only monopoly which exists, but it is by far the greatest of monopolies, and it is the mother of all other forms of monopoly." Then came the war.

War, especially a large-scale war, is not so much a cause of decline but a consequence of false thinking, and as during the war rational discussion is suspended, the germs of false thinking have more chance to develop. As far as Britain was concerned that war began on a high note of genuine patriotism. Men were called to arms in order to defend freedom and make this a war to end all wars. At that call five million young men volunteered - though many were rejected for physical defects. Tens of thousands of those soldiers carried in their packs a copy of *The Spirit of Man*, an anthology of verse and prose collected by the poet laureate,

Robert Bridges. That expressed the spirit of European civilisation. In a short preface the laureate makes no appeal to hatred, or vengeance or pseudo-patriotic rant. He says, "That fairest earthly fame, the fame of Freedom, is inseparable from the names of Albion, Britain, England: and this heritage is our glory and happiness." This is not mere verbiage, for freedom is happiness.

In the preface the laureate also says, "The progress of mankind on the path of liberty and humanity has been suddenly arrested by the apostasy of a great people who now openly avow that the ultimate faith of their hearts is in material force." All the actions of the State rest on material force and now the British and similar peoples call upon the State, in order to solve their problems, to exert increasing material force upon themselves, and thus reverse the progress of mankind. Although their significance is now ignored the words of Sir Edward Grey, who had striven so hard for peace, are still remembered. On the evening of the day the ultimatum expired he said, "As we sit here the lights are going out all over Europe. We shall not see them lit again in our time." Now, sixty years afterwards, the lights of civilisation are still unlit.

For the subsequent decay the soldiers were not to blame. War is so absurd and contrary to human nature that measures have to be enforced to prevent fraternising with the enemy, such as occurred between British and German troops during Christmas 1914. The present writer, who served in East Africa, well remembers on the morrow of a severe action with many casualties on both sides, being sent to interrogate a German prisoner. Our conversation might have been that of two men swapping experiences over a pint. This affront to human nature can be seen in the present industrial civil war. The ordinary trade unionist has no desire to inflict suffering upon his countrymen but under the discipline imposed by the leaders he must do so.

After the victory in arms, not in ideas, the survivors returned quite understandably intent only to have a "good time." The civi-

lians had become passive and such things as independent debating societies started to fade away. The practice among ordinary people of reasoning together diminished as the complacency of delegating one's thinking to others increased.

When the Economic Blizzard came in the thirties people fell into a panic and without putting the question to genuine discussion and examining basic causes, free trade was abandoned together with proposed land reform. The way was opened for the spirit of monopoly: a spirit at once selfish, stupid and cowardly - for it dare not face competition. That panic, extending from America throughout Europe, brought Hitler to power and now the British and American people have been brought to the brink of totalitarian government themselves. We are on the road to serfdom. Professor F. A. Hayek, in his book under that title (1944) says: "We are rapidly abandoning not the views merely of Cobden and Bright, of Adam Smith and Hume, or even of Locke and Milton, but one of the salient characteristics of Western civilisation as it has grown from the foundations laid by Christianity and the Greeks. The basic individualism inherited by us from Erasmus and Montaigne, from Cicero and Tacitus, Pericles and Thucydides is progressively abandoned." Professor Hayek's socialist colleagues at the London School of Economics begged him not to publish that book.

Nearly a hundred years ago Henry George pointed out that if Western societies continued to ignore land monopoly and its affects, Western civilisation must eventually fail. Now we see, as was said before, that "he wrote history in advance."

To-day the outlook for Western civilisation is dark and we would delude ourselves to imagine there is any positive evidence to show that it is the darkness before the dawn. We know, however, that human nature cannot be changed in its essential. Some words of the Old Testament still touch our minds and hearts as they must have touched the minds and hearts of ordinary people thousands of years ago, before Rome, before Greece, before Egypt. Perhaps the

news we learn daily of violence and disorder, however stupid and selfish, is an indication that people are beginning to feel, unconsciously, they can never find happiness in servitude.

To think for oneself, to discuss honestly with one's fellows, to seek truth for its own sake: that is to be true to one's soul. Only by that path has humanity risen from the primeval slime. As long as men and women can still aspire to this there is some hope for civilisation.

The urge to be free is so irresistible that one sees it in all animate nature. A wild bird caught and thrust into a cage, offered food and protection against all dangers of the wild, will yet batter itself to death against the bars rather than submit.

The Influence of Henry George in Europe

S.C.B.



WHAT impact did Henry George make upon European thought and politics? A number of books about Henry George have dealt with this question to a greater or less degree but perhaps the best treatment of it so far, is contained in *Henry George in Europe* by Michael Sllagi - unfortunately, as yet only in the German language.*

The story of the taking up of George's ideas politically in the various countries and of the attempts, some successful others abortive, of land reformers to introduce legislation along Georgist lines, covers the UK, Germany, Hungary, and Denmark. Included also is the story of the introduction of a Georgist tax policy in Kiau Chou, then a colony of Germany, by Wilhelm Schamier.

Of Britain, perhaps the most unsought for and unwelcome effect was on the socialists who saw in George an ally of great value. It will be remembered that the arch Fabian, George Bernard Shaw, claimed to have had the course of his thinking changed by listening to Henry George speak, but

It is for those who see that a corrupt civilisation falls worst upon ordinary people to show that if they will only think and act for themselves a happiness that now seems impossible is within their grasp. To call this task impossible because it looks formidable is culpable timidity. In the words of Henry George, "Let no one imagine he has no influence. Whoever he may be and wherever he may be placed the man who thinks becomes a light and a power."

We may be sure that within a generation or so the words of the most publicised experts and politicians of to-day will be as if they had been written in drifting sand. But words that were spoken two and a half thousand years ago still live on. Said Pericles, "Happiness is Freedom; Freedom is Courage."

that he then "went on to socialism." Certainly much of George's campaigning was seized upon as free ammunition by the socialists although George categorically repudiated socialism. Of subsequent socialist legislation with one notable exception¹, it may be observed that it well indicates that most socialists have never understood or wanted to understand George. Although Germany could claim the greatest organised movement for land reform, it was only in her colony of Kiau Chou that it was put to the practical test. Prominent land reform leaders in Germany were Theodore Stamm, Michael Flurscheim, Boron Eulenstein and Adolf Damaschke, the latter the leader of the strong Bodenreform movement.

The story of Hungary includes an account of the work of Dr. J. J. Pikler², valuation chief in Budapest who began a valuation for land tax under Count Károlyi's 1918 revolutionary government.

The story of Georgism in Denmark is perhaps better known, be-

*Published by Etana, Taku-Fort-Str 13C, Munich 82, W. Germany, 1973, Price DM 25, approx. £4.25.

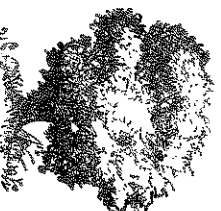
¹ Snowden's Finance Act which called for a measure of land value taxation well in line with Henry George's ideas. See *Symetry in Budapest in Land & Liberty*.

gaining with the successful agitation of the small farmers who campaigned for taxation to be transferred from their improvements to their land, followed by the story of the growth and influence of the Danish Justice Party dedicated to the principles of Henry George.

An interesting aspect revealed by the author is the origin of the

A Field Day For Land

(By a Participant)



I RECENTLY spent rather a heady day "Thinking about Land," at Ewell Technical College where a seminar with that title had been organised.

The first speaker was Leslie Blake a (newly qualified) lawyer by profession but an economist at heart. He suggested in his historical appraisal of land tenure in England that perhaps an earlier recognition of common and equal rights to land might be looked at again in our own day, particularly as lawyers do not admit the existence of privately *owned* land in English law. He suggested that the tenures of freehold should be tenures and nothing else and subject to the rendering of dues to the Crown acting as trustees for the people. Not so much a "back to the land" speech as a "back to the land laws" one.

Roger Pincham, Liberal P.P.C. for Leominster, and a highly professional amateur economist, followed with a talk on "Natural Law and Land Tenure." For those of us who have followed the unnatural laws of recent governments in relation to land tenure, this was a most welcome change but it must have come as something of a revelation to some to learn that there are natural laws in economics as unavoidable and as immune to legislation as the law of gravity. This was good basic stuff for the uninitiated.

V. H. Blundell, Editor of *LAND & LIBERTY*, gave a rapid fire commentary on the urban land scene over the last fifty years covering the evils of ribbon development,

Papal encyclical *Rerum Novarum* - devised as a counter to Georgist ideas.

Sources explored are both old and new and among the latter are some unpublished letters of George in correspondence with European supporters, and statements by Sun Yat-Sen's son, Sun Fo.

leapfrogging, land speculation, urban sprawl, and urban blight; problems of road widening, land acquisition etc., all of which he laid fairly and squarely at the door of our present system of land tenure. He spared some time to look at council houses, rent controls and the green belt only to conclude that the wrong policies have been so consistently followed that our present land problem was several layers thick and would take some shifting. As though to prove he knew what he was talking about, he gave an encapsulated lesson in land economics covering Ricardo, the economic nature of land, the effect on it of taxation, planning, betterment levies, supply and demand etc.

He said more - about the mobility of labour, inflation, employment, agricultural home ownership, mortgage - and succinctly and significantly related these apparently independent problems to the basic one of land tenure, use and taxation.

The ideas of Robert Owen and of others who saw the benefits of intensive farming, "the spade versus the plough", were discussed by Dr. Deavin in his talk on the disenchantment with industrial society and the movement for return to the land.

Dr. Deavin is a plant biologist at Ewell Technical College and a member of the Soil Association. Dr. Deavin brought a wide experience and study to his subject which removed it far from the field of "crankiness" that critics love to associate with farm and

food reforms. There then followed a series of five-minute speeches from representatives of a number of groups dedicated toward proper use and distribution of land.

Some wanted cheaper land for homestead settlements where they could design their own style of living, others wanted land for smallholders to raise crops independently of man-made fertilisers, sprays and other unnatural aids. The Vegan Society, concerned with food, the environment and related matters, tried to persuade the audience that we should abandon all forms of animal products in favour of plant life. The speaker got sympathy for some of her arguments but, I imagine, few converts.

The conservationists/ecologists also made their points, but the one cry that was common to all was the cry for land. Whether it was the New Villages Association, The Community Land Trust, Home Gardening, Marketing, they were all land hungry. They felt trapped by our land tenure system or by our planning system or both.

A new note was struck by Mr. Oliver Smedley, who, speaking for the Anti-Deer Food Campaign, drew attention to the right of every housewife to choose and buy her food from any overseas supplier offering it. She was effectively prevented from so doing by import duties, quotas and other political devices, not to mention EEC membership. The division of labour applied equally well among nations as it did among our own towns and cities - perhaps more so because of the immense differences of the soils, seasons and climates of the world.

The well attended seminar closed with the panel of speakers answering questions - and asking them.

A nuclear war had destroyed all life on earth, save two microscopic algae, hidden in a cleft of rock. They surveyed the ruin dismally. Said one to the other: "I suppose we shall have to start this evolution business all over again. But this time, remember, no brains."

The Individualist, April

Satisfaction not Guaranteed

ROBERT CLANCY

THERE has been much talk among social scholars of "job satisfaction." Do workers derive from their jobs not only a living but also the satisfaction of filling a vocation? Are they working at something that interests them and enables them to feel they have a place in society?

Studies rather reveal the opposite. Particularly in large industrial settings where workers are massed together, a mood of futility and frustration prevails which even periodic increases in salary cannot overcome. The worker, repeating endlessly one fraction of a procedure, finds himself closed in, a cog in a machine. After all, one human desire is to feel like a human being. Defective merchandise and equipment have been traced to deliberate sabotage by workers who feel they must do something different for a change.

With a worsening unemployment problem, the focus is on the availability of any kind of job, let alone one that gives satisfaction. The present situation gives a clue as to the problem of job dissatisfaction. Even in times of "prosperity", the threat of unemployment is never far away. People tend to look for jobs on the basis of security rather than satisfaction, and so square pegs in round holes are not uncommon.

In a chronic condition of insecurity, labour seeks security in a variety of ways. One principal way is through labour unions, which agitate not only for higher wages but, with increasing emphasis, for job security and retirement benefits. Nor is this limited to blue collar workers. The ambition of most college graduates is to get a job with a big company and stay with it until retirement. This can only lead to less mobility of labour and a more stratified society.

Besides unions, people have turned to government for the guarantees they want - unemployment benefits, labour arbitration, retirement pay and subsidies to certain industries in order to maintain jobs; and people also expect

government to provide them with the jobs when private enterprise does not offer them.

But now even this last resort is faltering. In the U.S.A., city and state governments are now in the process of laying off massive numbers of civil servants because of budget crises. This Big Daddy, this *deus ex machina*, has feet of clay.

Where then does one turn? It may be time to go back to fundamentals.

Labour itself is not desirable. We have to work in order to procure for ourselves the wherewithal in order to live and satisfy our desires. But there can and should be satisfaction in doing the job well and enjoying the fruits of our labour. In a society where exchange and division of labour develop, there is no reason why job satisfaction should not be continued, even enhanced, with each



participant finding his proper niche in the scheme of things.

But - unless we submit to the ant colony of a planned economy - such a state of affairs presupposes certain conditions: freedom of choice and availability of opportunities, among other things. The most basic opportunity - access to land and natural resources - must be present. Otherwise the picture becomes distorted - into the shape it is today. The emphasis is on any job and on security in an increasingly insecure world.

With so many erroneous measures failing, it would be gratifying to find the world seeking a more fundamental solution.

Dealing with Nature's Monopolies

RONALD MARRE

WHAT ARE your views on State intervention? This is a question which might have been designed to separate constructive thinkers from those who habitually repeat half-understood ideas. (Why not try it on your next parliamentary candidate?). Those who reply that they are for it or against it fall into the trap of answering the wrong question. The sensible question is "under what circumstances, and how, should the State intervene in the market." A readable and clearly reasoned summary of the economic arguments needed to answer this question is provided by a 65-page booklet recently published.*

The existence of a monopoly provides a reason for state intervention, because then the market mechanism cannot on its own ensure economic efficiency. A 'natural' monopoly which cannot be combated by normal anti-monopoly legislation is a different matter.

**Government and Enterprise*, by Papps, Institute of Economic Affairs, 75p.

poly legislation, provides the classical reason for direct government intervention. But it does not follow that State ownership, or even regulation, is the most efficient solution. The booklet's treatment of the case for State intervention in the use of radio waves provides an interesting example of the author's approach. Free access to radio waves is not technically feasible because of the interference between adjacent stations. Radio waves must therefore be regarded as a scarce resource, because the quantity which people would like at zero cost is greater than the quantity available. When resources are scarce a definition of property rights becomes necessary. For radio waves it is suggested that the government should calculate the optimum number of stations and should then sell franchises by auction. The monopoly profits of operating a station would thereby be appropriated.

It is a pity that the author

should have adopted so static an approach. If the value of a radio station were unchanging, or if its future value could be known with certainty, then there could be no objection to her proposal; but in an uncertain and changing world, something more is required. It is a definition, not of property rights, but of rights of tenure which becomes necessary when resources are scarce, and the solution is provided not by an outright sale but by a leasehold. The parallel with State intervention to deal with land monopoly is quite startling.

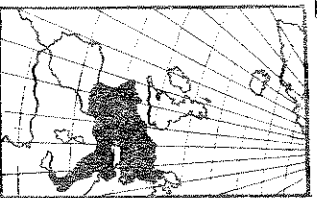
The mere fact that a firm has access to a monopolised resource does not, however, provide a legitimate reason for State ownership. "The correct solution would be for the Government to intervene in the resource monopoly and not the firm allied with the monopoly." Similarly, there are better alternatives than State ownership for dealing with the other problems which State intervention is intended to tackle; but granted that the alternative is a State monopoly or a private monopoly, the author is prepared to accept

nationalisation as preferable if only on a second-best solution. She then turns to the thorny question of how nationalised industries should be regulated.

The booklet confines itself, unfortunately, to State intervention in industry and does not therefore touch upon the land question. Since the author sees so clearly that it is the way in which scarce resources are used which is important, this is a pity. Perhaps someone could persuade her to take a second and more fundamental look at government intervention in the access to natural resources?

FULL-HEARTED CONSENT ?

IN CASE some people may be thinking that the EEC referendum has already become the great bore of 1975, it might help them to accept it and use it more readily if I point out what I consider to be the vital argument for holding it.



It has often been asked, why should we hold a referendum on the EEC issue in particular? Why have we not found it necessary or desirable to hold one on capital punishment, or abortion, or immigration? Surely it would be helpful and in the interests of all if we found out public feeling on these important issues?

Indeed it would, but these are among the many questions which our members of Parliament are elected to deal with among themselves. Obviously no M.P. can possibly represent or reflect the majority view of his constituents on every issue, but he is the nearest we can get to that ideal. It has to be assumed that he is sincere and is at least of a standard of intelligence not lower than that of the ordinary man, well able and willing to heed his conscience and exercise what power and influence he has to the common good. More than that we cannot reasonably expect - (though some

of us occasionally find to our surprise and delight that we have it) - and whatever the results of our members' deliberations and debates, they directly affect only us, who put them there to do a job. The questions they deal with are all material affairs and of no concern to other people; any resulting legislation may be amended or repealed whenever we (our MPs

Robert Miller's

Occasional Column

representing us, that is) think fit. Whatever laws we may choose to live by and under, we may change as many times and in any way we wish without reference to or interference by any other ruling power.

The EEC issue, however, is quite different. It is a constitutional one, and Parliament had no right in the first instance to surrender any part of its authority to govern us to any other power, foreign or otherwise, without prior reference to the people from whom that authority derives. The Parliament of October 1972 did just

that by ratifying the Treaty of Rome.

Another objection that is made to this referendum is that it is foreign to our way of government; that we have never resorted to it before, so why now? The answer - if it is still not clear in the preceding paragraphs - is that never before have we joined an organisation which demands that we surrender part of our authority to govern ourselves, and since the Act of Accession to the EEC is a first time for Britain in that respect, then we can similarly justify our first referendum.

Whatever the result of this referendum may be, every Briton has the right to express his opinion in it, and no matter how much or how little he knows of the subject, or whether or not he knows who or what is best for him and his children; it is his right and responsibility to decide, and accept whatever the outcome may be, by making his own mark on the ballot paper. And since, for once, every vote will count, that is precisely what he will do.

Few people disagreed with Mr. Edward Heath when he said that it would not be right to join the EEC without the full-hearted consent of the British people. Unless you ask them, how otherwise can you be sure that you have it?

Land and the Ecologists

A CHALLENGE by Dr. Schumacher in a recent special Land issue of *Resurgence* to suggest a better scheme than the one he puts forward to abolish land speculation, has been taken up by Shirley-Anne Hardy. In a paper* published by her, Mrs. Hardy deplores the singing out by Dr. Schumacher, of speculation in land as a target for attack while leaving the larger issue of our whole land tenure system unchallenged.

Although Henry George is mentioned by Dr. Schumacher, says Mrs. Hardy, it is as though George was himself concerned only with the "injustice of land speculation" and his name is coupled with Karl Marx "with no suggestion at all that there is any important difference between their teachings on the land question, whereas, of course, the difference is vital and fundamental."

Dr. Schumacher is led into error and omission, suggests Mrs. Hardy, by failing to distinguish between land and capital.

Dr. Schumacher's plan for a form of land price control and betterment levy is dismissed and Mrs. Hardy takes the opportunity of developing the theme of land



reform for the benefit of ecologists and conservationists for whom Dr. Schumacher is a prominent and popular spokesman.

Out on a Strong Limb

THE alleged choice this country has to make between continued inflation and general unemployment is an unreal one; both are as unnecessary as they are unacceptable. A third choice exists that in the long run will outlaw both, and in the process establish equity among men with advancing prosperity but without paternalistic socialism.

This is the substance of a mod-

*Land and Dr. Schumacher: *Some Observations on the "Land" Issue of Resurgence*, Sept./Oct. 1974. Free on application from Land & Liberty.

est sixteen-page booklet* by Edgar Buck which carries the discussion on inflation and unemployment beyond the usual bounds - with ample justification and with admirable clarity.

As the author will readily concede, this booklet does not go much beyond the exposition of basic principles (as the title he has chosen indicates) but he starts a train of thought well worth following.

Beginning with an analysis of the economic factors instrumental in the production of wealth, he analyses the distribution of wealth under natural economic law (not man's) and indicates the economic and social factors which give rise to that most unnatural of all modern economic phenomena - involuntary unemployment and industrial depression.

He continues with a brief look at the genesis of inflation - an exclusively monetary phenomenon in origin - and with his appendices binds his threads of thought into an anatomy that the keen reader can put his own flesh upon.

Same Old Pattern

From a correspondent writing from the sea-coast town of Doha in Qatar in the Persian Gulf.

NO all intents and purposes, this place is just semi-desert with a few clumps of low branches or trees. Before the oil boom its *only* industry was fishing (including pearl fishing). However, the coming of the oil extraction industry has transformed the previously worthless land and it is now worth enormous sums.

As one drives through the apparently featureless desert, one can see little clumps of stones or breezeblocks put down to mark the site where someone, alive to its potentialities, has put his mark on a piece of land with a view to development.

The oil boom has brought people to Qatar and people need houses and houses need land, and rents are astronomical!

It is really a textbook example of the way the land value reflects the community's needs and the price they are likely to pay for access to land.

* *The Anatomy of Industrial Depressions* available from Land & Liberty 20p including postage.

ANDREW MACLAREN

WE REGRET to report the death of Mr. Andrew MacLaren, after a short illness. He was 91 and active in his varied interests and in his propagating and teaching of the philosophy and economics of Henry George, right up to his last days.

The background of his early life was music and painting to which were later added the skills of writing, oratory and cartooning.

It was a reading and studying of Henry George's classic *Progress and Poverty* that led him into the political field where he made great use of his talents for speaking and writing in the cause of the taxation of land values.

He was Labour MP for Burslem, Stoke-on-Trent, twice in the twenties and also from 1935 to 1945 - a total of eighteen years.

His strong idealism and convictions were the basis of his stern, uncompromising attitude to political palliatives and in his devotion to his ideals he spared neither his enemies nor his friends.

Basically a liberal, he saw the dangerous political drift towards state paternalism in 1945 and resigned the Labour whip and lost his seat to an official Labour Party candidate.

Before the second world war, Mr. MacLaren was associated with the United Committee for the Taxation of Land Values in propaganda projects and many of his articles and speeches were printed in **LAND & LIBERTY**.

He was well known for his ready wit, or for his sharp tongue as some on the receiving end would have preferred to have described it, but his political integrity was never questioned and his faith never shaken.

GABRIEL STAMPER

WE sadly report the death of Gabriel Stampfer of Grenoble whose jovial figure graced many International Conferences. Though unconventional in his correspondence and business methods he was most hospitable and generous. Not cut out for leadership or political organisation, he none-the-less made his mark as an advocate of Henry George's philosophy with all whom he met.

To his daughter we offer our sincere condolences.

Letters

FAIR FREE TRADE?

SIR, — I am sorry to see that you and some of your friends are lining up with the Russians and Americans in their anti-Common Market attitude which they are adopting because they are not allowed to run it.

I do not fully agree with the Rome Treaty, but the only way to make it acceptable is to be in the Common Market and to work for amending those parts that are not fair to all.

There is no bigger Free Trade area than the Common Market: not only are the nine E.E.C. countries concerned but there are favoured agreements with Norway and Sweden and there is the Rome Convention between the E.E.C. and the African, Caribbean and Pacific States of forty six further countries all developing.

According to *Peking Review* 14 February 1975 the main points are as follows:—

Access (duty & quota free & without reciprocal treatment) to the West European Common Market (9) for all A.C.P. (46) industrial products and 96 per cent of their farm products: establishment of a stabilisation fund by the E.E.C. to compensate the A.C.P. countries for any fall in the market prices of a dozen basic products exported to the Common Market; aid amounting to more than 4,000 million dollars for financial and industrial co-operation to be given by the E.E.C. to A.C.P. in the next five years.

How different is this Free Trading to what has been in the past, pure exploitation, as Russia does today who obtained oil from Egypt dirt cheap and sells to West Germany at great profit, also sells to East Germany, one of her puppets, at a still higher price.

What we want is Free Trade under fair conditions and we are all the better for it, us morally, and the usually exploited economically.

Yours faithfully,

FRANK DOCHERTY

London S.W.19.

MAY & JUNE, 1975

COMMON MARKET— IN WHOSE INTERESTS?

SIR, — Some leaders of big business make no secret of the fact that they support Common Market membership because they see a decline in home demand. They believe they can offset the consequences of over-expansion of plant capacity by seeking larger markets for their mass-produced, standardised products, in part of Europe.

These men live in blinkers. They have little regard for the interests of the British people as a whole.

Many of these monopoly industrialists have achieved their power to influence governments as a result of economic policies thrust upon the British people by successive governments over the past fifty years.

The consequences of special privileges granted to sections of industry has been that hundreds of thousands of smaller traders and producers have been driven out of business. Thus the variety and quality of British productions have been greatly reduced.

Many big businesses have come to be regarded as of national importance. Such claims are seriously open to doubt.

In former times, when there were vast numbers of smaller producers, some failed but the majority succeeded. The failures were not matters of national importance. Today, when the giants make errors they are gigantic errors. They seek to maintain their inefficiencies with help from other taxpayers and from debasement of the currency. It is a trend which leads on to the totalitarian state.

This concentration of power in the hands of a few people is an important element in the Common Market campaign. Widespread ownership makes for political stability. The most valuable form of ownership consists of a large number of units of industry controlled by independent, responsible men and women.

Businesses should be allowed to grow as big as the men in them can make them - subject always to the principle that they are granted no special privileges by government at the expense of the rest of the community - taxpayers and

consumers. Membership of the Common Market buttresses the power of big business and puts burdens on the smaller traders.

Yours faithfully,

S. W. ALEXANDER

London, E.C.4

DELEGATUS NON POTES DELEGARE*

SIR, — Parliament is the trustee of the powers which our democratic system has conferred upon it. At election times the policies and the personalities of the candidates are assessed, and a decision taken. I submit that it is unacceptable that then they, as a parliament, should be able to pass over those powers or any of them to another body of persons without a fresh mandate from the electorate. This would entail a delegation by a trustee of his trust; something which our own domestic law does not permit.

This is not mere legalism, but wise and real. The essence of democracy is that the people can dismiss their rulers. How would we, as Britons, dismiss our European rulers? Clearly, the more remote the rulers the more remote is real democracy.

I suggest our concern should be not about constitutional matters but the substantial question of international trade.

The Common Market area has been surrounded by tariff walls, as a matter of policy, and, as is always the case with tariffs, is designed to support prices. This is evidenced by the butter and beef mountains and other surpluses subsidised by public funds, but withheld from sale to keep up prices.

It is sought to justify its existence by pointing to the advantages of scale of production enjoyed by the Russian and American markets, which advantages it is said could be secured for the nations of Western Europe by joining together in a consortium of about the same size; each serving a population of about 250 million.

But China has a population of 800 million, larger than all three together and the population of the world is 3,782 million. It is said that we cannot afford to remain in isolation and small, but the

* A trustee cannot delegate his trust.

European Economic Community isolates itself from the rest of the world by its barriers to world trade. To stay in is to be small. To trade with the whole world is to expand.

We are an island nation and consequently a maritime one. Free trade, throwing our ports open and taking and sending out goods without let or hindrance from and to all people everywhere is surely the easy and natural path to prosperity and leads not to price fixing and price maintenance but, through healthy competition, to the reduction of prices—and, consequently, to the increases in the real value of wages.

Yours faithfully,

EDGAR BUCK

Cardiff

MONEY AND GOLD

SIR, — Mr. Smedley fears (January issue) that if the commercial banks were allowed to issue their own notes, they might be tempted to pay their debts in their notes. But Scottish banks enjoyed freedom of note issue for about 150 years and their currency was far more stable than that of England where banking was more state-controlled. The Scottish notes were cleared daily through the Clearing House, and any excess had to be balanced in gold by the deficit bank. It would have been useless for a bank to pay its debts in its own notes; it might as well pay in gold.

The Scottish system was abolished in 1845 precisely because the English government held the same opinion as Mr. Smedley, that the pound note must always be redeemable in a fixed weight of gold: if gold was being drained away from the country, we must cut down prices here by a high bank rate in order to induce foreign importers of our cheapened goods to buy here and replenish our gold reserves. This was the origin of the stop-go policy which has produced alternate booms and slumps here for over a century, bankrupting small firms and encouraging mergers among the survivors.

The remedy is a floating gold price. Gold is nowhere used as money today - there is too little

of it. Gold serves today only to ensure trust in paper money. But gold is itself exposed to the law of supply and demand. Therefore if the value of a pound note is not to be jerked about by every change in the bullion market, the note must be made redeemable in a pound's *worth* of gold at the current price in a free bullion market on the day when redemption is demanded. Mr. Smedley wants a fixed gold price. What price would he fix? In view of gold's skittish behaviour recently, this poses a pretty problem for him. If the price is lower than that of the free market, the banks will be shamelessly drained of gold. If too high, they will be stuffed with gold for which they have no use. Mr. Smedley has a fine record of anti-social activity, and I am sorry to have to disagree with him on this point.

Will you allow me a little space in which to congratulate your contributor, Professor F. J. Jones, on his refutation of the widely-held notion that banks today create

money. I have attacked this notion for 17 years in the pages of *The Individualist*, and I therefore look on Jones' efforts with a professional eye. I welcome his help because the enemy is so strong. Governments in every industrial country are today burdening banks with crippling restrictions because they are convinced that banks today create money. What the West has suffered in loss of production, bankruptcy among small firms and consequent growth of monopoly in industry is incalculable. I would, however, demur to Jones' statement that banks *create* credit. I know that the word is in common use to denote the mere lending of money, but its use plays into the hands of our opponents. A bank lends, and can lend, only the money lent it by its depositors. To give any countenance to the idea that the banks create this credit out of thin air is a great pity.

Yours faithfully,

HENRY MEULEN
London, S.W.19.

LAND PROFITS FOR THE PEOPLE P

Country Life 27 March

OF ALL the promises made in the Community Land Bill, perhaps the most certain to be fulfilled is that the new scheme will need 14,000 extra local authority and government staff and will cost over £60 million a year to administer. In theory, this expenditure should be covered by the profits that will be made. And indeed, since the local authorities will eventually be buying all development land at existing-use value and selling it to builders at market price, this ought to be the case.

However, there is no likelihood that the heady days of the 1971-73 land boom will recur. Landowners will certainly not be rushing forward to sell their land at a price that gives no profit, any more than developers will be clamouring to buy or lease land that is too expensive. The effect of the Bill will be to slow down transactions in land (possibly to a level where the only sales are those caused by compulsory purchase orders) and perhaps to lower land prices to a point that hardly covers administration costs.

Few people would disagree with the philosophy behind the Bill, that the community should take the land values which it creates, particularly those values created by planning permissions. What the Government fails to see is that these values are of a continuous nature, and much more easily and fairly taken by taxation on the annual rent of land. To treat them as a series of one-off transactions and to impose a 100 per cent development land tax, or to buy at existing value, is to bring incentive and enterprise to a full stop. Local authorities will benefit where the land they acquire is leased back to developers with regular rent revaluations; but when they sell outright, they will be passing back future benefits into private hands again.