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import control policy, which must be the vehicle for the implementation of the protectionism now advocated.

Deal with Unions

This policy emerged during this decade in three distinct stages. First it was promoted in the trade union movement, and it was grasped by the membership with as much readiness as that which was shown by the country land-owners who embraced the Corn Laws of the early nineteenth century, and with as little concern for the wider questions involved. Secondly it was adopted formally by the T.U.C. in 1975 and lacking economic measures, or rather ones which commanded widespread support among the membership, the T.U.C. must have been grateful to have the import policy thrust into their hands. The third stage, which involved political commitment, occurred last summer when the T.U.C. exchanged their support of the £6.00 per week wage restraint policy for the Government's adoption of the import control policy.

Thus was this policy manhandled into law. But the Government showed little enthusiasm for its implementation, and in October Mr. Murray delivered a series of speeches in its support. He warned the public not to be deceived by those who labelled the import control policy a protectionist policy. When it was pointed out that he was playing with the well-established meaning of protectionism he appeared to abandon his warnings. Since that time the statutory policy seems to have been dormant, for until last month it lacked any intellectual assent. Now that the Cambridge economists have provided this assent, the import control policy is a live issue.

Import restriction is the child of the economic thinking of our times. We may remember during the 1960's the monthly oscillations of the balance of payments, the emergency meetings of central bankers, the numbing inevitability of devaluation, and the cosy post-mortems from Number Ten. This farce was finally taken off in August 1971, when the fixed rate of the pound was abandoned and the market rate allowed to float.

But the fallacies of those times still linger. Most people, for example, still believe an import is a minus and an export is a plus, and that it is, therefore, the business of a government to divide the two by restricting imports and encouraging exports. The relationship between the two is, however, more like that between an inward and outward breath; in short they are indivisible. Given a free rate of exchange, external trade will balance itself without official support or slide-rule measurement in Whitehall.

The implementation of import restriction will be a direct breach of our membership of the European Community, and no less a denial of our membership of the world-wide trading community. The European Community is, however, a protectionist group and still dominated by an absurd agricultural policy. If Britain—who brings to the Community a greater sympathy for the freedom of trade than any member nation has shown in the last two hundred years—breaks rank, it is evidence of the dreadful progress of protectionism. Like a disease it runs until it is destroyed or until it dismembers every trading relationship, be it international, domestic or individual. The economic history of France over the last two hundred years reveals this progress vividly. Those who urge protectionism “for temporary periods” and “for selective purposes”, play with matches, for a short while.

Dangerous “refuge”

The restriction of imports at the present time will be strategically dangerous. One of the restraining influences at work today is the knowledge that other nations will retaliate. Furthermore, the policy would weaken Britain's secondary defences by reducing merchant shipping, by exhausting the reserve fertility of marginal land and by alienating allies won in peace through trade.

The restriction of imports would be a further step into the inflationary maze. The policy is urged to conserve employment, it may be seized by businessmen and trade unions who think only of their personal interests, but it will

be felt ultimately by the consumer, whose interest has never been weighed in the balance. When a government curtails the freedom of the individual to buy whatever he or she pleases, when there is no military or medical reason to do so, it saps the impulse to trade.

In 1976 we are celebrating the two hundredth anniversary of Adam Smith's *Wealth of Nations*. But however dated and primitive some of it may now appear, his impeccably reasoned condemnation of protectionism still holds the field. The great thinkers of Europe during the eighteenth and nineteenth centuries, as for example Turgot in France, Cavour in Italy and Cobden and Bright, spoke the same language of principle and their speeches and writings against protectionism are as true today, as they ever will be.

New labels for old discredited policies

Britain finds its economy in a very serious condition. Its gravity is marked, however, not only by the measurement of debt, of deficits, taxation and unemployment, but rather by the decline of economic and political thinking. During the last decade politicians have engulfed themselves in a quagmire of sentimental thinking which springs from an appetite for votes, rather than from compassion. The Cambridge Review is a product of current thinking. Its authors advocate the adoption of protectionism which was irrefutably discredited in France during the eighteenth century and in Britain and Italy during the nineteenth century. They advocate it at a time when its adoption would invite peril and disaster. It will not underwrite employment; it will undermine it. The presenting of an old irrelevant policy in the garb of modern jargon and modern statistics makes the policy no more relevant than it would be without them. The authors associate themselves with nineteenth century reactionaries, the Praetorian Guards of the *Ancien Régime* in France, Joseph Chamberlain and the other diehards of that time, and in our time, with the myopic bureaucrats in Brussels, the farmers who recently smashed imported eggs with crowbars, and the fishermen who blockaded the ports. All in their

different ways Protectionists. Gradually among a growing number of people a realisation is dawning that the intolerable burden of taxation is the economic cause of our situation. During a world recession it lies very heavily upon employment and trade.

If the Government decides to promote import control policy, perhaps the patriotic consumer may learn to accept juice squeezed from Welsh leeks as best British claret or hot-house swede as British pineapple. But will employment throughout the economy be protected? These examples are not cited to reduce the sophisticated arguments of the Cambridge economists *ad absurdum*, for such absurdities are inherent in protectionism. History shows the descent of economic realities under protectionist regimes, just as medicine charts the progress of a cancerous disease. Do we wish to contract the contagion which appears to have overwhelmed the Cambridge economists, and in future years beseech them to relieve its rigours after we can take no more?

* * *

M.H.

WHERE TO START

W. H. Pitt writes from Australia
I CAN see no worthwhile progress for land-rent revenue until it is accepted that the reform be based at the municipal level and advanced upwards. With that, it will be seen as a practical proposition indicating precisely the direction to be travelled.

This thought is based on an appreciation of the characteristic that mankind always seeks a maximising of its desires with a minimising of its efforts. The process applies not only with the individual, but also with the community acting with a unified purpose.

The roots of local government accord with it. In the old days, the foreigner got his bogymen connotation because he was the chap lurking in the timber; homesteaders attended to their own sections of the track. It was economical for them to do so. But as cottage industry gave way to merchandising on a wider scale, the development of market places brought the question of roads to the fore. No doubt there was a



Pricing the Environment

JONATHAN HENDERSON

conferring and then the appointment of a specialist roadmaker and agreement on his remuneration. It was an economical process: and one can see in this the embryonic development of the municipality.

Then there came interchanges, through the forests, over the mountains, along and across the waterways. Security of the person, paving of roads, charting shoals, all these requirements and many others demanded the making of agreements between representatives of abutting and distant municipalities that were binding upon the citizenry as a whole.

Thus the development, the world over, of village councils, of state and federal parliaments. In each and every instance it was, it is, and it will continue to be, economy of effort in the satisfying of our desires that is the spur behind the idea.

Every communal activity, from the filling of a pot-hole outside our door to the opening (or re-opening) of a Suez Canal has this economy of effort as its driving force. Inevitably the results of this communal activity are reflected not only in better conditions, but in *higher rents demanded for the enjoyment of these new advantages*; it will add to the rentals that people will proffer for each and every piece of real estate that benefits from the activity.

Real estate rentals are a precise measure of the market value of the community's multiplicity of services. These rentals can be readily and accurately recorded, as well as most economically collected, at local government levels.

It is probable that the most suitable structure for governments would be through popular election (with proportional representation) at local government levels and then by delegation from there to the allegedly "superior" but actually secondary and tertiary levels. Be that as it may, the most suitable structure for governmental finance would be through collection of the full site rentals by the local government body and then through an apportionment, against those collections, of expenditures at the secondary and tertiary levels.

If this then is the truly "economic" financial structure, we should direct our efforts accordingly.

A RECENT IEA paper* argues that direct government controls to discourage pollution would be less effective, more expensive and more arbitrary and uneven than pollution tax charges. Pollution is an "external" diseconomy that does not enter into the costs of its producer, says the author, because he does not have to pay for it by way of a tax charge; the better method of containing pollution, is by charges on the amount of the environment "used up" by pollution.

Now pollution in itself is no doubt undesirable, but the psychology of pollution is often misunderstood. The polluter is held to be a demon in a malevolent universe. Rational man does not wish to pollute; he merely wishes to gain advantage from the exploitation (non-pejorative sense) of natural resources. Where the disadvantages in the deterioration of the environment outweigh the advantages obtained from the extraction and adaptation of natural resources, instead of "the twin knights in shining armour" (government controls and pollution taxes) coming to the rescue by "socking the demons", it would be more appropriate to see who suffers from the disadvantages of polluted rivers, smoky air, etc. and to acknowledge that the site values of "the sufferers" have fallen. If taxes were to be levied on the environment through a price-mechanism system by means of charges on the economic rental values of all natural resources and urban sites (excluding improvements), then the polluter would tend to pay more and the persons adversely affected by pollution would certainly pay less!

Mr. Beekerman does *not* argue that because pollution affects the environment adversely it should therefore be stopped at all costs. He wisely recognises that the costs of reducing pollution must not exceed the benefits of improving the

quality of the environment. He says that "pricing the environment is the means of conserving it." However, he does not recognise that the environment (natural resources and urban sites) is already priced. For example (assuming planning permission is granted) if a factory is allowed into a residential area, the economic rental values of the sites on which the residential accommodation stands will fall, i.e. the area becomes less attractive for residential purposes (but possibly more attractive for industrial purposes—in which case the industrial site rental values will rise).

Apart from the absence of the above reasoning in his booklet, Mr. Beekerman does argue his case very well for pollution charges and against direct government controls.

THE CHOICE

THE above is the title of forty-one miniature essays* ranging over the main social and economic problems of our time. The author, an Australian, is Graham Hart, a lifelong advocate of the economics and philosophy of Henry George.

"The socialist policies of crippling taxation and inflation, capped with capital gains tax levied on inflated money" warns the author, "will have the ultimate effect of confiscating nearly all private wealth within the foreseeable future."

Mr. Hart's message is that Australia is following Britain in its destructive social and economic policies. Neither present-day so-called capitalism, nor Marxism hold out any hope for a better future. Only the policies of true free enterprise and a just system of land tenure and taxation will provide the answer. The choice is ours.

**The Choice*—published by The Henry George Movement in Australia (Western Australian Division) P.O. Box 93 Wembley, W.A. 6014. Available from LAND & LIBERTY offices at 50p.

**Pricing for Pollution* by Wilfred Beekerman, Institute of Economic Affairs, Dec. 1973—price £1.00.

"Good Morning Madam . . ."

A LIGHT-HEARTED ARTICLE ON THE WATER CHARGES BILL

by Raymond Walter, ARVA.
(By kind permission of The Rating and Valuation Association)

"... I'm from the local council and I've come about your drains."

"Drains? My husband hasn't said that there was anything wrong with the drains."

"No Madam, I'm afraid you've misunderstood. I've come about your rates."

"Rates? I thought you said drains?"

"Yes, I did—let me explain. You see the amount of rates you pay depends on your type of drains. Now, our records show that you have a cesspit."

"Oh yes, the cesspit. Well thank you for coming, but we are getting the new half allowance on the sewerage rate. So that's all right. Goodbye."

"No, I'm sorry, it's not so simple as that. You see the sewerage rate is not the sewerage rate any more. It's now called the general services charge. From next April, provided that you are totally disconnected from the foul and surface water sewers, you will not have to pay the general services charge...."

"Good."

"... except, that is, for a small element called, at the moment, the community services charge. This is the part attributable to water recreation and ..."

"You mean the public swimming baths?"

"Well, no.... Is that your little boy? He's a bonny chap. Anyway, if you're not connected you'll also get a refund of the sewerage rate you paid for the last two years."

"Ah, yes, I remember now, there was something about this in the *Express*. My husband's worked out how much we are going to get back. Have you brought it with you?"

"Er, no. But you will not get back all you've paid, because you still have to pay this community services charge for the two previous years, and also we have to deduct the special domestic relief you received from the Government to tide you over between the elections in 1974.

You remember this, of course?"

"No."

"Oh.... However, if you are connected, even only to the public surface water drains, you'll have to pay the full rates in future and you will not get the refund, but you only need pay the 50 per cent charge for this year. Understand?"

"Not really. This is all very confusing and I'll have to ask my husband. What I want to know is why has this changed? This house was built over fifty years ago and we've lived here for the last twenty and there's never been any trouble before."

"Well this is because all this sort of thing which used to be the responsibility of the local council has now been handed over to the new regional water authorities. It's progress, you see, and it's nothing to do with us now."

"But you're from the Town Hall. If it's nothing to do with you, why have you come?"

"Er... I think it's turned a bit colder today, don't you? Now let me see—what we've got to decide is whether your surface water goes into the public drain. It's quite simple. Either you're not drained; drained but not by a sewer or drain; drained by a sewer or drain but not communicating with a public sewer; drained by a sewer or drain communicating with a public sewer; drained by a sewer or drain communicating with a public sewer but not with a public sewer; drained by a sewer or drain communicating indirectly with a public sewer; drained by a sewer or drain communicating directly with a public sewer, or have the use of facilities which drain to a sewer or drain so communicating. Now, which one fits this property?"

"Would you like a cup of tea?"

"Thank you. I noticed that at the front of the house, the rain water from the roof comes down

the drainpipe, runs under the pavement and into the drain on the road. The highway drain may or may not connect to a public sewer. But what happens to the water in the sink, when you pull the plug out?"

"It goes down the...."

"After that, where does it end up?"

"I'm not sure, but my husband says that some of the water ends up in the ditch at the bottom of the garden, which in the summer is usually dry, but in the winter it runs into the stream across the field there."

"That's interesting. So sometimes it runs into the stream. Some streams are public sewers but most are not. I've made a note of that. Now your garage—I see that the downpipe from the roof runs into that water but and the overflow from the butt runs into the drain in the middle of the concrete path, but there's no sign of what happens to it then. It's going to be a hell of a job digging that little lot up."

"Pardon?"

"I... I mean if anything goes wrong. What we could do is to put some dye down the drain and see where it comes out."

"How will you know where to look? Anyway, I would have thought you would have known where all the drains are."

"This is a very nice cup of tea. Well, I think I have all the information I need. We'll be in touch."

"There's just one question I must ask you."

"Yes?"

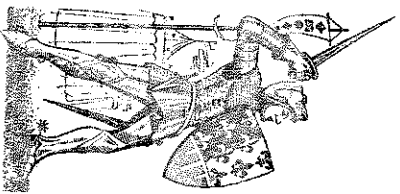
"Are we connected or not?"

"Er... Good heavens is that the time. I must dash. I've got another thousand properties to check before the 1st April. If you have any further queries don't hesitate to get in touch."

"Right, I'll tell my husband. Goodbye. Thank you for calling and putting us in the picture."

Put all Rates on Site Values

—and let the presence or
absence of services be
reflected in the assessment
of site value



A GOLD BUT WELCOME CRUSADER

B.W.B.

I WOULD never question the power of advertising to implant an idea or a name into my mind. I am quite sure I know the brand of "special reserve" port that I should keep in the lifeboat in case of shipwreck; and I can quickly recall the chocolates with which the lady would expect me to ski across the Alps (or perhaps the Himalayas) pursued by a gigantic avalanche. But I do deny being persuaded that the products concerned are any better than their rivals. Beer may well be best. Better things may be electric. But the bald assertion does not convince me.

Thoughts on these lines haunted me throughout my reading of Oliver Smedley's new book.* Not that it failed to interest me, or even to impress me at times: but I found it disappointingly short on persuasion.

Mr. Smedley is, of course, a doughty and uncompromising fighter for personal freedom. The right of the individual to follow his destiny without interference from the State is obviously the doctrine he was weaned on; and the big bad wolves of protection, socialism, State planning and control were clearly kicked from his cradle before ever he could say "*Vaisser fane*".

This book is his personal manifesto; a hard-hitting, comprehensive saga of his political and economic beliefs. In the order in which he writes of them, he wants sound money and an end to the national swindle of inflation; free trade and withdrawal from the Common Market; the de-nationalisation of transport, gas and electricity; the taxation of land values and the dismantling of the Welfare State.

The highlight of the book is probably the telling comparison that Mr. Smedley makes between two periods in recent history: the seventy years before 1914 and the seventy years since. The first, opening with the repeal of the Corn Laws, he sees as a period of peace, prosperity and phenomenal economic growth; a period of free trade and sound money when the British nation, flexing its economic muscles as never before or since, bestride the world scene as one of the great commanding powers. The second has been an era of increasing protection and inflation

with Britain's living standards matching the decline in her economic strength and with her prestige in the world melting away till now (if we believe Solzhenitsyn) it lies between that of Romania and Uganda. He gives a harrowing prediction of what it will be like if the slide continues, if the pound sterling reels further towards total collapse and nemesis overtakes the British economy—all contrasted with the attractive alternative if, against all the odds, the Smedley prescription should begin to grip the hearts and minds of the British public.

An impressive picture, but was the period before 1914 such a paradise for the ordinary man and woman of this country? It may have seen free trade and "phenomenal growth", but did it not also see degrading social conditions, the obscenity of child labour, workhouses and stark distinctions between the standards of rich and poor?

In 1976 the reforms advocated by Mr. Smedley are likely to strike the man-in-the-street as left-overs from some nineteenth century Gladstonian-Liberal dinner party which twentieth century "progress" has left far behind. If he really expects to claim the attention of his reader he must do more than declare his personal convictions. He must be prepared to argue them from first principles. He must be prepared to start each polemic from common ground and steadily involve his reader in his cause.

To sway the unconverted, it really is not enough for the author to commence each section of his thesis with a statement of his beliefs introduced by "my case is that", "my personal belief is" or "I reiterate my view", followed by a dissertation into history and ending with a discussion of the mess we find ourselves in today. It is surely not enough, for example, to assert that "The advantages of free trade are the reduction to the minimum of costs of living . . . the maximising of the standard of living . . . and the peace through friendship that arises through the uninhibited intercourse of trading partners." Far too much is churned out by the advocates of import controls and the managed economy, far too many people know the devastation of unemployment—to them quite visibly caused by foreign competition—for bald assertions of this kind to be accepted as convincing argument.

Unemployment is, indeed, a subject that Mr. Smedley hardly pursues at all. In a book of 200 pages it is not until we reach page 192 that the problem receives any real attention—and then it is dismissed in a mere page and a half. No one reading this book would gain the slightest inkling that unemployment, with its attendant poverty and degradation, is the basic scourge of all countries that have developed beyond the primitive and that protection, subsidies, inflation and most of the other *nostra* that Mr. Smedley deplores have been introduced, step by step, on the grossest Heath Robinson principle, in vain attempts to cure it.

In a century of deepening socialism, when the

**What is Happening to the British Economy?* £2.95, Reliance School of Investment, Neville House, Wandens Ambro, Saffron Walden, Essex. (A preliminary notice of this book appeared in March & April LAND & LIBERTY).

British genius for invention and enterprise is steadily being choked in a whirlpool of government paternalistic syrup, a thoroughgoing libertarian programme, presented with its detailed historical background and enlivened with many an interesting anecdote of personal experience, should come as a breath of cool, fresh air. But to impress his audience the author must come down from his ivory tower and take account of the hard realities of life. He must acknowledge that free trade and the gold currency are tainted with the social injustice of the times in which they thrived and that unreasoned proposals to return to them will hardly bring supporters thronging to Hyde Park.

Perhaps the explanation for Mr. Smedley's apparent lack of compassion for the victims of economic freedom and his failure to involve his reader with him is that his book identifies no central or basic root to the obvious wrongs in society. Despite his reading of Henry George, the taxation of land values is seen merely as an instrument to correct the "inequity in the distribution of created wealth" and to change the economic and political "climate". That such a reform would much more vitally affect the economic and social condition of the people and so transform the position of the wage-earner that protection, inflation, the welfare state *et al* could steadily be phased out, does not seem to have struck him.

All the world loves a fighter, and Mr. Smedley, as a crusading libertarian, demands our esteem and our encouragement. But his approach needs a greater degree of warmth, he could use some sharper tools of persuasion and he must demonstrate more human understanding for those who may be caught in the toils of the reforms he urges.

Libertarianism is a fine and welcome philosophy but if it is to thrive in the world of 1976 it must have a human face.



ADAM SMITH PRIZE ESSAY COMPETITION to mark 200th anniversary of **THE WEALTH OF NATIONS**

"The relevance of Adam Smith for 1976"

£1,000 for best entry of writers under 30 (on 1st January 1976); length 2,500 to 3,000 words. A second prize (£600) and a third prize (£400) may also be awarded. £2,000 for best entry of writers without age limitation; length 5,000 to 6,000 words.

Conditions

1. Three copies to be submitted to:
IEA Essay Competition, 2 Lord North Street, London, S.W.1.
 2. Entries to be typed in English, double-line spacing, one side of A4 or foolscap paper.
 3. Entrant's name, description, address and date of birth on a separate sheet.
 4. All entries may be considered for a symposium to be published by the IEA: a payment of £50 would be made for essays selected, excepting the prize-winners.
- INSTITUTE OF ECONOMIC AFFAIRS**

ROGELIO CASAS CADILLA

KIND, true liberal, Georgist, Rogelio Casas Cadilla has passed away. He stood for everything that meant freedom: the freedom of education as established by the Arabs in Spain, the political freedom Martí fought for in Cuba, the freedom of trade.

During his life he wrote for *La Reforma Social* Georgist magazine that circulated in Spain from 1934 to 1936. He had a particular interest in spreading knowledge of the English language among his fellow country men: he thought that by doing this the Spanish people would learn to appreciate the values of the Anglo-Saxon world, the ones we see disappearing little by little.

At the end of the free trade era of the British economy, in the 30's, Casas Cadilla wrote:

"The English character so used to freedom, what has given them their greatness and wealth, is changing and the future of the British economy will be disaster."

R. Casas Cadilla is now a pillar of the temple reserved for those who choose the uncompromising way to freedom and justice.

GERMAN LEWA



MAN is a territorial creature, by which we mean he defends a certain space in order to guarantee a secure food supply, ensure social stability and conservation of the ecology on which he depends for survival. Yet the concept of territoriality has been reserved as a defining characteristic for the political state.

"Stateless" societies are popularly defined by anthropologists as *kinship* systems, with blood relationships regulating social interaction. States are defined as *territorial* systems, in which people derive their identities from residence in a precisely delineated geographical area.

These definitions distort our understanding of man's evolutionary history and of the present-day human condition. For, as we shall show below, societies which pre-dated the political state were in no way less territorial than the modern state.

There was, however, an important qualitative discontinuity in the relationship between man and land with the emergence of the Western political state, which is traceable back to the classical traditions of European civilization. We can use Soja's useful generalisation, in which he notes that in earlier systems "there was a social definition of territory rather than a territorial definition of society."¹

1. Tenuarial systems

We describe below some of the tenuarial systems which regulated man's relationship with his territory, so that the principles that have operated may be understood. The material is classified into four categories, which fall into two main groups. The first

| FOOD SOURCE | SOCIAL ORGANIZATION |
|---------------------------|-----------------------------------|
| A. Gathering | Dispersed Bands |
| B. Hunting | Concentrated Populations (tribes) |
| C. Low-yield Agriculture | Dispersed Villages |
| D. High-yield Agriculture | Concentrated Populations (towns) |

two are "situationally fluid"—they entail movement in the pursuit of food, and of living *off* the land. The second two are sedentary systems, and entail the cultivation of land (i.e, harvesting the rewards after sowing seeds).

A. Gatherers

Primitive man, like primates, relies in the main on gathering his food from the trees, the bushes and roots from beneath the ground. The social organisation most efficient for this purpose is the small band of people numbering between 25 and 50, dispersed within a territory and living off food found in predictable locations. But this does not imply an

anarchic situation with small bands wandering around in purposeless fashion. Rules operate. (Mercer² calls territoriality a "primitive rule system").

The idea of a fair distribution of resources exists. Wilmsen, in an important article on territorial behaviour, states: "Spatial allotments to each band unit appear to be demarcated in such a way that access to several different plant producing areas is assured. Compensation is thus made for fluctuations in real productivity, and consequently each group has an appreciably better chance of meeting its requirements for this type of resource. Steward documents the way in which band territories among the Owens Valley Paiute were oriented across the valley so that each spatial unit included substantial portions of the different botanical zones that were present. Family-owned pine-nut gathering plots were arranged to include both early and late ripening sections so that all families were assured rough equivalent of access to this important food."

Territorial demarcations, stresses Wilmsen, defined *use rights*, which continued for so long as the users demonstrated their need for access to nature's fruits by their actions—going and taking and eating them.

B. Hunting

In evolutionary terms, hunting—made possible by the development of tools—followed the practice of gathering food. In hunting bands, the element of exclusivity over territory evident in other species, and described in Part I, is held to be weaker. First, as Diamond states: "The Early Hunters, indeed, have less notion than the Food Gatherers that a defined hunting territory belongs solely to a family, a band or a tribe. . . ." Second, a new element is perceived: mobility of people between bands. This does not constitute evidence for the elimination of territoriality. It does, however, tell us how early man augmented his biologically-based territorial behaviour with cultural variants, which enabled him to extend his influence over the earth.

Hunting, as a means of acquiring high protein animal food, entailed a new form of social organisation, and new behaviour. The most efficient form of social organisation—given that the quarry is usually on the move in usually unpredictable directions—is one in which populations are concentrated into larger groups; this especially applies where the source of

Biology of Man (Part II)



RISON

and most destructive change in man's history; for limited the systems developed by man to sustain hundreds of thousands of years."

food is a large mobile species moving in herds (e.g., bison).

We can adduce an explanation for mobility between groups from the dynamics of hunting. Washburn and de Vore state: "Human hunting is incompatible with the kind of society that does not allow any of its members to leave the group. When hunting, one or a few men must leave the band, sometimes for days, and the hunters of the Middle Pleistocene could not have been living the same kind of group life as did the nonhuman primates."⁴

If aggressive defence of territories is less evident in primitive man than in other species, this can be attributed to the use of new forms of communication—ones based on culture—which lessened (but certainly did not remove altogether) the need for physical and/or acoustical methods of warning off intruders.

The ultimate reason for mobility is to be found in the need to equalise resources. If one area is well populated, and another is relatively under-populated (in terms of the numbers that the ecology could support), it comes as no surprise to learn that there is an exchange of people. Mobility across territorial boundaries, then, is simply a human expression of a natural law: sharing the fruits to the best advantage of the whole population. This serves a dual function:

(1) It ensures a continuation of homeostasis in a natural system (human groups, including hunters, within the context of their ecology);

(2) It enables individuals and families to maximize the fulfilment of their wants within the context of short-term fluctuations in resources and conditions of life.

C. Low-yield Agriculture

Agriculture arrived as recently as 10,000 years ago. Now, arid regions could be artificially irrigated to yield rice; cattle could be husbanded, and crops could be grown. This portended a dramatic change in the territorial activities of man. But while rights of property were sharpened up, the right of individuals to alienate tracts of land did not exist. Social rights of tenure were loose, in the early stages, because land was abundant—but the underlying principles, of equal distribution, and claims to possession based on use, remained firm.

Problems associated with the fact that land is of varying fertility arose when man learnt the art of

nurturing the ground to yield food over longer periods—digging it, watering it, caring for it, and being seasonally rewarded with crops. We illustrate the point below. Along the horizontal axis we chart plots of land, with tract A yielding very much more than D because of its greater fertility (we here assume equal inputs of labour). Yields are measured on the vertical axis, and OX is held to be the minimum product necessary to sustain an economic unit.

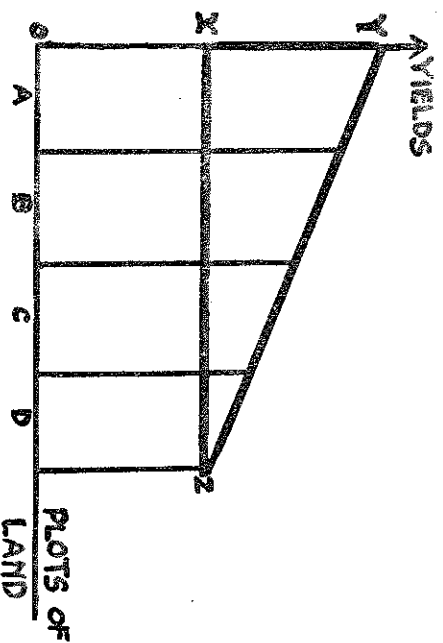


FIG. 1

Who should have plot A, and who would be left with plot D? In an unjust society, the decision would be decided on the basis of the sword—the mightiest shall possess. But this was not the rule ordering the affairs of pre-"civilized" men.

One formula was the straightforward division of land, so that members of a co-operating community—organised on village lines, and structured on the basis of feudal or kinship bonds—had strips from the various grades of land. A well-known model of this is the open field farming of the English Middle Ages. Another example has been described by Leach,⁵ and applies to arid zones which rely on artificial irrigation. Leach closely studied one village, Pui Eliya, in the dry area of northern Ceylon, and showed how each economic unit had two strips of land—one from among the most fertile strips adjoining the water reservoir, another from the less fertile land downstream from the reservoir.

Another approach consists in periodically re-allocating the various tracts of land, so that each member unit of the community enjoyed the benefits of the A grade land, then moved on to the B grade and so on down to D grade—before returning to A grade. Obeyesekere has described in detail a traditional community operating on this basis in southern Ceylon, which enjoys a wet climate.⁶ We quote his account of the ideal model because it highlights a critical problem facing agricultural systems where the supply of land is fixed:

"Theoretically, then, the original 'owner' of any *gama* (village) is its founding ancestor. On a kinship chart the founder would be at the apex of a triangular scheme. But there is no physical partitioning of the estate. On the contrary, the founder's sons will

have equal shares or *pangu* of the estate. The characteristic of *pangu* is that like stock-market shares they are not 'fixed', or attached to any single area of property or land; the shares are 'floating'. Thus a descendant who works a share does not work a fixed partitioned area of the estate; rather he works on a rotation basis, so that every year he moves to a new area, till the whole length of the field is covered. This is based on the egalitarian ideology governing the concept of shares or *pangu*: one has shares in the *gama* as a whole, hence one must have access through a period of years to the total area of land, ensuring an equitable distribution of both fertile and infertile land among the respective shareholders. Shares or *pangu* are defined as fractions of the total area of land. It follows that with the increasing number of heirs at every descending generation from the founding ancestor, the number of shareholders would increase resulting in an increased fractioning of the estate."

The rise in population of a village causes fractioning into many shares which, as Obeyesekere stresses, makes the rotation scheme unworkable or unwieldy. The practical solution for traditional societies was for someone to leave his village (when it had reached a demographic upper limit) and clear wasteland elsewhere: he founded a new village, based on the equal distribution of natural resources.

But what happens when the freely available land runs out? Since depriving future generations of their equal share of nature's resources is incompatible with the foundation principles of natural, including human, societies, a new mechanism for allocating them becomes necessary: what form should it take? What system comes closest to the historical ideal of egalitarianism and of compatibility with the principles we itemised in Part I?

D. High-yield Agriculture

Besides the finite supply of land, another challenge presented itself with the agricultural revolution in the 17th century. New techniques and technology were discovered which dramatically altered the farmer's potential output. But in order to produce higher yields, with which to support larger populations or higher living standards (or both), the farmer needed time: that is, he needed longer possession of specific tracts of land into which he could invest capital and on which he could use agronomic methods, and be certain that he would be able to reap the rewards as they came to fruition over an extended period of years.

Open field farming, with its scattered strips and periodical reallocation of plots based on demographic need, was an unsuitable system. The solution which was adopted to enable the exploitation of science and technology was absolute ownership of land: which, in turn, necessitated the exploitation of people.

Need it have been so? In terms of Figure 1, was there some instrument available to ensure the equal

distribution of the product contained in the triangle XYZ—the economic surplus arising from differential fertility—while *pari passu* securing for farmers the long-term possession of land? The answer was well-known to the kings and politicians and philosophers of the time: a simple fiscal solution—the tax on the economic rent of land—would have served, and in doing so would have accomplished two things:

(1) Equalised the opportunities of labour and capital (the XY line in our figure would have risen, to provide for a return on capital investment);

(2) Produced a revenue which would have constituted the natural source of expenditure for social purposes.

2. Value Systems

Underlying the historical phases of change which we have sketched were—as we saw—certain underlying principles which remained firm. These were sacrificed with the advent of private property in land. This one change constituted the single biggest, and most destructive, change in man's history; for it destroyed the material foundations which underpinned the value systems developed by man to sustain his survival and evolution over hundreds of thousands of years.

Private property in land produced want and misery. There was a new *distributional* problem—while some luxuriated, others starved. There was a new economic *efficiency* problem—while some landowners held their properties idle, speculating on the prospects of higher returns in the future (in part arising out of the scarcities they created), other people found themselves landless and so workless. There was a new problem of *social cohesion*. While an elite appropriated political power through the exercise of property rights, others were forced to regard themselves as "lower classes", aliens in the society within which they laboured.

By conceptualising man inside a system which embraces the social and ecological dimensions, we are able to see how ill-served he has been by the modern land tenure system. It is from these facts that we are led to the moral concept that land ought not to have been monopolised by a few people who were free to disturb social and ecological harmony. In Part III we shall review some of the problems caused by the disregard for ancient territorial behaviour.

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Back to 1776—A Tribute to a Canny Scot

NICHOLAS BILITCH

"What often puzzles is how Smith gained the reputation of being the capitalist's friend."

THIS year marks the 200th Anniversary of the publication of a major work—an important milestone marking the evolution of economic thought, as were Newton's discoveries of the Law of Gravity and the Laws of Motion in the development of the physical sciences.

The work was entitled *An Enquiry into the Nature and Causes of the Wealth of Nations*; its author was Adam Smith, a canny Scot.

Readers who have never read the book should find time to do so. It will do them no end of good; they will be savouring the wit and wisdom of the doyen of Classical Economists—some would say the greatest of all the economists, past and present.

If asked what it is that specifically marks this great work for attention, our most important judgment would be its common sense, when so much nonsense is being written and spoken under the contemporary heading of the "new economics." After reading Smith, one is saddened to note how otherwise intelligent minds have been influenced by sham erudition.

Smith devoted a great deal of his attention to demolishing mercantilist economics and political cant (the politician being described as "that insidious and crafty animal") which were commonplace during his lifetime. Were he with us today he would find the same dreary fallacies and myths being paraded, often using statistics as a substitute for argument.

From the decline of the Roman Empire right up to and including the time of Adam Smith, mercantilism was widely practised and universally accepted. With a few rare and distinguished exceptions, such as the Physiocrats and those enlightened philosophers like Smith's close friend, David Hume, such doctrines were rarely ques-

tioned. Smith drove a coach and horses through the whole mercantilist dogma, shrewdly recognising the resilient nature of the sophistries which give support to those who have a vested interest in their universal acceptance. A brilliant passage from *The Wealth of Nations* exposing the fallacy of protection concludes by observing: "Those who first taught it were by no means such fools as they who believed it."

What often puzzles is how Smith gained the reputation of being the capitalist's friend, when all the evidence, for those who care to read his work, shows him to be on the side of the consumer; and where a conflict of interest between capitalist, landowner and labourer is shown, Smith can usually be found championing the rights of the employee.

A recent report in *The Times* quoted the chairman of one of our largest textile manufacturers calling upon the Government to impose controls on the cheap imports of clothes and textiles from developing countries—in particular Asian states. He is quoted as asserting such economic nonsense as: "The United Kingdom can no longer afford this kind of unreciprocated liberality," because, it is alleged, there is a large balance of payments deficit between us and the Asian suppliers. This spokesman for the textile industry goes on to say: "We are not looking for the taxpayers' money. All that we are seeking is effective control of imports." Smith, who had a sharp eye for such cant, had this to say concerning such protectionism:

"That it was the spirit of monopoly which originally both invented and propagated this doctrine cannot be doubted. . . . In every country it always is and must be the interest of the great body of people to buy whatever they want of those who sell it cheapest. The

proposition is so very manifest that it seems ridiculous to take any pains to prove it; nor could it have ever been called in question had not the interested sophistry of merchants and manufacturers confounded the common sense of mankind."

For the greater part of this century the spirit of mercantilism and nationalism has too often prevailed, so that the economic doctrines of national self-sufficiency and the state-directed economy so beloved by nazi Germany, along with the corporate state of fascist Italy, have been the more pervasive influences which have guided the U.K.'s economic policy of protection and planning. The free market economy, which Smith showed was inseparable from natural liberty, has almost everywhere been in retreat.

In these crisis-ridden days, with public expenditure out of control and rampant inflation, Smith's observations concerning the Public Debt are highly pertinent:

"It is the highest impertinence and presumption, therefore, in Kings and Ministers, to pretend to watch over the economy of private people, and to restrain their expense, either by sumptuary laws, or by prohibiting the importation of foreign luxuries. They are themselves always, and without exception the greatest spendthrifts in the society. Let them look well after their own expense, and they may safely trust private people with theirs. If their own extravagance does not ruin the state, that of their subjects never will."

"Great nations are never impoverished by private though they sometimes are by public prodigality and misconduct."

The salient characteristics of this great man were a mind free from cant; an engaging humility; a high moral outlook free from either priggishness or intolerance of human frailty; and a sense of humour when describing the nonsense mankind so readily believes when a proper regard for the self-interest of others is held in contempt and subject to ridicule.

When mankind takes leave of its economic senses, the wisdom of men like Adam Smith is a reminder that wiser counsels are to hand.



THE MARXIAN DREAM — AND THE REALITY

Frank McEachran

PROFIT is a dirty word today, arising out of the industrial exploitation of workers in the last century and still surviving in the current language of socialism under the form of such slogans as production for 'use and not for profit' which perhaps, more than any other form of economic terminology, have misled the human mind.

Karl Marx distinguished roughly four areas of exploitation in the history of civilisation, starting with what he called the Asiatic era of primitive means of cultivation, then the ancient period based on chattel slavery, the feudal based on agriculture and finally the capitalistic which was to be the last era before the onset of communism. In none of these did he ever sharply distinguish land from capital and in any case in the era of primitive production the distinction would not be very significant when nomadic tribes would move from one fertile site to another and land was hardly regarded as property at all. Nor did he observe that in the feudal regime the difference between land and capital was vaguely recognised insofar as a feudal lord was under an obligation to provide armed forces for the Crown in the case of war, and so to that extent was returning some land rental value to the community. These feudal dues, as they were later called, were abolished, oddly enough, by the Long Parliament, no doubt in the name of progress, from which time we can conveniently date the transference of taxation from the rent of land on to production. Karl Marx, suprisingly, even paid a tribute to certain of the eras of oppression, the "magnificence" of good taste in the epoch of Athenian slavery, and despite his attacks on the more recent 'bourgeois' era, he could also go into transports of ecstasy over its technical achievements. "The bourgeoisie," he writes in *The Communist Manifesto* (1848) "has been the first to show what man's activity can bring about. It has accomplished wonders far surpassing the Egyptian pyramids, Roman aqueducts and Gothic cathedrals—it has created enormous cities—and thus rescued a considerable part of the population from the 'idioty' of rural life—and during its reign of scarce 100 years, has created more massive and more colossal productive forces than have all preceding generations together." Many of Marx's ideas of course were not original, his dialects came from Hegel, as also his belief in "inevitable revolution", others such as the class war came from

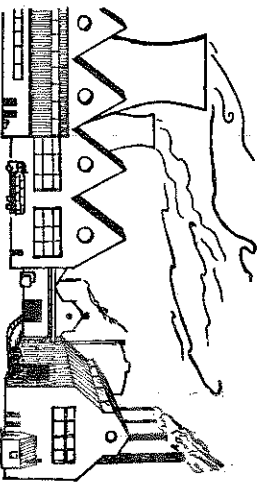
St. Simon and Guizot, the belief that "property is theft" from Proudhon, from Simondet the theory of recurrent booms and slumps. But all this he combined with a Messianic enthusiasm based on a materialistic pantheistic religion which thrilled and inspired millions of people. Yet it all rests on one fundamental thesis that man must eat in order to live and that Robinson Crusoe must somehow have access to the trees on which hang the berries he requires for sustenance. "Man ist was man iszt", said Ludwig Feuerbach rather sententiously, followed by Brecht in more concise terms and more recently "Erst das Fressen dann die Moral." "First grub, then ethics."

Jean-Jacques Rousseau in his famous essay on the *Origin of Inequality among Men* (1762) made this famous statement "the first man who having enclosed a piece of land, took into his head to say 'this is mine' and found people simple enough to believe him, was the true founder of civil society." Unfortunately Rousseau failed to enlarge upon this striking statement and to draw its consequences and we can only lament that the world of economists and particularly Karl Marx did not perceive the full import of this remark. Had they done so just as the industrial revolution was beginning there is a small possibility that we might have had a capitalist society which worked well and in which not only all sides earned a profit by trading freely, but also in production itself both worker and capitalist would have made a profit. It is however not the errors of the past which concern us at this point, but the results of these errors.

Now, since Marx has no belief in capitalism and the free market, what does he believe in and what does he think will be the organisation of society when the "state" has "withered away"? Unfortunately he has very little to say about it. According to one well publicised slogan, when the proletariat has destroyed the State, goods will be distributed on the principle "from each according to his ability, to each according to his needs" although who is to estimate the ability and who is to define the needs we are not told. Further, in 1874 Engels declared that the State, as a result of the social revolution, would vanish "because all public functions would simply be changed from political into administrative ones," which is a very abstract and vague statement indeed. In 1877 Engels writes that by converting the means of production into State property the proletariat would abolish the State as State, a statement that to most of us means almost nothing. In 1889 he adds that when the State seizes the means of production this

The above essay is taken from Frank McEachran's unpublished *Collected Essays* some of which have already appeared in this journal.

will lead to the "leap of humanity out of the realm of necessity into the realm of freedom" whatever that may mean. In 1884 we learn further that the "whole machinery of the State will be relegated to



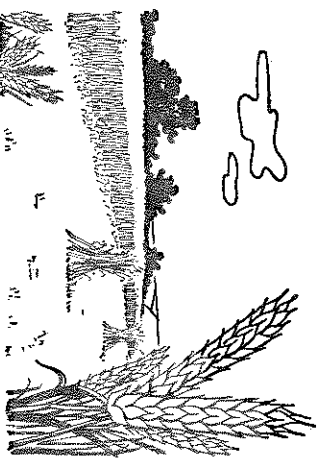
the museum of antiquities, along with the bronze age and the spinning wheel." We must understand further that there will be a considerable period of socialism before the full ideal of communism is realised, a period to be known as the "dictatorship of the proletariat." Again in 1891 Engels speaks of the vicious proletariat paring down the worst aspects of the State, until a new generation, grown up in the new, free, social conditions, is capable of putting aside the whole paraphernalia of State. All this sounds terribly inadequate to explain what is wanted. Better perhaps to listen to the Messianic utterances of the Hebrew prophet himself. "Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this grows too a revolt of the working class, a class increasing in numbers and disciplined, united, organised by the very mechanism of the process of capitalist production itself. The monopoly of capitalism depends on the mode of production which has sprung up and flourished along with it and under it. Centralisation of the means of production and socialisation of labour at last reach such a point where they become incompatible with their capitalist husk. This husk bursts asunder. The *knell* of capitalist private property sounds. The *expropriators* are *expropriated*."

This is a remarkable piece of rhetoric and renders very expressively the revolutionary fervour of Karl Marx. But what in fact has been its effect on the world at large? First we must emphasise that there has never been a genuine Marxist revolution on the lines the prophet laid down. The Marxist revolution was to come when an advanced working class, or proletariat, organised by its revolutionary leaders (mainly bourgeois), performing its historical predestined role of antithesis to the thesis of a decadent bourgeois capitalist regime, would rise in revolt and establish the synthesis of the communist republic. Now in fact this has never happened. Both the "bourgeois" revolution of February 1917 which overthrew the "feudal" Tsarist regime, and the October revolution led by Lenin, were the outcome of the determined efforts of a minority of men who, working on the background of a war which had discredited

the prevailing regime, knew what they wanted and got it. The structure of their revolution in no way reflected the prophecies of Marx, who had constantly maintained that the Communist revolution could only take place in an advanced industrial society. If this be so true of the October revolution, *a fortiori*, it will be so true of later revolutions, even less convincing in their ideological aspect, in East Germany, Poland, Czechoslovakia and other Iron Curtain countries after the second World War, not to mention the Chinese revolution headed by the indomitable Mao-Tse-Tung. In fact what Lenin and Trotsky and Stalin and their successors brought about was a situation in which in very truth the expropriators were expropriated, but in their place rose, not so much the oppressed workers and peasants, but a bureaucracy of the most narrow and repressive kind, maintained in power by a secret police inherited from the Tsarist regime. When I say it was a new power structure not of a Marxist kind, I mean that it had nothing to do with the Hegelian dialectic transformed into Marxist language, nothing to do with class warfare, nothing to do with the proletariat rising to power, but on the other hand everything to do with a denial of natural law, with a refusal to believe that economic laws exist and again everything to do with the fact that once you leave entirely the free market with its free enterprise, the only alternative is State control and what is fundamentally and will always be by the nature of things, State capitalism.

The initial mistake (as regards modern times) was made at the time of the Reformation when the potential wealth below the surface of the earth, at a period too when land was mainly vested in public institutions such as monasteries, was allowed to fall into the hands of private individuals.

Whatever we attribute to feudal conceptions of land tenure (which at least under the law of primogeniture preserved the rights to land of the clan as such, including serfs) and it is easy to overestimate the value, the fact remains that land values became private property from the Reformation onwards and the desperate protests of the landless peasants, reflected in the various peasant revolts, could not avail to stop it. With the final enclosures came the totally



helpless proletariat of Marxist doctrine, with nothing to bargain with except its labour which has been such a convincing element in the Marxist ideology.

THE statesman in charge of leasing vast Crown lands might seem forced to direct private people how to employ their capitals, and their persons too. He certainly has the power, and he certainly has the responsibility to use his power in the Crown's interest. But there is a way to do so without being arbitrary, capricious, meddling, some, subjective, tyrannical, or inefficient. The best to serve his citizens, the statesman should act much like a private landowner maximizing his net income from lands. He should resist being tempted to use his power to manipulate and control, foster and suppress, divert and channel, reward and punish on the too easy presumption that the market has no rationale of its own.

A landowner who is maximizing the net income from lands is tolerably likely thereby to be directing them to their highest and best use—the use meeting the most human wants and needs. Net income after all is a measure of the excess of benefits over costs and that is what it's all about.

The official who grasps that concept may then identify many costs that some people dump on others, and benefits they bestow on each other. He may seek to internalize these externalities in his planning. But as one surveys the dogmas that hold sway in many professions concerned with land use he sees a dozen bad ones for every good one. It is the rare official today who can sort these out well enough to improve on the market. Improvements that are possible consist mainly in helping the market work better, not in rejecting it.

A landowner does not simply "maximize rent". First, the objective is to maximize the value of net land income over time, not the rent of any one year. With minerals especially, timing is of the essence. That means not just when to produce but also when to explore, when to begin, how fast to produce, and when to stop. Second there must be a rent base, which presupposes public investment in infrastructure and private and/or public investment in exploration.

Third, we must find ways to collect rent while preserving its total amount. This means avoiding

Maximising Rent on Crown Lands

From a paper: *Objectives of Government Policy in Leasing Mineral Lands* by MASON GAFFNEY, British Columbia Institute for Economic Policy.

"The statesman who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be entrusted to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself to exercise it."

—ADAM SMITH

heavy dependence on high gross royalty which destroy marginal incentives. We need other means to collect most of the rent, for rent is 60 per cent of the gross value of very low-cost mines, and nought per cent of marginal ones.

Fourth, the land administrator should avoid dissipating rent by fostering or allowing excessive and premature investment. Land can be overdeveloped and prematurely developed as well as the reverse, and it is net, not gross rent one should maximize. Our "Free Mining" regulations make prospecting something like fishing on the open seas with unlimited entry, attracting new boats—or prospectors—until the average entrant can earn nothing above real costs, so there is no rent remaining. At the same time the land manager who puts reserves in cold storage should distinguish clearly between merely establishing tenure control to maximize net rent and wielding market power to raise prices. The second is of negative social benefit when consumers are included, and of questionable benefit to the world-

be monopolist unless he be exceptionally lucky and astute.

Fifth, we should avoid dissipating rent by letting lessees have it on condition they plough it back into mining or exploring. This is in effect treating a capital investment in Mine B like a current expense of Mine A. It diverts rent from the lessor to lessee, and force-feeds capital into new mines below the social opportunity cost.

Sixth, we should check and control the common itch just to meddle and manipulate. It has been said that excess profits are either competed away or "imputed away" as rents. To that we should add they are often piddled away. A common kind of fiddling is the luxury of indulging uneconomic ideologies by officials who control resources.

The official usually has no commission to impose his subjective concepts of equity on others, and may only be putting a good face on self-interest in any event.

Subject to such provisos and understandings, the objective of government policy is to maximize rent—and then of course to collect it. Rent is by definition a surplus above the return required to motivate production. It is equally well defined as the return imputing to land. In either concept it is essentially the fat without the lean. The less of the lean one cuts into by clumsiness, the more of the fat he can secure without impairing functional incentives.

I would begin by clearing the ground of common and characteristic errors and blunders to avoid: errors embedded deep in our institutions, rhetoric, and cultural baggage; errors that preclude any rational effort to maximize welfare. I define eight of them: 1, Overdecentralization, a hornet's nest of at least ten likely blunders to commit in the effort to collect rent; 2, Overdelegation of public authority to private giants; 3, Overallowance for alleged risk; 4, Over admission of prospectors; 5, Underpricing to domestic users and consumers; 6, Confusing rent and profit; 7, Overlooking the taxation of non-mining activity; 8, Overconsolidating accounts, letting the strong hide behind the weak as to equity, and the weak behind the strong as to viability.

SIR, — With reference to the cartoon of the March & April issue, you may be pleased to know that I have always asserted that "It's the traditional theories that have enduring values" or words to that effect.

What upsets me, (and I write more in sorrow than in anger), is the wide acceptance of new fangled theories that manifestly will not stand up to unprejudiced examination and common sense.

For example, most people seem to have allowed themselves to be brain-washed into no longer believing the traditional theory, that the sun goes round the earth. Indeed, it is not so much a theory but more an observable fact, for as Bernard Shaw's St. Joan asked of those who questioned it "Couldn't they use their eyes?"

Not only is it asserted, in contradiction to simple observation, that it is the earth that goes round the sun, but against all logic it is also asserted that the earth is round.

Anyone who can believe that will surely believe anything. For obviously if this were so those on the top half would be right side up, but those on the bottom half would be upside down and *ipso facto* would of course fall off.

I am sticking to traditional theories and remain,
YOURS LOYALLY
London, N.W.1

JUSTICE THE OBJECT TAXATION THE MEANS

SIR, — John M. Kelly's discussion of the basic issue of who owns the face of the earth in his article on *National Land Use and Land Rights* (March/April LAND & LIBERTY) is well put and to the point. It is obvious that justice demands—indeed the hope of carrying out the American dream requires—that all men have equal access to the biosphere. (In case women's libbers are reading this, be it noted that "men" refers to members of the species, *Homo Sapiens*, without regard to gender).

I wish to point out how clever and viable Henry George's solution is. His solution takes the problem out of the realm of basic land tenure philosophy and places

it in the realm of tax philosophy. It accomplishes equal access without the necessity of disturbing a single land title. For it is already established that, whether my land title takes my claim back to the divine right of Charles II or only to the fact that my great grandfather cleared the land and made his payments to the land office, in either case my title is subject to seizure by the government if I fail to pay taxes levied against the property. The mechanism for operating a land tax system is there and waiting. My land title is secure as long as I pay my property tax, be it based on the land value alone or on my buildings, too.

The problem is that the consequences of full land-value taxation are best understood by those who stand to lose their gravy train: the land speculators and the natural-resource exploiters. One further note: the Georgian plan will work well only if there is a government that is truly "of the people, by the people and for the people" to collect the land rent on their behalf.

LAWRENCE D. CLARK, SR.
Massachusetts

THE NEW MONOPOLISTS

SIR, — Our countries seem to be torn asunder by selfish elements—even unions fighting each other. They are supposed to be very hostile to monopolies, but in practice they are the most jealous monopolists in existence. Their only concern is who is to enjoy the booty.

It would seem to me that industrial monopoly is much less wasteful than that of the unions, with their disruptive practices.

ERIC STANDRING
Western Australia.

FRANK MCEACHRAN

SIR, — As I was flipping through the pages of LAND & LIBERTY this morning the first thing that caught my eye was the familiar picture of Frank McEachran. I met Kek in 1968 at the International Union conference in Wales.

I was privileged to converse with him and obtain his autograph in a copy of *Freedom the Only End*.

The convergence of our philosophy gave me a particular feeling of kinship for this great man. I remember well the sensation I experienced when I originally read the serialized book in LAND & LIBERTY. What I read were my own thoughts which I, had I the ability, would have written with my own pen. The book gave me something more — hope and encouragement. He wrote that "... there is a structure (to the economics of man), a beautiful one, friendly and helpful to mankind, and the world is a garden, not a wilderness." And for those of us who share his philosophy but despair at our apparent lack of progress, he wrote, "I am spurring men on not to revolution, but to evolution. History cannot be hurried. Philosophers are needed who will work slowly but surely towards an end that is not near but remote, and yet one that will come only if they work towards it."

Yes, I believe Frank McEachran was a truly great man. He did not need to write voluminously to express his ideas. He did it quite well in a little book of 126 pages.

In the last chapter of *Freedom the Only End* he writes a few lines which embrace an enormous philosophical and economic concept: "All that is needed is a mechanism to collect the rent of land and re-divide it among the community. Can we credit a prosperous and active society with enough gump-tion to perform this last service, to create a mechanism with no power but to follow the market—with just arrangements for leases, with no function except to return the rent to the public; with ample wages to remove temptation? This is the ultimate problem."

And it is the problem which we must address ourselves to solving. We do not have now any government so structured which can perform without dangerous unchecked power. There must be other ways in which society can act in concert which we have not yet found.

Aristotle correctly predicted that republics change to democracies which in turn degenerate to despotisms. We tried many democracies but we've not yet found the answer. "Our doctrine is a tremendous one of negation, which says to the State 'so far and no further'."

Those who share a common belief in the economic and philosophical writings of Frank McEachran should discuss a way to build a perpetual memory to this great man. He took up the banner where George left off and now it remains for another generation to continue the search for the questions he leaves unanswered.

CHARLES E. BYRNE
Kansas City,
MO., USA

DEBASEMENT OF LAISSEZ-FAIRE

SIR, — In her letter in the March & April 1976 number Mrs. Marie McCrone states that Pope Leo XIII in his Encyclical "was concerned to condemn "*laissez-faire*" economics, and the political system of socialism which was a reaction to it."

The furthest back I have been able to trace the famous slogan "*laissez-faire, laissez-passer*" is to the French economist and merchant Vincent de Gournay who uttered it when addressing an assembly of physiocrats in 1742 as a protest against the monopolistic trend in manufacture and trade, allowing a favoured few to take tribute from their fellows.

"*Laissez-faire*" did not then mean to let things drift aimlessly, but it denoted liberty to produce, just as "*laissez-passer*" meant free trade.

The physiocrats also proposed an "*impôt unique*", single tax, on land, but the monopolists got the proposal quashed, and Turgot dismissed as Minister of Finance, in 1776 on the brink of the French Revolution which became a failure, although inspired by a Declaration of that same year, whose authors had learnt in France. Whether this 1776 Declaration and ensuing Revolution, will be a success, still, after 200 years, remains to be seen. Now that the world is becoming technically one, they might

be a blessing to it.

Socialists should agree to an attempt being made with land-value taxation. It is the first item of their famous Manifesto. If they would leave matters at that until they saw the result, they might be astonished to find what would "come to us as well". Instead, they are in full swing with the subsequent items of the Manifesto, such as increased personal taxes, abolition of the right of inheritance, centralizing in the state of credit, transport, manufacture, and means of production, etc.

OLE WANG
Norway.

MONEY AND GOLD

SIR, — If Mr. Smedley wants to stop this correspondence, he should not advance fresh argument. He writes that I have not grasped the idea that gold might once again be used as money. I am sure that gold will never again be used as money. Fifty years of propaganda have at last convinced governments that the volume of gold in existence is so small compared with the amount of paper money in circulation that only a great rise in the price of gold would make conversion of paper money into gold possible. And any gold price so fixed would be out of date, and restrictive, almost as soon as it was enforced.

Mr. Smedley also wants to know what would happen to the price of gold if sellers refused to sell. The reply is of course that the price of gold would rise until people were tempted to sell gold. The really important consideration is that the circulation of our money, paper money, should not be throttled by scarcity of gold. Gold is necessary only to maintain trust in the paper money, and for this purpose it is essential that the paper price of gold be free to follow the fluctuations of a free bullion market.

I have now looked at Mr. Smedley's new book. Our present note-issuing system was established by the Bank Charter Act of 1844. I will leave your readers to decide whether the account in my "Free Banking" of the circumstances that led up to that Act is more plausible than Mr. Smedley's.

HENRY MEULEN
London, SW19

Unsubtle Steps to Marxism

THE small businessman pays 43p in every pound he earns over £1,600; he makes fewer demands on the Welfare State than anyone else; but he is an unpaid form filler for the State; tax is going to kill his business; and he is being prevented from handing it on to his children.

These points are made by accountant and Liberal candidate Michael Minter in his booklet, *Death by Taxation: The threat to the smaller firm**

Mr. Minter says independent businesses are being taxed and controlled out of existence by the present system. The trend of legislation, and particularly our tax laws, over the past ten years has been to place the small businessman at a disadvantage compared with his counterpart with the large commercial enterprises, he adds.

A man who chooses to be his own boss has to forfeit 43p in every pound earned over £1,600 because of the combined effect of income tax and the higher rate—eight per cent—of national insurance contributions he has to pay.

He defends "the lump" in the building industry—"self-employed craftsmen who value their independence." From this year they have to carry identity cards, with a photograph, in order to obtain work. "The cards may be issued or withdrawn at the whim of the local tax inspector. Beware, you who are self-employed! How long will it be before Big Brother treats you all in this fashion?"

If the head of a family business wishes to transfer it to his children he will have to realise his assets to pay the capital transfer tax. "All he can sell is a share in the business. But who will buy a minority share in a small private company? In the end he will almost certainly have to sell a majority holding, i.e. the family business will be swallowed up in a larger enterprise."

*Aims for Freedom and Enterprise, PO Box 443, 5 Plover Place, London, EC4P 4LS. Price: 25p.