

Whereas the demand for premises in Inner London will probably fall, there will be a big increase in demand in many areas of Outer London and the Home Counties all along the motorway route.

The report identifies more than 50 "areas of opportunity," including places such as Barnet, Bexley, Orpington, Hounslow, Kingston, where the increased demands of commerce and industry will generate pressure for development or re-development. Owners of land will find their rental values zooming skywards.

Within these areas, the most favoured sites will be the junction points where the M25 crosses the existing "feeder" roads. Businesses located close to these junctions "will enjoy crucial advantages in freight costs and convenience."

Among the industrial activities of the London area, the report selects "warehousing" as the one for which land values will be most affected. Rental values for warehousing sites are at present much higher around Heathrow than elsewhere. The new road will change all this. Rental values for warehousing sites all along the motorway route will move up smartly to come closely into line with those near Heathrow.

The report makes no estimate of the precise extent to which land values in the opportunity areas will rise, but there seems no doubt that many a killing will be made by private landowners as a result of this public expenditure. They have merely to sit tight to see those higher rents come rolling in. For those at the critical junction points, London's motorway girdle will prove a gold-lined money-belt.

We can only surmise what the effect of the M25 on public revenues might have been if only a British government in the past had had the foresight and the will to introduce a stiff tax on land values. Not only would the building of the motorway itself have been cheaper (the land for it would have been less costly), but a share in the increases in land values occurring along its route – and even farther afield – would have gone into the Exchequer instead of the whole of it into private pockets.

In a most informative report there is, perhaps, one small omission. There is no mention of the effect of the motorway on the Thames Valley resorts to which many Londoners besides myself will, come 1986, have quicker and easier access. Industries serving the needs of visitors to these places will surely receive a boost. Perhaps, on my next trip to Henley, I should cut short my lazing by the tow-path and go looking for a useful investment . . .



Neo-Georgism & Libertarianism

My esteemed friend:

As one who has for many years opposed those who have sought to use the Georgist movement to promote various statist schemes, it distresses me to find myself linked with them in your article, "Neo-Georgism Violates Natural Rights and Enhances State Power" (*Land & Liberty*, May and June, 1981). You write from a perspective of Georgist orthodoxy, expressing, through a parenthetical exclamation point, astonishment at my suggestion that we

might make better headway with a name that did not imply agreement with *all* the reforms and analyses George put forward. Yet you did confess to me, at the 1980 Joint Georgist Conference of North America, that you were yourself unable to reconcile the single tax with your own non-governmental libertarianism.

You note that I praise the Libertarians, but ask if I have examined their argument. However, the thrust of your own arguments would seem to exclude from libertarian ranks all who

acknowledge *any* legitimate role, however minimal, for the nation-state. Are Ludwig von Mises, F. A. Hayek, Frank Meyer, Leonard Read, John Hospers and Robert Nozick, then, not to be accounted libertarians? For shame! As for me, my sympathy for libertarianism is no new thing. On my college campus as an undergraduate, I was a libertarian minority of one. I have considered myself a libertarian since long before the term came into general use, long before there was a Libertarian Party, long before – I

BUILDERS FACE LAND FAMINE

HOUSEBUILDERS cannot help to drag the British economy out of recession because they cannot lay their hands on enough land, writes Ian Barron.

The Conservative Government has repeatedly claimed that sufficient land was available to meet the housebuilding programme for up to five years.

Builders, however, were sceptical. So the Federation of Master Builders surveyed their members, and the message came back loud and clear: 85% reported an acute shortage of land.¹

Half of them said that supplies would last them for under one year at present production rates; but if the demand for new homes picked up, then over 60% said that their land banks would last them for under 12 months.

So far, the government has resorted to exhorting local authorities to release land to the private sector. This strategy has not worked, however: only 11% of the 445 building firms that supplied information had secured publicly-owned land.

THE COUNTRYSIDE Commission has published a report² which reveals why land is held back from use.

Speculators corner urban fringe land and hold it vacant in the expectation of large capital gains. As a result, agriculture has suffered.

"'Hope value' has been one of the main causes of change in estate management and farming practice, as long-term capital investment in the farm becomes less worthwhile for land-owner, tenant and grant-aiding body alike," the report states.

The Commission recommends that there should be greater public ownership of land, to ensure improved use of the countryside. But its own evidence contradicts the underlying philosophy of such a strategy. In one area in Essex which was surveyed in detail, 32% of publicly-owned land was held in a vacant state.

ADDITIONAL evidence from Nottingham contradicts the government's assumption that sufficient land is available.

The findings also challenge the Countryside Commission's view that greater public ownership would get the land market moving.

A case study of the city was undertaken by the Dept. of Land Economy, Cambridge University.³

Over 480 vacant sites were identified. After a detailed survey of 379 of these, covering 1,770 acres, it was concluded that two-thirds were potentially suitable for residential development and most of the sites were in public ownership.

But: "Most of the sites identified as suitable for residential development were not, in fact, available to private housebuilders."

1. Federation of Master Builders, *Future for Housebuilding*, London, June 1981, £2.50.
2. *Countryside Management in the Urban Fringe*, Cheltenham: Countryside Commission, £10.30.
3. D. C. Nicholls et al., *Private Housing Development Process*, London: Dept. of the Environment, £4.35.

Robert Andelson (pictured left) replies to the strictures from Mark Sullivan (right)



venture to say – you were even born!

You assert that I endorse the concept that the state, rather than “the people of a given community” embodies society, and contend that my Neo-Georgism is a variant, not of libertarianism, but of the doctrine that individuals and society exist to serve the state. In fact, my orientation is individualistic and decentralist. Yet were the Daley (Chicago), Hague (Jersey City) and Crump (Memphis) machines any the less authoritarian for being local? And would you have the local community undertake to provide for protection against foreign aggression? As I see it, the nation-state is simply a wider and more attenuated community. Like narrower political communities, its only valid reason for being is to protect the rights of individuals. Because it is more attenuated than the others, its functions should be very few, indeed, restricted primarily to national defence. But it should be given the resources to fulfill them adequately.

I am well aware that national defence is a catchword that has, historically, been employed to justify what Gareth Garrett called “the rise of empire.” (Yes, I have read Garrett, and Francis Neilson, and the revisionist histories of my late friend, Harry Elmer Barnes.) Knowing the potential for abuse that lies in that direction, I

believe that military expenditure should be subjected to severe legislative oversight, that secret diplomacy should be eschewed, and that foreign policy should begin with a negative presumption against entangling alliances. I do not doubt that you are correct in saying that “national emergencies” always increase state power and government spending,” and I concede that government tends to define all of its services as necessary. The truth of these statements, however, does not demonstrate that national emergencies are never real, or that there is no need for government.

You say that the Libertarian Party of the United States claims that one-third can be cut from the defence budget and still leave the U.S. “as well, if not better, defended as now.” I devoutly hope that it is right, but, after all, what is at issue there is merely a question of magnitudes. I gather that your premises would not permit any defence budget at all since the very existence of such a budget would open the door to the expansion of state power.

Henry George, of course, believed that the adoption of his reform would usher in an age of peace, and virtually eliminate the need for military spending. But he could not have foreseen the worldwide threat of Soviet imperialism. You hold that the arms

race endangers our security, and that fear of communism is imposed upon us by the nation-state as a device of domination. Well, what is your alternative to the arms race? Would you have us entrust our security to the humanity and good will of the U.S.S.R.? Jimmy Carter, too, once spoke of the “inordinate fear of communism.” But that was before Afghanistan. Unfortunately, the causes of war can never be extirpated by the unilateral adoption of just social and economic institutions – the reform would have to be universal to have any significant impact of that nature. Unless we have the capability to repel armed menace from abroad, the most idyllic social system is a fool’s paradise, for domestic prosperity without military preparedness is an open invitation to aggression.

You charge me with being a “multi-taxer,” and I accept the charge – with reservations. I would permit other taxes only if the public appropriation of land rent proved insufficient to support necessary protective services, and then only according to a serial order regulated by the principle of payment for benefits. I admit the attractiveness of the idea that government should live within its proper income, and that its most proper income is land rent. But it would be folly to allow rigid purism on this point to render us helpless against predation, whether foreign or domestic.

What I have attempted to do in maintaining that circumstances may justify the collection of public revenues over and above what can be garnered by a tax on land values is simply to set forth a series of scenarios for increasingly “worse-case” situations. Is this not the duty of anyone who offers serious policy proposals? Or do you think it responsible to provide only for the most favourable situations, and to leave the rest to chance? I should like very much to believe that all truly legitimate public services could be funded from land rent, and, over the past few months, I have encountered reasons that make me more optimistic than formerly about that possibility. But one does not ground conscientious policy proposals only upon optimism.

With sincere good wishes,
Robert V. Andelson

●Professor Andelson is editor of *Critics of Henry George* (Fairleigh Dickinson University Press, 1979).

THE ECONOMICS OF FARMING

THE Country Landowners' Association's attempt to defend the interests of British “farmers” by pleading that income has dropped (*Land & Liberty*, July-Aug., 1981, p. 77) will not do, writes Ian Barron.

In our May-June issue, we argued that farm subsidies were capitalised into higher land prices. This proposition is consistent with economic theory, and is supported by the facts (see table below).

The working farmer's returns to his capital and labour have not been abnormally high. UK agricultural policy in the year to 1973, and EEC policy from then until now, has not worked to his (or his workers') benefit.

The advantages of the multi-million pound subsidies, the “quality” controls and regulatory organisations have not produced the lowest prices for the housewives or the highest incomes for the working farmers; but they have poured money into the pockets of the owners of land.

In 1953, land and buildings as a proportion of all assets in UK agriculture was 53.4%; this rose to 57.7% (1963), 65.4% (1970) and reached 78.9% in 1974, the peak year for land prices before the mid-decade recession.

The remedy is an annual tax on the value of the economic rent of land, and a reduction in the tax burden on capital and labour. Mr. W. F. de Salis, the CLA's chief economic advisor, claims that the land tax would result in increased borrowings for farmers and higher food costs for the consumer.

This is inconsistent with both theory and historical evidence. The tax would be reflected in lower rents and land prices, for the fiscal liability would be taken into account by tenant farmers and by prospective farmland buyers. Food prices would not be affected at all – except to go down, if the free market was allowed to operate.

Aggregate farming net income (UK), and land prices in England & Wales (1955 = 100).

	Land prices	Farming net income
1955	100	100
1960	146	115
1965	300	151
1970	379	193
1975	904	431

SOURCE: Ministry of Agriculture, cited in *Capital for Agriculture* Centre for Agricultural Strategy, Reading, 1978, p. 51.