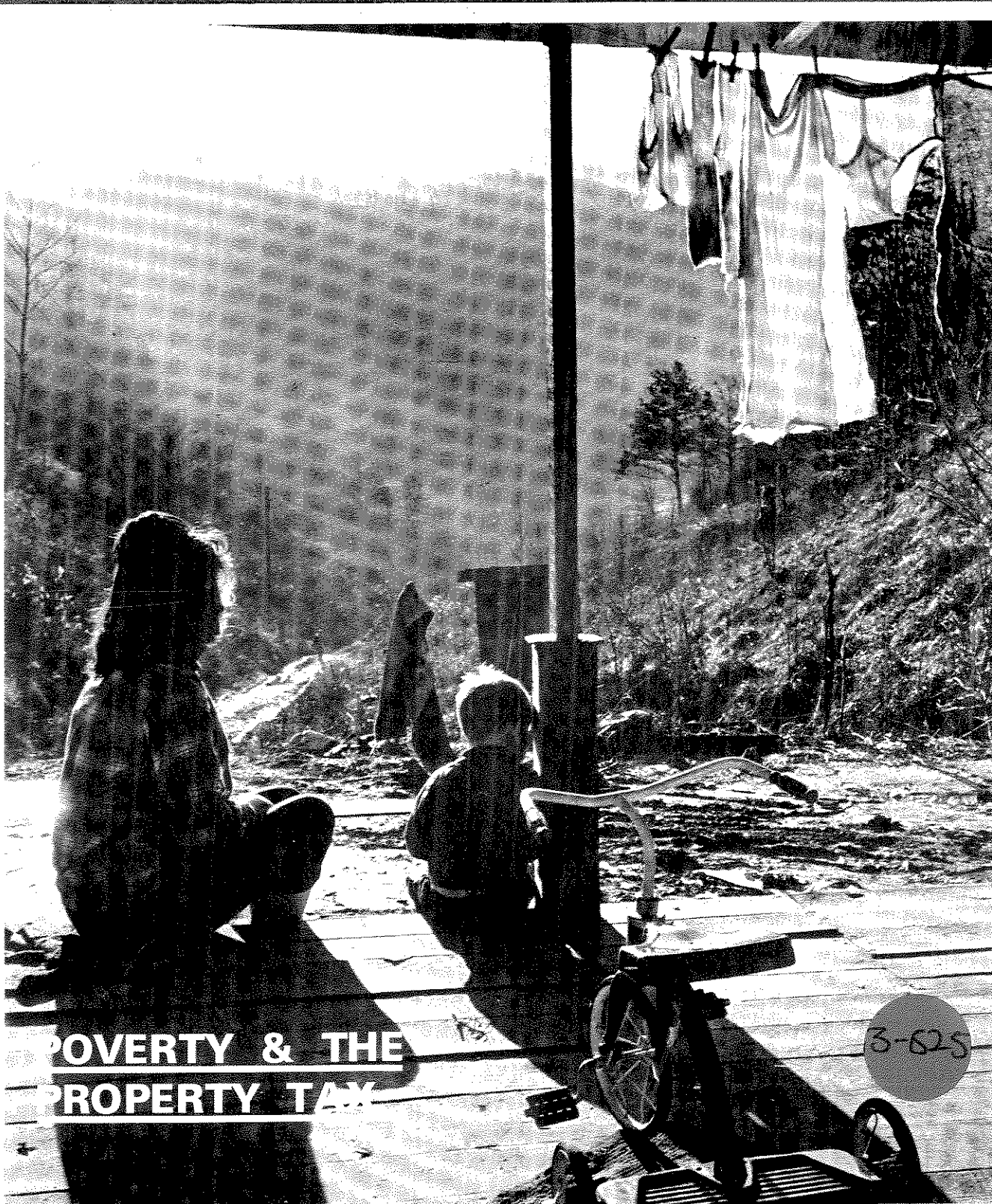


LAND and LIBERTY

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POVERTY & THE
PROPERTY TAX

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COVER PHOTO: Why is dad's job so far away? Mrs. Ola Patrick has an answer for her children: dad works as a carpenter in far-away Columbus, Ohio, because he can't find work near home in Happy Hollow, Martin County. Why? Because the land-owners strip the value of the natural resources in the Appalachian mountains, and withdraw the profits for investment elsewhere. Story: Page 110. Photo reprinted with permission from *The Courier-Journal* and *The Louisville Times*.

Time to experiment

GOVERNMENTS prefer piecemeal solutions to the great problems of the day.

Not since a British government accepted the Beveridge Report, which proposed sweeping reforms to create the apparatus of the modern welfare state, have we had a large-scale experiment in social change.

This is because economists are suspicious of any theory that resolves many problems — poverty, for example, and poor housing — into a single explanation.

Well, the welfare state has failed in its laudable objectives, which enables socialists to argue that capitalism itself is a failure.

Witness the growing number of beggars on the streets of Washington and New York.

Despite the expenditure of a massive slice of a nation's income on social services, the quality of life for a growing part of the population continues at below acceptable standards.

And critics have a great deal of evidence on which to base their critique of the western economy.

POVERTY is increasing — especially among the ethnic minority groups.

UNEMPLOYMENT is increasing, even while the official figures suggest that the output of new wealth is increasing.

HOMELESSNESS is increasing, even though there are unemployed construction workers looking for work.

WELFARE standards are being reduced, as governments cut back on public expenditure.

There is, then, an overwhelming obligation on the advocates of the free market to explain how these things have come to pass — and convincingly show how the system might be reformed.

President Reagan and Prime Minister Margaret Thatcher have pioneered one solution. They want to return to what they presumably believe was the Golden Age of capitalism.

A quick look at the history books, however, would soon convince anybody that their aspiration is a foolish one that — given the realities of democratic

politics — could not be realised.

But if you eliminate the conservative option, you find that we are left with no alternative except a retreat to the liberal approach.

That, however, would merely return us to the system that prevailed until 1974. The politicians bought off the underlying problems through judicious use of the money printing machine, which generated levels of inflation that were finally deemed to be unacceptable.

Land and Liberty advocates a new strategy that offers the only viable alternative to socialism.

At the heart of our philosophy is the theory that MOST of the frictions in the wealth-creating process; MOST of the inequities in society; MOST of the conflicts at both the personal and international level, arise from the original distortion in the way in which we share out the resources of nature.

This theory, captured so eloquently in Henry George's seminal *Progress and Poverty* (1879), passes all the tests to which it could be subjected.

In this issue, we begin a reappraisal of some fundamental tenets.

● First, we show how homelessness is a direct function of the abuse of property rights in land; and how crime and human aggression can result from a perverse system of public housing — a system which, though well-intentioned, is inevitable once people are denied the personal freedom to provide for their own needs.

● Then, we show how poverty-level wages and unemployment are also the reciprocal features of a land-and-tax system that actively denies able-bodied people the right to work on land at levels of rent that they can afford.

In our January issue, we carry forward our analysis to show how the same theory explains the impoverishment of the Third World.

Prediction: nothing less than a radical reform of the land-and-tax system will enable the politicians to deliver on the promise to create a better society.

Tax reforms to squeeze land hoarders?

POOR housing and homelessness are international problems.

They are problems that are growing at an exponential rate: according to the United Nations, the world's population will need an additional 600m new houses in the next 35 years.

That is a total equivalent to the creation of 3,500 new cities of 1m people. Just 330 cities of that size exist at the present time.¹

Whose fault will it be, when the construction industry fails to deliver?

There are no physical constraints on the provision of an adequate housing stock. The building materials, and the space, exist in abundant supply.

Yet despite mass production techniques, even the industrial countries of Europe and North America have failed to keep up with the needs of their citizens.

TIME and again – on a cyclical basis – there have been slumps in the construction process. These have followed periods of concentrated speculation in the land market, which have pushed prices above what buyers could afford.²

And we are going through a period, now, in which builders are making it perfectly clear that they cannot supply houses at the price and quality that consumers want, primarily because of the price of land.

So who is to blame?

In Britain, the government has jumped to its own defence and washed its hands of responsibility.

On September 13, Sir George Young, an Under Secretary at the Environment Department, bluntly declared:

"I know that house builders regard restriction on land supply and high land prices as an obstacle to more home ownership, at least in some areas.

"High land prices are the builders' problem, not ours. They pay the prices, not us, and they will keep buying and building and can still make money and sell houses at that price".

Leaders of the construction industry are furious at this hand-washing attitude of the Thatcher government.

And Graham Pye, President of the

By Fred Harrison in London
and Paul Knight in New York

House-Builders Federation, warned when he launched a new critique of the land market that Britain was now in the throes of "banana republic" inflation in housing land prices.³

Over the past 20 years, the average price of housing land has risen by over 1,550% – compared with the Cost of Living Index of 208%.

In the United States, builders face the same obstacles: rocketing land prices that jack up the prices of houses above what families can afford.

According to the latest U.S. Housing Markets report compiled for the Dallas-based Lomas & Nettleton Land Corp., prices continue to outpace inflation.

● In Washington, garden apartment land prices 30 miles beyond the Beltway have gone from \$500 a unit to \$7,500 in four years.

● In Boston, land costs per unit

have increased 250% in two years.

● In Chicago, "skipped-over lots" in old sub-divisions have doubled in price in three years.

● In San Diego, costs appear to have outstripped those in other major urban centres (see story below).

INDUSTRY analysts acknowledge that low output in the construction sector has serious feed-back effects on the whole economy.

Governments, therefore, ought to be concerned about the need to regulate land prices to acceptable levels.

British builders tend to blame the planning system. They say that town councils, which control the zoning system, are not making sufficient allowance for market needs.

The problems with this argument is that, historically, the land market has been subjected to the cycle of booms and slumps in land prices, which have disrupted the supply of reasonably

Continued on Page 104 ►

SCRAMBLE IN SAN DIEGO'S CANYONS

BUILDERS in San Diego are being driven up canyon hillsides in their search for housing land.

And that is pushing up the development costs by 15% to 100%, according to U.S. *Housing Markets* published by Lomas & Nettleton Land Corp.

Builders are "scrambling for land inventory", states the report. "Anything that comes on the market sells out in short order".

Over 50% of new development now involves canyon lots and hillsides.

In the South Bay area, a historically low-end market, single-family home lots now cost \$35,000 to \$38,000 each.

Experts believe that buyers will not be able to absorb the prices that will be dictated by these land costs.

Newly released city land in the north end of San Diego has risen 40% within the last year.

Land in Otay Mesa, site of a second border crossing into Mexico which has just been completed (but still lacking infrastructural services), costs per acre have risen from \$20,000 to \$100,000 in two years.

Single family home lots in San Diego County – if they can be found – are about \$55,000 each. The average in Rancho Bernardo is \$75,000.

The cost of the land (plus fees) as a proportion of the house price keeps moving up, and is now 40 to 45% in many San Diego and San Francisco areas.

The proportions elsewhere are: 30-38% in Seattle (partly because builders are not taking a full mark-up); 32% in Washington, D.C.; 30% in Tampa-St. Petersburg; 25-28% in Phoenix; 25% in Orlando.

The report concludes: "The land speculation that was so visible in the Sunbelt last year had died off. Only in Boston and Washington are there still reports of 'flipping' in residential land".

Subsidy curbs are vital

◀ From Page 103

priced land. And this has happened for the most part *before* the modern planning system took effect.

Another complaint is that a great deal of publicly-owned land is held vacant. In London, according to one recent under-estimate, there are 1,940 acres of vacant land that are suitable for housing. Much of this land would be in public ownership.

Again, this is not a convincing explanation for the industries' woes. A great deal of land came into public ownership during the slum-clearing program of the past 30 years; but the sight of valuable – but idle – vacant sites in city centres has been with us for two centuries.

Closer to the heart of the problem is the concern over subsidies that are allowed to real estate owners through the tax system.

Both President Reagan and Prince Philip have thrown their weight behind proposals to reduce the special



● Sir George Young

tax advantages that can be exploited by landowners.

These benefits are capitalised into higher land prices, which then segregate low-income families out of the housing market.

These subsidies – despite what Sir George Young claims – are the responsibility of government.

And only the government can

introduce new policies to regulate the price of land.

For it is the prospect of huge capital gains that is at the source of the economy's problem with the land market.

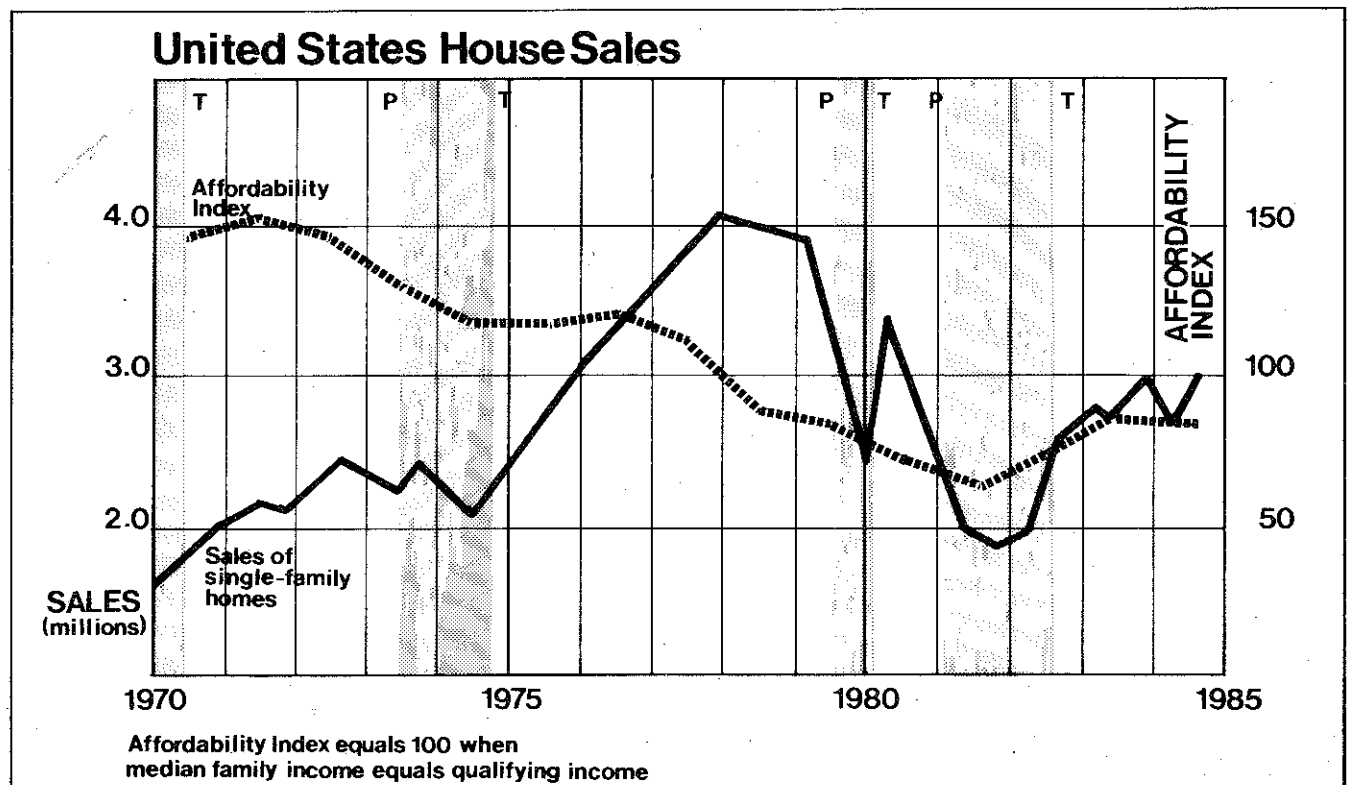
The only effective free market solution to land speculation is to tax away the gains. Labour governments in Britain have proved, because of the failure of alternative policies, that there is no efficient way of doing this other than to impose an annual tax on the market value of land in its undeveloped state.

To be effective, the *whole* of that rental value would have to be taken for the community (yielding a revenue that would be offset by a reduction in other forms of taxes).

And we repeat: that is a political problem that falls squarely on the shoulders of government.

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1. Christopher Alexander, *The Production of Houses*, Oxford UP, 1985.
2. Fred Harrison, *The Power in the Land*, London: Shephard Walwyn, 1983.
3. 'Homes, Jobs, Land: The Eternal Triangle', London: House-Builders Federation, June 1985.



● THE GENERAL ability of U.S. families to buy homes consistently declined from 1970 to 1982, and President Reagan's supply-side "boom" has done little to restore people's incomes to levels that would generate sustained growth in construction. As this graph shows, the downturn in home sales always precedes the peak (P) in general

economic growth. And not until there is an upturn in the market for homes is there a recovery from the trough (T) of the recession. Despite the crucial causal role of the construction sector, however, western governments continue to ignore the role of the land market in this industry – and in overall prosperity.

HOKUM? SANITY IS A CLEAR WINNER



● Rubble-strewn council demolition site at the corner of Princess Road and Claremont Road, Moss Side, Manchester.

THE SOCIAL and economic costs of land hoarding have once again been exposed this time as a result of a squabble between Manchester City Council and the Thatcher government.

● The government has ordered the council to auction off 60 acres which it owns, which are scattered about the city in 10 locations.

● The council has objected. Its leader, Councillor Graham Stringer, said at the Press conference: "The idea that selling off these valuable sites to private developers will speed the building of homes on them is sheer hokum. These sites would just disappear into the land banks of private developers, to reappear in the nebulous future when the chances of profits are better".

Land hoarding is one of the primary reasons why prices have been forced above what potential home-owners can afford. Result: a deteriorating housing stock, overcrowding,

Tories' sound order

unemployment among construction workers, and an increasing burden on public housing.

Manchester City Council has contributed to the pressure on the land market by holding sites idle that could have been used to provide homes at affordable prices.

One of the sites that it has been ordered to sell off consists of 24 acres in Wythenshawe. It is worth about £1m, and has been owned by the council for about 10 years.

The order to sell came from Mr. Patrick Jenkin, who was the Environment Secretary until Mrs. Thatcher chopped him from the Cabinet on September 3. He was attacked by Mr. Stringer in these terms:

"If Mr. Jenkin gets away with this land grab, it will be a blow to Manchester's housing and development prospects".

The council fears that, in the depressed economy, their sites would not fetch the high prices they would want.

Ian Barron writes: The council's arguments are spurious. Apart from the fact that the council is also guilty of hoarding land, the failure to supply land to the private sector is helping to maintain prices at artificially high levels.

Builders have repeatedly demonstrated that high land prices are the major obstacle to a thriving house-building sector. Because prices are forced above what people can afford, houses stand empty.

In Manchester, for example, a survey of 1,000 homes built over the past three years showed that between 20% and 30% were either empty or for sale.

Even so, the council could argue that piecemeal sale of a few public sites would not provide a long-term economy-wide solution. What we need is a radical reform of the tax system — one that imposed a cost on holding land idle.

The answer: a tax on the annual rental value of all land, in its unimproved state, which would constitute a penalty on speculation and an incentive to construction.

Could Manchester City councillors ask for anything more?



● Where the trams don't run and the feet don't tramp any more: one of the valuable sites in Manchester which the Thatcher government wants the council to auction off. These 3.2 acres are on the corner of South Street and Parkhouse Street, Openshaw.

Does bad design

By
Alice
Coleman



VIOLENCE, like charity, begins at home, which is usually interpreted as the family group but can also mean the place.

During the last four decades there has been a profound transformation in the sort of place built as a British home; the single-family house that evolved by natural selection over the centuries has been progressively superseded by the multi-family building favoured by planning ideology.

Flats have multiplied and so has crime. Is there any connection between the two trends?

Oscar Newman thought that there was. From a detailed study of 169 publicly-owned housing estates in New York, he identified eight design variables that were strongly associated with crime levels.

Designs involving large numbers of dwellings make for anonymity, so criminals feel sure of being unrecognised. Designs that enforce shared

responsibility for the building and grounds mean that no-one has an individual patch to watch out for, and criminals feel unlikely to be even noticed.

And designs which thread through the building in a web of corridors, lifts and staircases provide alternative escape routes for criminals and mark the building as vulnerable to crime.

Newman's book, *Defensible Space* (1972), did not find favour with the British Department of the Environment, which has been the fountainhead of advice and subsidy, promoting the very designs he was criticising.

Instead of having the courage to change their policies in the light of his evidence, the DOE housing advisers disparaged it, asserted that design could not affect crime, and continued

to advocate shared accommodation.

They also assigned blame to non-design scapegoats: problem people in "sink" estates, problem children unsuited to tower-blocks, and problem local authorities exercising inefficient management.

Local Housing Departments have responded by dispersing problem families from unpopular estates, reducing child densities in high-rise buildings, and decentralising management.

These actions have removed disturbing factors that were masking the role of design and revealed it as an even more powerful influence than previously supposed.

THE evidence for this conclusion was assembled in a major research project, "Design-Disadvantage in Housing", conducted at King's College, London.

More than 4,000 houses and 4,000 blocks of flats have been scientifically surveyed for design, together with various test measures for assessing each design variable's influence: litter, graffiti, vandal damage, excrement in the entrances, the number of children in care and, for one police division only, nine categories of crime.

Current work includes the distri-

'CONVEYOR BELT' FOLLY!

PROVISION of public housing has become a mark of the success of the welfare state, writes Ian Barron.

We tend to forget that the need to build homes that are financed by the taxpayer is a recognition of the failure of the capitalist economy as it is structured today.

The economy prevents a large number of people from earning wages that are high enough to enable them to provide their own homes, tailored to their particular needs and tastes.

So: bureaucracy and the planner arbitrate on the location and quality of public housing. Because of the absence of individual choice, design and construction becomes the product of patronising social theory rather than family preference.

Not surprisingly, therefore, the human dimension has been abstracted out of public housing.

The result:

- Considerable dissatisfaction among tenant families with their living environment; and
- Waste of taxpayers' money, in the process of mopping up the consequential social and economic effects of the sort now catalogued by Alice Coleman (see above).

The Wellington Street Estate in Manchester — known as Fort Beswick by the tenants — is a perfect example.

It was built 15 years ago at a cost of £4.29m. The city council thought it was rendering a service to the families who moved in from the surrounding slums. No-one thought to ask the families if they fancied living in the nearest thing to one of Hitler's Second World War gun emplacements built along the English Channel.

The estate consisted of 1,010 apartments and maisonettes, plus 63 two-storey houses. It was built on a conveyor belt using pre-cast wall, floor and roof panels and laid out in deck access form with linking bridges and walkways.

Design faults, as well as personal dissatisfaction, quickly became apparent. There was serious water penetration, condensation and structural defects, along with faulty human behaviour known as vandalism.

In 1981, the council discovered that it would cost £9.3m.

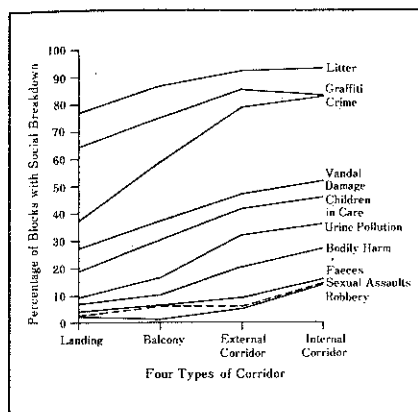
And it will cost the taxpayers £27.5m to rehouse all the families in new houses.

Meanwhile, despite its claim to be a radical government, the Thatcher administration has failed to propose reforms to the economic system so that every working family in Britain can earn enough money to enable it to buy tailor-made homes.

lead to crime?

HOUSING & VANDALISM

PERCENTAGE OF BLOCKS WITH SOCIAL BREAKDOWN



When the 4,099 blocks of flats included in the design-disadvantage survey are divided according to four types of horizontal circulation, a regular pattern of vulnerability to crime and social breakdown emerges. Small landings serving four or fewer dwellings are the best, followed by short external balconies for four or fewer flats. Longer corridors attract more abuse, especially if they run through the interior of the block. Youngsters are more at risk of arrest or care orders, and violence to people and property is common. "Small is beautiful" is a good maxim for avoiding a violent environment in which to raise children.

bution of fires and false alarms in relation to design, and also several types of mental illness.

Fifteen design variables prove to be strongly associated with all, or virtually all, the test measures.

Size variables: Dwellings per block, dwellings per entrance, storeys per block, storeys per dwelling.

Circulation variables: Corridor type, inter-connecting exits, overhead walkways linking blocks together.

Entrance characteristics: Entrance position, the presence or absence of individual external doors to ground-floor flats, blocks raised up above concrete stilts or garages.

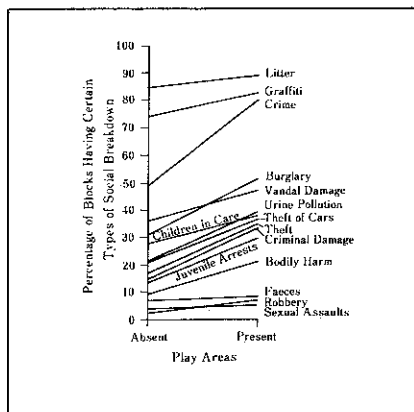
Features of the Grounds: Number of blocks sharing the same site; number of gates or gaps in the site perimeter, play areas, "spatial organisation".

Most of the 15 designs have a similar effect on each type of behaviour used as a test measure, regardless of whether it is as mild as litter dropping or as violent as bodily harm, sexual assaults or robbery (mugging).

This is illustrated by Fig. 1, which shows a steady increase in the percentage of blocks with each test measure as the type of corridor changes from landings to short shared balconies, to external corridors, to internal corridors.

A few designs, however, affect the various forms of behaviour differentially. Play space (Fig. 2) is an

PERCENTAGES OF BLOCKS WITH CERTAIN TYPES OF SOCIAL BREAKDOWN



Play areas are officially advocated as essential for children's well-being, but they are also centres of learning for crime and abuse of neighbouring blocks of flats. The trend line for crime includes all the categories of offence shown on the graph, and also two others which would have overcrowded it: theft from motor vehicles and drug offences. Crime leaps from 50 to 80% in blocks where play areas are located nearby, and the number of crimes per block also multiplies.

example. Children's play areas equipped with swings or climbing frames, etc., plague neighbouring blocks with urine pollution and also attract a higher incidence of robbery.

Hard-surfaced games areas maximise litter, graffiti, car theft and juvenile arrests. Both types together are associated with a peak in vandal damage, criminal damage (including motor vehicles), burglary, theft, bodily harm, sexual assaults and defaecation in the entrances.

Unexpectedly, an absence of play areas minimises virtually all forms of abuse; we have even been told of a problem estate that spontaneously improved when the residents dismantled all the play areas.

Corroborative evidence is the reduced level of abuse where individual back gardens for ground-floor flats provide toddlers' play areas outside estates are less vandal-prone than those inside.

OSCAR Newman has shown that design modification can lower crime rates, but DOE discouragement means that it has rarely been tried in Britain, and nowhere has there yet been any scheme to improve as many of the 15 design variables as possible.

This may now change, as the City of Westminster housing department has approved the recommendations of a design disadvantage survey of its worst problem estate.

To simplify the approach to design

modification, we have devised two concepts: *disadvantage threshold* and *disadvantage score*. The threshold is the cut-off point between those values of a design which have better-than-chance frequencies of each type of abuse and those that have worse-than-chance frequencies.

Design modification should aim to bring each design variable down to its threshold level. For example, the threshold for walkways is zero. Burglary is likely in all blocks with five or more walkways, but only in 32% of those with none.

Walkways are the most powerful factor in spreading crime from block to block, so their removal would restrict it to a smaller number of blocks where policing could be intensified.

It would also eliminate the worst values of three other design variables: interconnecting exits, interconnecting lifts and staircases, and the number of dwellings accessible from each entrance, and so the drop in crime might be quite substantial.

The disadvantage score is a simple count of how many of the 15 designs breach their thresholds in any given block. It draws attention to precisely what needs modification, and can also be used to assess improvement schemes on the basis of how far they would reduce the score.

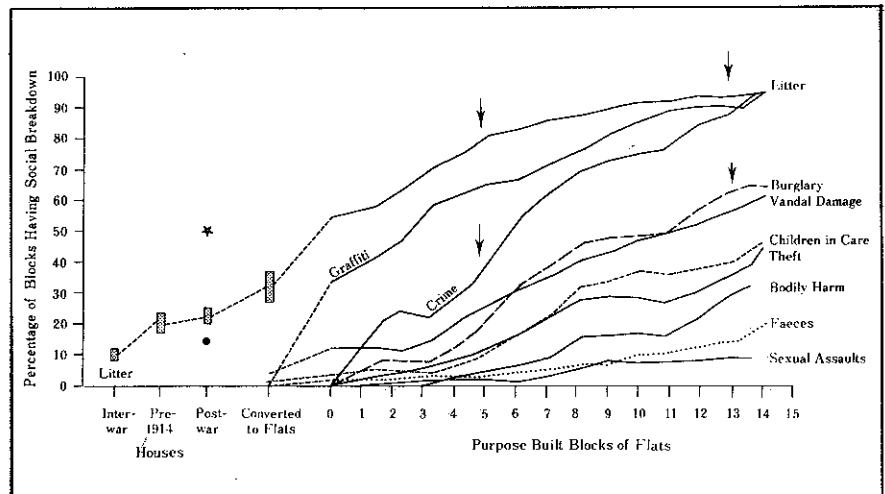
The Westminster estate mentioned above has 29 blocks with an average score of 12.8, which the recommended changes would bring down to 4.8.

Fig. 3 shows trend lines for disadvantage scores; these are the best estimates of the probability of abuse at each score. The before and after arrows at 12.8 and 4.8 indicate the likely reduction in each kind of abuse on the estate in Westminster. Burglary, for example, may well vanish from 44% of the blocks and

Turn to Page 108

Wanted: clear

PERCENTAGE OF BLOCKS HAVING SOCIAL BREAKDOWN



● Trend lines for disadvantage scores show how crime and social breakdown affect progressively more blocks as the number of deleterious design features increases. In addition, each type of problem becomes commoner in the afflicted blocks. For example, no crime was reported from zero-scoring blocks during the study year, but blocks scoring worse than 13 had an average of one crime per five dwellings. Crime data were not available for houses. The asterisk and black spot show litter and vandalism percentages for a Radburn-type layout in Cheshire; this type of design usually creates problems. The arrows indicate the predicted effect of modifying the average score of an estate in Westminster from 12.8 to 4.8; all the test measures would affect substantially fewer blocks.

● From Page 107

continue, but at a lower frequency, in 20%.

MODIFICATIONS fall into four stages, beginning with demolition of walkways to leave each block free-standing. The next step is to improve the spatial organisation of the grounds, which is the most potent factor affecting the rate of crime per dwelling.

The vogue for "confused space" flowing uninterruptedly among the blocks would be replaced by "semi-public space" serving each block separately inside its own walled grounds. There would be only one gate in the perimeter so that outsiders could no longer take short-cuts through the territory.

Play areas, if retained, would serve only the known children from the block itself, instead of anonymous hordes from the estate at large.

The third stage of modification focuses on the buildings themselves, to reduce the extent of sharing among large numbers of households. This involves partitioning into self-contained sections, each with its own fenced share of the grounds. A section becomes, in effect, an independent block.

Finally, estate roads should be remodelled to resemble the traditional streetscape that has produced successful communities in the past.

Facades and frontages should both be made more continuous, so that the public can no longer roam round all four sides of a block at will.

Front garden walls and gates should be about waist-high to facilitate surveillance of the street from the windows of dwellings, and to avoid a shuttered, faceless appearance from outside.

Back walls, by contrast, need to be high and defensible — perhaps protected by prickly shrubs to deter

intruders from crossing from one block's territory to another's.

Houses can be inserted in gaps along the building line, or used to infill counter-productive open spaces that attract hooligans. A higher ratio of houses to flats has a diluting effect upon the detrimental influence of flatted designs.

MOST OF the 4,000 houses in the survey were so much better than flats that the only visible sign of social breakdown was litter. This was observed in about 20% of pre-1914 houses, but only 10% of the more highly evolved designs of the inter-war period.

Post-war houses, however, seem to have been evolving backward. In estates of the 1950s, or small infill areas of later date, more than 20% of the houses were affected, and in some cases litter was left lying long enough to become "dirty and decayed" instead of "clean and casual".

Outside the survey area we have seen a number of estates that are both very recent and very large, where the latest official design advice seems to breed graffiti, vandal damage and crime as well as litter. Here we recognised the importation of layout

features that had previously been reserved for estates of flats.

We clearly need a new philosophy of the role of housing design. Creative rumblings in the Department of the Environment are not enough; nor, even, is reasoned argument on what ought to be beneficial.

We need hard factual evidence on what actually does work to promote a stable social structure and to avoid the stresses of hostile, violent habitats. This is what the design-disadvantage research has aimed to provide.

HOW does badly designed housing exert its anti-social effect?

Well-adjusted adults do not suddenly become graffiti artists or criminals when they move into a flat, but they frequently find it difficult to bring up their children to their own standards.

Some parents succeed, against all the odds, but others, who could have coped quite well in traditional housing, cannot overcome the obstacles imposed by modern estates.

The worse the design, the larger the proportion of people who are adversely affected, and the more serious are the lapses from civilised behaviour on the part of unintegrated youth.

With a disadvantage score of

new philosophy

HOUSING & VANDALISM

zero, 12% of blocks are the scene of vandalism, but with a score of 13-14 the percentage has escalated to 62, and the various kinds of violence have become common.

Fig. 3 shows that bodily harm occurs in 30% of these blocks, sexual assaults in 14% and robbery in 7%.

There seems little doubt that if Britain had stayed with its traditional houses instead of flats, many victims would have been spared their trauma, many parents would have been spared their sense of failure, and many children would have grown up as law-abiding citizens, instead of becoming criminals.

DESIGN is not the only detrimental factor, and 20 possible alternatives have been tested.

Poverty is a hot favourite, but proves to be negatively correlated, which makes sense in view of the fact that anti-social behaviour burgeoned during the period of the post-war affluence.

● Extensive green space is also

● The design-disadvantage research is published in *Utopia on Trial* by Alice Coleman et al. Hilary Shipman, London, £7.95.

counter-productive, probably because it is the fabric of confused spatial organisation, which assaults the primordial human sense of territoriality.

● Population density proves, as often before, non-significant, which means that the sacrifice of higher density housing to provide lower density flats has been misguided.

The only socio-economical factor to rival design is type of tenure, but this may be mainly due to design differences. Council flats have an average disadvantage score of 9.1, vastly worse than private blocks at 4.0.

Private developers are subject to two healthy constraints. They have to please their customers' tastes and meet their price range; they do not waste money on unnecessary and unpopular features such as overhead walkways, ramifying corridors and multiple lifts and staircases.

Council builders, on the other

hand, have had access to lavish subsidies; the Department of the Environment's own cost yardstick states that blocks of more than five storeys cost 50% more than the same accommodation in two storeys.

The money has not been spent on what people would choose, but on what bureaucracy in its omniscience decrees is good for them.

Official paternalism is now revealed as wastefully extravagant of land and money, and woefully destructive of human happiness.

Like a baby-battering parent, it has done violence to its charges, and encouraged many of them to become violent in response.

The abrogation of housing liberty is a failed experiment, which should now be discontinued.

SITE VALUE RATING SUCCESS

POLITICIANS who oppose site value rating – the system in which the property tax is levied on site values alone – have been accused of trickery by Mr. Allan Hutchinson, spokesman for the General Council for Rating Reform in the Australian state of Victoria.

Time and again, they have used their power to override the wishes of the electorate by switching to a system of Net Annual Values (NAV) in which the tax also falls on buildings. But according to Mr. Hutchinson: "The tide has now turned".

This follows two major victories, in which attempts by two councils to change the rating system was overturned by popular vote.

Oakleigh and Mordialloc are two of the 62 cities in Victoria that adopted site value rating many years ago. The reform was always preceded by popular demand at the polls.

But the Local Government Act allows a council to propose a change that would supersede the ratepayers' original decision. And ratepayers could only block such a bid by petitioning for yet another poll on the issue.

Rate reformers succeeded in getting enough signatures on a petition to force their councils to hold new polls. The votes reveal a strong preference for retaining the site value basis.

OAKLEIGH

Site Value Rating	14,426
Net Annual Value	10,278
Majority	4,148

MORDIALLOC

Site Value Rating	10,026
Net Annual Value	4,903
Majority	5,123

In a third case, Nunawading City, the council gave notice two years

ago that it proposed to revert to the NAV basis. But when the issue came before the council again, this year, nine of the 12 councillors changed their minds.

The three dissenting councillors were not able to muster enough signatures to force the issue to a poll.

Mr. Hutchinson told *Land and Liberty* "The message will now get around to other places that in all three of these cities the concerted efforts of people with axes to grind failed spectacularly. No doubt there will be more such cases, but the rot has been stopped convincingly".

He accused Oakleigh Council of circulating "phony figures" in its bid to persuade voters to back their plan to revert to the NAV basis.

"The people who read the council's document were entitled to think that they would pay less under NAV, but a bigger proportion of those who appear to make a saving would in fact have ended up paying more", says Mr. Hutchinson.

Appalachian

MILLIONS of people live below the poverty line in the United States. In an urban environment, the roots of their problem are easily disguised: not so, in the countryside.

Twenty years ago, when the Kennedy Administration launched its "War on Poverty", a report said of life in the Appalachian mountains:

"People draw their water from dirty creeks. Rain turns unpaved roads into muddy ruts. Youngsters can't go to school because they have no shoes. The poverty of the people stands in brutal contrast to the wealth of the land".

Now, the people of the hills have documented the source of their problem: the failure of the taxing authorities to capture the value of natural resources for the benefit of their communities.

AGROUND breaking study of rural life in 80 counties and six states in the Appalachian mountains has revealed "why the land is so rich and the people so poor..."

The momentum for change began after a series of disastrous rains and floods. Half the population was driven from their homes in towns near the Tug River in West Virginia. Some suspected that strip mining had caused the unprecedented havoc.

After groups all over the region began to gather to study their problems a unique coalition of citizen groups formed The Appalachian Alliance. It studied land ownership as just one of the myriad of problems, before it became convinced that this was not one of the problems but the central problem.

"This insight led to the largest rural land study done in America", reported John Gaventa and Myles Horton, leaders in the Highlander Folk School in Tennessee.

Gaventa, a MacArthur Fellow, an author and professor, led the research study. He says: "We soon became convinced that land was not one of the problems of Appalachia but the seminal problem from which all the region's problems flowed."

As a result, the citizens embarked on the largest land study ever undertaken in American history. Only the Ralph Nader study of land ownership in California could compare with it. But as a textbook in citizen-inspired land reform it was unparalleled.

TOP 10 land/mineral owners — Kentucky

Owner	Acres	Taxes	Taxes per acre
Pochahantas Ky Corp. (N&W RR)	142,566	\$18,632	13¢
Ky River Coal	132,304	15,872	12¢
Kenland Co.	102,811	11,327	11¢
Falcon Coal	68,402	3,436	5¢
General Electric	60,000	1,500	2.5¢
Virginia Iron, Coal & Coke Co.	53,000	5,296	10¢
West Pocahontas Corp.	47,820	13,283	28¢
J. M. Huber Corp.	47,748	7,238	15¢
U.S. Steel Corp.	41,880	39,633	95¢
National Steel Co.	40,265	6,399	16¢

By Robert Scrofani in San Francisco

The results of the report are not new or unexpected. But now our documentation of land ownership and taxation in county after county establishes the pervasive pattern of inequity.

A handful of absentee corporations control "enormous portions of the region's land and minerals and yet pay a pittance in local taxes."

The study revealed:

- In the 80 Appalachian counties sampled, the top 1% own 53% of the land;
- Of the 13 million acres of surface land sampled, 72% is absentee owned;
- Over 75% of the mineral owners pay less than 25 cents per acre in property taxes;
- 80% of the mineral rights are owned by absentees.

The survey was funded by a federally-sponsored Appalachian Regional Commission (a War on Poverty project which has spent more

than \$15 billion in Appalachia). It trained local citizens to do much of the initial research, thus maximising its impact at the grass-roots level.

The Appalachian Regional Commission with Governor Jay Rockefeller of Virginia as its chairman declined to publish the results. Instead it hired a blue ribbon committee to study the validity of the results. So the people published the results county by county. The report was validated by the chairman of the review panel, who said in a memorandum:

"(The report) shows in intimate vivid and continuing detail what the Appalachian ownership patterns are and what they are doing to Appalachia... it far surpasses the Agricultural Department 1978 study of National Landownership and the 1973 Nader Report on land ownership in California in its documentation of land ownership social consequences".

The conclusion "that mineral ownership is more concentrated and its taxation more inequitable than that of surface ownership is original and striking."

As a result of the county by county detail, people could see that land reform was the solution to many of their problems.

Recognising the willingness of people to deal with their problems,

***Who Owns Appalachia?** The Appalachian Land Ownership Task Force, The University Press of Kentucky, 1983.

goal is self-help justice

Mike Clark, Director of the Highlander Tax-Research Centre says: "This is one more example of the people in the region seeing a need and doing something about it. They were the ones who recognised that every problem — mine safety, black lung, stripmining, pollution, the decline of farming, floods, sub-standard housing, welfare, — every single problem can ultimately be traced back to the question of who owns the land."

THE 1,800 pages of raw data and analysis is a powerful tool for groups throughout this historically rich and unique area of America.

The people of Appalachia now know they are an economic colony. Undeterred by taxation, money flows quickly out of the coal counties of Appalachia. Because of the failure to tax the mineral companies, local investment by coal companies takes the form of temporary or moveable facilities and equipment.

This colonial pattern was borne out in one community which boasted a sign: "Welcome to Williamson Heart of the Billion Dollar Coal field". Yet the children of Dingess, a few miles away, go to school in a trailer. Where have the billion dollars gone?

The results of the six state survey have now been distilled in *Who Owns*



**ASSETS
GALORE
— BUT
FEW
NOW
BETTER
OFF...**

● LANDOWNERS strip the countryside of its coal: but the property tax is so low that local communities barely benefit from the rich resources of their countryside. Photo reprinted with permission from *The Courier-Journal* and *The Louisville Times*.

Appalachia. Its evidence is being heard in the legislative halls of the state capitals.

Nowhere is this truer than in

Kentucky, where the citizens have recognised the need for tax justice between the mineral and surface owners, in order to cure many of the ills exposed by the study (see table).

The Kentucky Fair Tax Coalition is seeking an unmined mineral tax in the legislature to address the problem of unequal taxation. After a setback in 1982 the group is seeking a series of bills to reform the tax system, and protect water supplies for the future.

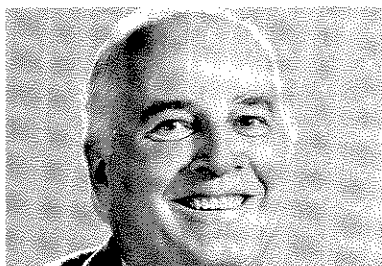
A commission to study the problem has been appointed, and other taxes (such as an increased sales tax) have been proposed.

In a legislature often dominated by the mineral industry, increasing public pressure is making it more difficult for the legislators to ignore the people's appeal for justice.

This time the search for justice is not being sought in Washington and in federal tax dollars. People now want to control their destiny and their land through a tax system which recognises their right to share in the value of their natural resources.

Advertisement

EXPO '86 set for Vancouver



A former Minister of Resources of British Columbia, Canada, is one of the keynote speakers at the international conference in Vancouver on May 18-24, 1986.

Robert Williams (above), who is a Member of the Legislative Assembly of British Columbia, will speak about Resource Rents.

The International Union for Land Value Taxation and Free Trade has lined up an impressive panel of speakers. Among them is Rae Else-Mitchell, Chairman of the Commonwealth Grants Commission in Canberra, Australia.

And Mr. O. St. Clare Ridsen, Permanent Secretary at the Ministry of Mines, Jamaica, will discuss his country's experience with land value taxation.

Full details of speakers and booking arrangements are obtainable from Mary Rawson, 1406 Woodland Drive, Vancouver, B.C., Canada V5L 3S6. Tel: (604) 251-2908.

Land-use blueprint to

PRESIDENT Ronald Reagan believes that his style of free market economics is "the great enemy of poverty".

He said so, when it was announced that the number of Americans at the poverty level fell from 35.5m in 1983 to 33.7m last year, the first significant fall since 1976.

The Don Quixote of the New Right was once again jousting at windmills.

- The fall in the poverty rate still leaves it higher than it has been since 1968, with the exception of 1982 and 1983.

- The richest two-fifths of Americans received 67.3% of the national income, while the poorest two-fifths received only 15.7% — slightly less than their share in 1983.

- While poverty among the aged section of the population dropped (see chart), it rose for some segments of society. For example, the proportion of black children under six who were living in poverty in 1984 rose from 49.4% to 51.1%.

The most telling fact to emerge from a Census Bureau report is that it took a growth of 6.8% in GNP for a modest fall of 0.9% in the proportion of people living in poverty.

WHEN you set the miniscule gains against the street-level realities, it is difficult to imagine how the president can crow about the achievements of his supply-side economics.

Soup kitchens proliferate. Some adults without jobs in Philadelphia are surviving because a boy named Trevor Ferrell takes them food at night.

The sick are becoming increasingly vulnerable. A National Association of



**By PETER POOLE
in Washington**

Public Hospitals study confirms what people already know: the statistics reveal that more than 40% of patients who are turned away by private hospitals required emergency room treatment. Nearly 43% had no insurance.

Theoreticians who help to shape social and economic policies, however, are not able to offer a convincing analysis of how the economy works.

Charles Murray, the Reaganite author of *Losing Ground* (Basic Books), points out that the general level of poverty did not decline during the 1970s even though government spending on social welfare programs (after allowing for inflation) doubled to about \$300bn.

But, Senator Daniel Moynihan points out, an 11-year experiment in reducing real welfare benefits has not stopped the rise in the number of AFDC (aid to families with dependent children) families.

Slashing social spending, then, is not the answer to the conundrum of poverty.

THROTTLED . . . AS THE RICH GET RICHER!

THE CITY of New York highlights the way in which the land-and-tax system throttles the labour and housing markets.

With building land costing a minimum of \$4 a square inch, middle and low income families are being squeezed out by high rents.

Builders are forced to construct apartments for the rich end of the market — and also to build smaller units (new apartments have a fifth less space than those built 10 years ago).

A man earning \$30,000 a year has no hope of owning a home in Manhattan — and anyone with half that salary is broke.

One result: more women are forced to defer marriage, or to defer having babies. Many single people have two jobs in order to enable them to pay the rent.

Housing costs are forcing middle-

income families out into the suburbs (which imposes new costs — of transportation, for example — and lower satisfaction with the amenities that are available).

Meanwhile, the number of homeless and poor increases — as companies are forced to close, because they find it impossible to renegotiate realistic leases with landlords.

A quarter of the people in the city live below the government poverty line of \$10,600 a year for a family of four. At the same time, the landowners continue to reap huge capital gains based on values that are created not by themselves, but by the community.

EMPLOYMENT and wage levels are determined by the way in which we use natural resources.

This theory receives no attention in the economic literature today, in which analysts are more concerned with highlighting the institutional framework within which Labour grapples with Capital in a life-and-death struggle.

Economists, however, have forgotten that the frictions and oligopolistic power that is exercised in the labour market today are the product of what happened yesteryear, when the free land ran out.

In the United States, wages were high until the Western frontier was closed 100 years ago. But it was not so much that vacant land was no longer available, as the fact that it had been appropriated and enclosed by a minority of settlers who were thus

blow away despair of soup kitchens

able to hold workers to ransom.

Result: wages dropped to subsistence levels.

The same process can be seen today. Landless workers in Central and South America, excluded from the fertile acres by the land-hoarders, are forced to migrate.

They go over the border to California and Texas in search of work. Result: wage-rates on the big farms are cut to the bone, as hungry people vie with each other for employment.

A rational land use system, one in which owners were forced to put their sites to the most appropriate use, would throw hundreds of thousands of city centre acres onto the market.

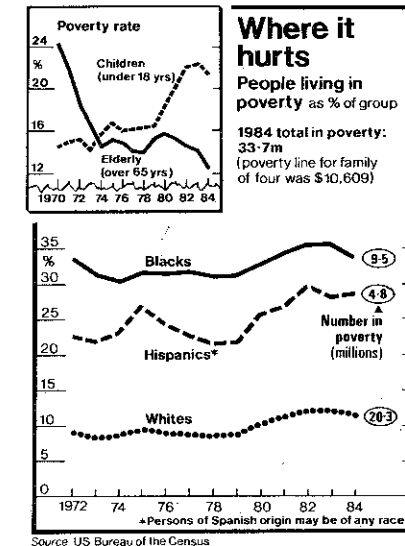
The effect of this would be to reduce rents and so open up investment opportunities. New companies would create jobs, and the competition for labour would raise the basic level of wages.

And lower rents would mean higher disposable incomes to be spent on consumer goods – having the knock-on effect of spurring entrepreneurs to expand their operations.

HOW could this system be implemented efficiently?

There is only one instrument that is consistent with the free market system: a high tax on the annual value of land, levied irrespective of whether the land was put to use or not.

Since the tax could only be levied on rents that could actually be



income stream that he **could** receive if he was not speculating on higher capital gains in the future.

In the United States, 3,170 taxpayers who earned more than \$1m in 1983 paid virtually no tax at all, whereas a family of four with an income of \$45,000 paid an average of \$6,272 in federal taxes alone.

Destructive because the tax system hits people who want to create wealth, while all but exempting those who live off unearned income.

So nothing less than a radical restructuring of the tax system itself will finally solve – in one fell swoop – the interlocking problems which today appear to be insoluble.

If a government raised a higher proportion of its revenue by land value taxation, the western frontier (figuratively speaking) would open up again.

New jobs would be created, and the lowest wage rates would rise. People would be less dependent on the state for hand-outs, as poverty was eradicated through the free operation of the market.

This is a coherent theory, administratively easy to implement, and socially equitable. All that we now require is the political will.

MR SMITH'S EXPERTS SPELL OUT STRATEGY TO THE SANDINISTAS

A DELEGATION of experts on land taxation is to visit Nicaragua, to advocate an alternative economic strategy for the war-torn economy.

"The US wants to return exploitative capitalism to Nicaragua, while the Sandinistas are experimenting with a Latin-style communism", says Jeffery Smith, the San Diego-based organiser for the delegation.

He was in the country recently as a member of an official environmental delegation. The Sandinistas invited him to

return to spell out ways in which they could modify their mixed economy.

"They have yet to hear of redistributing land value", says Mr. Smith, "but they have no qualms about redistributing thousands of acres of land hoarded by Somoza, the deposed dictator."

"They have begun to run into difficulties with this approach, but they are sceptical about free enterprise, which to them means the National Guard,

land hoarding, illiteracy, infant mortality and pesticide poisoning.

"They are willing to experiment, and I want Georgists from around the world to join the delegation to tell them about an alternative strategy".

Costs for the visit, between Jan. 6-20, 1986, will range from \$700 to \$1,000. Mr. Smith's address: Basic Economic Education, 2200 Morley Street, San Diego, CA 92111.



● Jeffery Smith

Neves' heirs of reforms

TWENTY-ONE years of military dictatorship ended in January when 130 million Brazilians acquired a new civilian government. Its head was to have been Tancredo Neves, a 75-year-old "centre-right" politician who won a landslide victory in the electoral college on promises of sweeping reforms.

Neves never took office. On the even of his scheduled inauguration as president he was taken ill and, despite intensive hospital treatment, he died on April 21.

Neves' programme, which fell into the lap of his successor – his former vice-president José Sarney – included measures which the millions of poor in Brazil were hoping would improve their lot.

For poverty in Brazil is widespread. Some 40% of the population live below the lowest poverty line. And even those in work do not automatically escape privation; at least half the wage-earners – about 26m people – have incomes too small to support a family in its basic living needs.

Brazil's poverty shows itself most starkly in the shanty-towns of the big cities, those dejected encampments of cardboard and petrol drums where life is grim, disease-ridden – and short.

And it shows itself in the squalor and hunger of the countryside, in the sub-human conditions of the ill-paid plantation workers and in the plight of the landless peasants who give their labour free to estate owners in exchange for the use of a few pathetic square metres of land on which to grow their meagre ration of food.

In Brazil, the gap between rich and poor is as wide as in any country of the Third World. According to the 1980 census, the wealthiest 1% of the population took 16.4% of the national income, while the poorest 60% took only slightly more – 18.4%.

POVERTY has been the great blot on Brazil's social landscape ever since the country's colonisation in the 16th century when the Portuguese crown doled out huge tracts of land to favoured colonisers whose descendants are the large and wealthy landowners – and the political bosses of today.

The vast majority of the original colonists – many of them slaves – were ignored when the land was parcelled out so that the society of the 1980s shows a harsh polarisation between the haves and the have-nots.

The vast gap between rich and poor is at its most grotesque in the

- Last year, Brazil recorded nearly 1,000 violent incidents and 180 deaths in the war over land. This year, the tension has escalated, and Bishop Alano Pena says: "Never have we seen this kind of violence".
- José Sarney, Brazil's first civilian president since 1964, wants to distribute 480m hectares of mostly private land to

7.1m peasants over 15 years. Will he succeed? Landowners are now marshalling their gunmen against the reforms.

● But has Brazil found the most effective plan for reducing unemployment and raising wages? This report reviews the level of poverty in a land-rich country which is scarred by a tenurial system that generates hunger.

By BERT BROOKES

notorious north-east, an area greater than that of Italy, Spain and Portugal combined where, according to Neves himself, malnutrition and infant mortality are well above the Brazilian average.

In this region, where 40% of the land is owned by 1% of landowners (leaving aside those who own no land at all) the standard of living of the people is as low as in any depressed area of the world.

The climate bears some part of the blame – the area is subject to regular drought – but it is the unjust pattern of land tenure which is primarily responsible. While millions scrape what food they can from microscopic fragments of land, large areas of the *latifundia* are held idle.

The Guardian has reported that, in Brazil as a whole, over 10 million rural families have no land of their own whilst at least 1,000 million acres of land remain unused on private estates.

Against this background, Tancredo Neves' programme of economic and social change – which included measures of land reform – was eagerly awaited by the country's underdogs. This was especially so in the north-east, where land reform is seen as the basic essential, without which no improvement in social conditions is possible.

Plans for land reform have featured in the manifestos of many past Brazilian governments, but such is the power of the landowners that all have remained plans, gathering dust in the

government archives. To this day, Brazil has seen no land reform worthy of the name, despite the injustice and inhumanity of the present set-up.

DESPITE the untimely death of Tancredo Neves it seems that all hope of land reform has not been lost.

According to reports coming in from Brasilia, the Brazilian capital, the new government is doing its best

GAMBLES

LAND VALUES soared when new roads were forged into the western savannahs. Politicians and businessmen acquired vast estates for cattle, soyabans or to hold the tracts vacant for speculative purposes.

Estates of more than 1,000 hectares each accounted for 47% of Brazil's land in 1967, rising to 58% last year. Now, 342 owners control 47.5m hectares while 2.5m peasants owned 5m hectares.

The number of landless labourers? The official figure is put at 10.6m last year. About 45% fertile land – about 400m acres – is not cultivated.

★ ★ ★

FOUR hundred thousand Brazilians settled just inside the Paraguay border – where land was relatively cheap – after losing their jobs through the mechanisation of Brazilian farms. They proved to be

give hopes on land

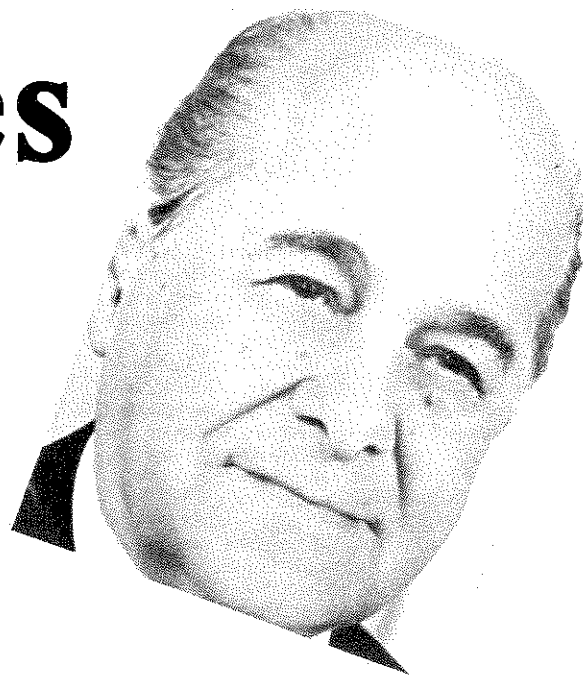
to implement the pledges of its former leader.

The Guardian reported in June that "seven million families are to be settled on land confiscated from the huge estates of the *latifundarios* (the landowners).

According to *The Times*² the plan is more modest; their correspondent reports that it involves the re-settlement of "almost one and a half million landless farm workers".

Whatever the scope of the plan, it threatens enough, apparently, to stir up violent opposition among the landowners. Already, some are denouncing it as "Marxist-Leninist-inspired, leading to class warfare".

There are signs that the violence that has been used by landowners in the past to oppose previous land-reform plans (with bands of hired gunmen being used to terrorise



● LAND REFORM was a key plank of the manifesto published by Tancredo Neves (above) which helped him to win the election. That programme is now being implemented by his successor, José Sarney, the owner of a 2,400-hectare farm.

peasants) will be employed again.

The government of José Sarney is clearly going to have a fight on its hands. The pity is that, however loudly the landowners may be shouting, it really is only a very limited measure. It will affect only a minority

of the landless farm and plantation workers.

The squatters of the city shantytowns will hardly know it is happening. It will add to the number of small landowners but the powers of the big estate-owners will be little eroded.

OVER SAVANNAH'S FORTUNES

He sent in his *pistoleiros*, who murdered José and eight other squatters. The police did not intervene.

★ ★ ★

PRESIDENT Sarney has not helped his reformist cause with some politically inept decisions. One of these was his signature on a decree announcing plans to expropriate the entire metropolitan area of Londrina, (population 300,000) in an effort to find land for 137 peasant families who were squatting on an Indian reservation. Sarney had to rescind his decree after political protests.

★ ★ ★

HIRED gunmen shot and killed Ezechiele Ramin, an Italian priest, who attempted to settle a land dispute in the eastern Amazon jungle in July.

more efficient than Paraguayan farmers, and began to prosper. Now, however, the settlers are being hounded back across the Brazilian border by police. This has led to the creation of refugee camps, where the children — born in Paraguay, but not registered — are stateless.

★ ★ ★

JOSÉ Pereira da Silva jumped for joy when he heard that the government was willing to appropriate unused land for distribution among landless labourers.

Jumping the legal gun, however, he grabbed 100 acres of land that belonged to a 10,500-acre property owned by a taxi driver who lived in a town 20 miles away.

The taxi driver was not amused.

A MUCH more beneficial degree of land reform would be achieved if, instead of trying to organise a physical transfer of land from one group of people to another, the government were to declare *all* the land of Brazil to be the property of *all* the people of Brazil, and to give effect to such a declaration by requiring all economic land-rent to be paid, not to the present private owners, but to the public treasury.

The liability to pay rent for all landholdings would quickly force the vast area of idle land into use. The price of all land would fall and the beneficial effects of this would be shared by all Brazilians, whether in town or country, industry or agriculture.

The poor of Brazil can take heart from the fact that José Sarney and his government are facing up to the need for land reform. But how much brighter would be their hopes for a new future if that reform were to establish the right of all Brazilians to share equally in the bounty of their country's natural resources?

1. *The Guardian*, June 3 1985.
2. *The Times* (London), June 4, 1985.

BANKS HEADS MISSION TO CHANGE TAX LAW

A WORKING Party of British experts in land value taxation is being assembled by Ron Banks, the new chairman of the United Committee for the Taxation of Land Values.

Mr. Banks came very close to being elected as a Liberal Member of Parliament, when he fought successive general elections in the Chippenham constituency.

He now plans to devote his energy to promoting tax reform among the leaders of all the political parties at a time when reform of the rating system — the British version of the property tax — is high on the Westminster agenda.

Says 52-year-old Mr. Banks: "The tax system seriously penalises people who want to create jobs by starting up new companies. The tax burden has to be reduced.

"At the same time, however, the government

must have a buoyant revenue to meet its financial commitments. The answer is to raise the money by capturing pure rental income for the community's behalf.

"This would be not only economically efficient, but also socially equitable. Land value taxation is equally fair to people who receive income from either capital or labour".

Vital information on the impact of the policy is missing, however, which is why Mr. Banks, a financial consultant, is forming a Working Party of specialists.

"There is little point in telling a Chancellor of the Exchequer that he ought to substitute a new tax for an old one unless you can also tell him how much he



● Ron Banks

can expect to raise," says Mr. Banks. "That's the kind of information we need, if we are to sell the idea of land value taxation to the politicians.

"It is astonishing that, while we can quantify the value of wages and profits, we don't have even an approximate idea of the rental value of Great Britain".

'Boom' trusts flood back

REAL estate investment trusts, which played a major role in the speculation boom in the early 1970s, are back in business.

There are more than 125 of them, and they flooded the market with \$2.5 bn of new stock offerings in the first six months of 1985, compared with \$2.78 bn in the whole of 1984.

The most spectacular sign of the return of the REITs: when the Rockefeller family decided to mortgage New York City's Rockefeller Center for \$1.1 bn, they simply set up a trust which would provide the cash by selling stock to the public.

★ ★ ★

WASHINGTON D.C. city council member Frank Smith says there are 20,000 vacant lots in the nation's capital. He wants to turn 1,000 of them into gardens. That still leaves a lot of land being kept idle while the city sprawls into the countryside. Result: sites 30 miles beyond the Beltway have gone up from \$500 a unit to \$7,500 in four years.

★ ★ ★

WHEN the whites arrived in the New World, the first thing they did was to take land from the Indians. Do you think the hope of exploitation has ended? Wrong.

Indian holdings amount to 55m acres, not counting the 40m acres owned by tribes in Alaska. A spokesman for the American Indian National Bank says: "Indian country is the last undeveloped sector in the American economy. There are tremendous opportunities if you can get on the inside track".

Still, the white man's ways are helping some Indians to buy back some land. The Jicarilla Apache, the first tribe to make use of a 1983 ruling that allowed Indian tribal governments to enter the municipal bond market, have just

to the market

U.S. BRIEFS

sold tribal revenue bonds to finance the purchase of 55,000 acres.

★ ★ ★

REPUTEDLY the world's largest private landlord: the Reichmann family of Toronto, owners of Olympia & York Developments which has extensive holdings in the U.S. One of its most astute moves was to buy up office blocks in Manhattan in the midst of New York's debt crisis in the 1970s.

★ ★ ★

NASHVILLE lawyer Maclin Davis knew what the smart thing was to do when he heard that General Motors were thinking about locating a new factory in Spring Hill, Tennessee; he accumulated options to buy 4,000 acres around Haynes Haven farm.

His speculation paid off: GM now plan to invest \$3.5 bn in the factory to build a sub-compact car called the Saturn. Gold, not wheat, will now grow in those rolling acres, and Mr. Davis will pocket a large slice of the motherlode.

★ ★ ★

PRESSURE is growing on Capitol Hill to save \$1.5bn in subsidies that go to rich farmers. A new Agriculture Department study has revealed that nearly half of all subsidies go to the largest 4% of farms which have average net worths ranging from \$330,000 to \$2.7m.

Studies

WE WERE discussing war poetry in class. One student, rather bright, remarked:

"I know that war is destructive, but you must admit it provides jobs, good jobs".

As he started to talk about the many "good" jobs that war "provided", I noticed that the heads of his peers were happily nodding in agreement. It struck me that theirs was the generation that would, in a few short years, "inherit the earth". I had to speak up, to refute their views before it was too late, before their bland acceptance of war clichés became too deeply embedded in their philosophy.

Grimly, desperately, I commenced my refutation.

To begin with, a "war job" is "a piece of work of specific character undertaken to assure the success of a particular war." There are many wonderful war jobs: soldier, rapist, executioner, munitions maker, bombardier, torturer, construction worker, destruction worker, lamp-shade maker, ambulance driver, inferior-race exterminator, nurse, informer, undertaker, spy, surgeon, propaganda minister, war prisoner, prison-camp guard, draftboard official, chaplain, and prostitute (who sets up her headquarters near the military base).

This delightful group keeps the war effort going.

Morality sanctifies all war jobs except those which create destruction presently considered "unsportsmanlike", such as poison gas, dum-dum bullets, and (possibly) nuclear arms. "Traditional" means of slaughter, on the other hand, are fully approved. (How is scalping regarded these days?) The agitation is almost never against war itself but only against some currently "unpopular" methods of obliteration.

However, I must not digress, or dwell on such trivia as groaning, moaning, and maiming, but concentrate strictly on "economic" issues.

Let me launch this charming dissertation, therefore, with the assumption that, during wartime, one-third of the population is *totally* employed in the war effort. (The actual figures are unimportant; the formula would work with whatever statistics are used).

In such a case, the remaining

in the converse of war

By JACK SCHWARTZMAN

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two-thirds of the people are compelled to feed, shelter, and clothe not only themselves but the basically parasitic holders of the war jobs.

Yet, in spite of shortages, and despite the bombings and the killings, not only is a *part* of the total population able to provide for *all*, but production is actually booming.

Compare this situation with the one that prevails when "peace" finally arrives. Most of the surviving holders of the old war jobs now find themselves unemployed. With the *entire* population available for civilian production, only a *proportion* of the potential labour force is working, and millions barely survive. Production seems to be exhausted.

WHY SHOULD this contrast exist? The question suggests a paradox that is seemingly insoluble.

No wonder, then, that my observant student, noting the economic disparities in times of war and peace, should yearn for a nice little war, when jobs are plentiful and employment is secure!

No wonder, likewise, that those who advocate socialism should point to the apparent paradox as a contradiction "inherent in capitalism" and seek total government control so that the economy would simulate wartime conditions and provide jobs for all!

Is there an answer to the problem?

The answer is there for all to see, especially in time of peace. Does it not become painfully clear that when farmers are paid not to produce, when supplies are dumped overboard, when tariffs prevent the importation of cheaper and better goods, and when unions prohibit the installation of labour-saving devices, that a deliberately-devised "blockage" exists somewhere in the pipes of the economic machinery? Does it not

become evident, when most people are in desperate need, that this blockage effectively stops supply from reaching demand by shutting off access to much of the land and its produce?

The problem, therefore, lies not in the inability to produce, but in the refusal to produce.

In time of war, the powers-that-be merely suspend their own rules against unlimited production, and temporarily rescind their own regulations against the availability of natural resources, thus spurring on total economic activity. In time of peace, however, much of the source of all production (Nature) is fenced off by speculative monopoly, and unemployment and poverty result.

The paradox is solved (or, more correctly, disappears) when it is realised that cessation of production is artificially induced. The so-called paradox turns out to be only a contrived illusion.

It is not "necessary" to wage war in order to obtain jobs. On the contrary, war *destroys* jobs (not to speak of job-holders). There is no production in destruction. All that is needed, in order to restore full productivity (in war or in peace), is to open the gates to Mother Nature, who is always bountiful, and who always provides sustenance — and jobs.

This is the answer to the problem.

And this economic exposition does not even begin to touch, in its intensity, the mania known as war.

Not only does war kill, shatter, and enslave human beings, not only does it eliminate goods, factories, and cities; but it also obstructs the vision of the eternal values of life. Each conflict sets back the advances toward Light; each conflict plunges the world further into Darkness; each conflict gives birth to barbarians, illiterates, and murderers.

War feeds on itself.

My student's use of the word "good," as an adjective to describe war jobs, brings to mind a passage from Stephen Crane's bitterly ironic poem:

*Do not weep, babe, for war is kind.
Because your father tumbled in the
yellow trenches,
Raged at his breast, gulped and died,
Do not weep.
War is kind.*



● Peter Ustinov

WORLD BRIEFS

PORTUGAL: Plans to change rent control laws have caused serious social unrest. In March, Parliament approved a bill to lift a 20-year rent freeze: the government blamed rent controls for poor housing conditions.

Tenants hit back with a bomb at the headquarters of the Landlords' Association in Lisbon. Some people pay only 200 escudos (£1) per month for large apartments.

More than 34% of rents are under 500 escudos. One result: landlords have refused to repair their properties. In Oporto, 30% of 100,000 buildings are in a state of dilapidation. Landlords have allowed their building to literally fall around the heads of tenants.

TURKEY: A new Peter Ustinov film, *Memed, My Hawk*, has been banned by the government. It received a Royal Gala Premiere in London last year, attended by Prince and Princess Michael of Kent. Ustinov plays the part of a ruthless landowner whose autocratic rule is challenged by a young peasant, Memed. The writer, Yashar Kemal, has been internationally acclaimed for his books that expose the way in which landlords exploited their peasant communities.

KENYA: Lands and Settlement Minister Eliud Mwamunga has been evicted from his Mombassa home. His landlord was authorised to repossess the apartment after he complained to a local rent tribunal that the Minister (who denied the accusation) had not paid his rent.

INDIA: Rajiv Gandhi, who became Prime Minister after his mother's assassination, promised to take the country into the 21st century with substantial economic reforms. One of his changes is social security for landless labourers and marginal farmers.

But Indian Express, the largest-selling daily newspaper, has warned that "to meet its growing bills, the government is depending on an unprecedented scale on borrowing and deficit financing". This, it warned, would lead to rapid inflation.

Landlordism key to a revolution

● Richard Giles, *Technology, Employment and the Industrial Revolution*, Sydney: William Books.



● Roy Douglas

THE MAIN reason for studying history (apart from pure fun) is the hope that it will provide useful lessons to guide behaviour in the future.

The so-called "Industrial Revolution" in Britain during the late 18th and early 19th centuries has been very widely studied for just that reason. People have argued, and continue to argue, about it – very largely because they hope to derive political and economic lessons applicable to our own time.

The salient facts are well known. The succession of inventions, the main political and economic events of the period, many of the vital demographic data, are clearly recorded. What is much more dubious, and really much more exciting, is what underlay these facts.

Why did the "Industrial Revolution" occur when and where it did? What effect did it have on the living standards of the people? How far did economic events influence political events, and *vice versa*?

The interplay of natural science, engineering, agriculture, demography, politics, the arts – and even the weather – during the period was certainly very complex, and forms a fascinating study in its own right. *Technology, Employment and the Industrial Revolution* is a short, lucidly written and stimulating work by Richard Giles.

The author constantly hammers – and rightly so – at the various views which have been propounded from time to time on such matters, and seems to find them all in various degrees inadequate.

His final conclusion is the same as the one reached by Mantoux nearly 20 years ago: The Industrial Revolution's "economic consequences strengthened ideas of laissez-faire but its social consequences strengthened ideas of government intervention".

As a statement of fact, this is probably correct. Yet does this paradox really say all that should be said on the matter? The implication seems to be that we must either let things rip and take the consequences

By Roy Douglas

in human misery, or regulate things and take the consequences in stagnation.

Perhaps quite a lot of people active in politics today on very different sides would be pleased that matters should be seen in that way, but it really isn't good enough to leave things like that.

Like a lot of historical writers, Richard Giles comes close to the real point, and then shies away from it. Very broadly, he seems to consider that living standards of the mass of the people were rising in a rather intermittent way; but that the disparity between the wealthiest and the poorest was also growing. This is very likely true; but why did it happen?

'Disreputable practices drove out good ones'

There are hints in the book, but no very clear answer. What was the *mechanism* by which the wealthy distanced themselves from the poor? Was it merely the natural operation of market forces which, left to themselves, *had* to work in that way?

I THINK not. The Poor Law Report of 1834, which he quotes, declares that "We can do little or nothing to prevent pauperism; the farmers will have it; they prefer that the labourers should be slaves; they object to their having gardens".

So, Richard Giles tells us, "Without allotments and rights of common the labourer could not choose between working for others and working for himself. He had lost his bargaining position".

Exactly so. The agricultural labourer was pauperised because the enclosures had left him landless. Thus he could not produce food for himself

and his family, and was dependent on the farmer for employment. There were a great many landless men in competition for jobs, and so wages were low.

But the agricultural labourer was not the only victim of landlessness. The industrial worker was pauperised as well. He lacked access to land for the food and fuel that he required; he also lacked access to land for the things he required for production. The miner had no share in the coal seams, which he could only work if some landowners kindly authorised him to do so. The ironworker had no legal title to the iron ore which lay under somebody else's land.

The trouble was not capitalism – the fact that capitalists owned mining machinery or blast furnaces. The trouble was landlordism – the fact that labour could not freely exert itself on land, which is the ultimate source of all wealth.

Of course there were capitalists who behaved abominably towards their workers. Of course a sort of Gresham's Law operated, by which disreputable industrial practices drove out good ones. It was natural enough for the industrial worker to blame the capitalist who was the proximate cause of his misery, just as it was natural for the agricultural worker to blame the tenant farmer who was the proximate cause of his misery.

Yet the behaviour of the capitalist employer and of the tenant farmer were consequences, not causes. Why was the capitalist or farmer able to obtain labour at starvation wages? Not because of economic freedom, not because of the private ownership of capital, but because somebody had excluded labour from access to land. If labour had had that access, there would have been no way of getting workers save by offering them conditions more attractive than those which they had previously enjoyed.

THERE WERE other complications to the story. Some trades –

Cont. on p.119, Col. 1

'Support' system fallacies

THIS BOOK is rewarding for all who have an interest in agricultural policy. Richard Howarth has exposed, with compelling statistical evidence, the fallacies of the present 'support' system for farming in the European Community.

He has confirmed that all the money which has been poured into agriculture in the past 30 years has not been of much benefit to working farmers. The major beneficiaries have been land owners because the grants and subsidies have become capitalised into land prices and rents.

According to Richard Howarth, the reason why farm incomes have failed to match those in other comparable occupations is that farmers are prepared to exist on low incomes because of the non-pecuniary advantages of farm life. This results in more farmers sharing the total agricultural income.

The logical conclusion of this analysis is that if there were fewer farmers, those remaining would be better off. But this does not square with his clear demonstration that agricultural monetary 'support' quickly becomes capitalised into land prices.

Surely the landowners would con-

tinue to claim the surplus income derived from grants and subsidies, however small the number of farmers?

In fact, since 1972 there has been a decrease in net farm incomes despite a considerable reduction in the number of full time farmers, and this was accompanied by a dramatic rise in the price of land.

	Number of Full- Time Farmers (000)	Real Net Farm Income per Farmer £	Land Prices £/acre
1972	229	594	555
	229	770	800
	214	598	682
	212	618	584
	219	648	796
	212	599	1013
	216	523	1365
	215	423	1831
	208	341	1907
	204	387	1831
	203	512	1901
1983	201	423	2197

Richard Howarth has a clear appreciation that politics is perhaps more important than economics in agriculture, and in his chapter on the Politics of Agriculture, he has assessed the power of the agricultural vote. He comes to the conclusion that the Conservative Party has little to lose by trying to reform agricultural policy, Labour has no justification for giving special treatment to farmers and only the Liberals would be seriously affected by trying to liberalise farming.

Part of Richard Howarth's solution is the phasing out of agricultural 'support'. In this he is correct; but without thorough reform of a taxation system which encourages investment in land and discriminates against the wage-earner, the 'farm problem' will always remain. Site value rating is the only way of ensuring that those who do the work derive the benefits in farming rather than those who own the land.

EXPLOITATION THAT DENIED WORKERS

handloom weaving for example – were destroyed by technological change. That sort of thing has always been going on.

The price of any kind of improvement of production in any kind of society – primitive or feudal, capitalist or socialist – is that some people will find that the jobs for which they have been trained will fold up under them. This is hard on the people concerned, but there is no remedy except to block all improvements.

What was much harder on them; what rendered them destitute and desperate in the days of Luddite riots; was the fact that they had no alternative means of livelihood. The reason for that? Perhaps you have already guessed.

So we return to the general point.

Yes, on the whole, industrialism probably improved living standards all round. Yes, the poorer classes were robbed and exploited mercilessly. The remedies which the victims tended to seek were palliatives, not cures.

Everything from Factory Acts and parliamentary democracy to trade unionism and bloody revolution may or may not have been of some advantage, but none of them could get to the roots of the trouble.

Then, as in all societies of which we have historical record, the most fundamental mechanism of exploitation lay in denying labour free access to land.

Whatever you do to landlords or

capitalists – even if you treat them as brutally as the Russian revolutionaries did after 1917 – you won't destroy exploitation and social injustice unless you give labour its free access to land. The victims of Stalin's tyranny saw that fact all too clearly.

Nobody would suggest that a good land system would have enabled people to come through the "Industrial Revolution" without some troubles and dislocations; but what is quite clear is that a great many ills and afflictions which arose during that period which at first sight had nothing to do with land did really spring from the tenurial system.

Unless and until that system is fundamentally remedied, avoidable miseries will go on arising in any kind of society.

Marcos land reforms fail to satisfy

LAND distribution figured prominently in the New Society program in the Philippines.

President Ferdinand Marcos presented his reforms as radical, but after nearly two decades in power he has not been able to satisfy the aspirations of the peasant.

The distribution of income remains a cause for revolutionary discontent: for the President has not been able to staunch the flow of income to landowners.

Land taxation is one of the policies advocated by the United Nations for developing countries.

It has not been implemented by President Marcos, however, who is now under political attack for a scandal that was first revealed by the *Mercury News*, a San Jose (California) newspaper.

President Marcos and his associates are alleged to own \$766m worth of foreign property in New York, London, Rome and other places, according to an official complaint lodged by 57 Opposition MPs in Manila.

President Marcos has denied owning hidden wealth, and ordered an investigation into the allegations. The President and the First Lady are missing from a list of government officials who are to be questioned about their activities.

● Manila's foreign debt of £25.6bn is making foreign bankers nervous. They would be even more unhappy if it was proved that the President and his associates had been able to amass vast fortunes in Western countries.

FALSE MOVE IN JAPAN

MONOPOLY control of land in Tokyo's banking area has forced the city authorities to take action to open up the logjam in the supply of office space.

Mitsubishi Estate has owned almost all the land in the district of Marunouchi since the 1890s.

That date was a turning point in Japanese economic history. The government downgraded the tax on land values, a fiscal policy which had been used to help to transform the economy to an industrial one over the previous two decades.

While commercial property values

FAR EAST REPORT by Paul Knight

in Japan as a whole have just about matched the rate of inflation, prime land in central Tokyo has doubled in price in the last year.

Why? Because Mitsubishi regulates the supply of land on to the market: no office buildings have been sold in the banking district for eight years.

The average monthly rent in Marunouchi is reported to be ¥12,200 (\$5) per square metre, a rent that could be doubled if owners were free to get rid of sitting tenants.

Now the city authorities have decided to meet some of the pent-up demand:

● Land in outer Tokyo is being rezoned, so that more offices can be built;

● Taller buildings will now be permitted;

● A bridge-and-tunnel plan to span Tokyo Bay is likely to be approved, encouraging construction at either end of the development.

Tokyo, however, is already one of



● Ferdinand Marcos receives a copy of *Land & Liberty* from one of his judges, Madam Justice Milagros German, who specialises in land disputes – but the President has not learned the lesson about the need for a new tax policy . . .

the most congested, sprawling urban conglomerations in the world. The government's new measures provoked by an irrational tenure-and-tax system that permits under-use of land and over-exploitation of monopoly power will exacerbate the social and economic conditions of the people who live and work in Tokyo.

LEE MIRACLE HITS SLUMP

SINGAPORE'S over-heated economy has slumped. Prime Minister Lee Kuan Yew presided over one of the oriental miracles, which found its expression in a 10-year real estate boom.

Rents and land prices roared into the stratosphere, but the double-digit growth has now come to an end: bankruptcies are up by more than a third since 1983, when tourism began to level off at about 3m visitors per year.

The over-supply of space has now had its impact on real estate prices, with some recorded drops of as much as 30%.

Hoteliers, even, have had to slash rates dramatically in a bid to attract custom. If rents come down far enough, investors could start to create jobs once again.