

not the case. Prices of metals are not changing significantly relative to the general price level, except for aluminium, which is becoming cheaper.

Economies in the use of iron and steel are particularly remarkable. Those of us who are not professional engineers may fail to realise how much material can be saved by improvements in design.

It is likewise a serious mistake to assume that the demand for energy must advance in proportion to national product. Countries such as Japan, France and Italy, where fuel is mostly imported and costly, have developed advanced industrial economies with comparatively low energy consumption.

Our fears about energy shortage should be dispelled when we consider the beneficial consequences of rising fuel prices, our still abundant reserves of coal, or uranium and also thorium, of the virtually limitless inflow (though at present costly to harness) of solar energy, and finally the prospects, which may be quite near, of being able to exploit nuclear fusion (of hydrogen) rather than nuclear fission.

I hope that nobody still believes that two-thirds of the world is hungry (this mis-statement turned out to have been based on a simple statistical error) or even that half the world is mal-nourished. (FAO eventually had to admit that the only evidence that they could produce for this statement was that half the world did not eat as much as the inhabitants of Britain and France, many of whom are suffering from liver complaints and other obvious diseases of over-eating).

The reason for these antics on FAO's part is that it is an organisation run (at our expense) by agricultural politicians and public relations men, whose principal concern is to get their reluctant governments to go on subsidising the production of food surpluses. Their task is facilitated if they can spread stories about a starving world waiting hungrily to consume any agricultural surplus that the advanced countries may produce.

It is of course wrong to give the opposite impression that there is no hunger in the world. I have published an estimate in India, that about 25 per cent of the population is below the hunger line; a serious matter, but very different from talk about half the

world.

While many sufferers show clear clinical symptoms of protein deficiency, scientists, particularly in India, have found that in most cases they have adequate protein in their diet, but cannot assimilate it if they are in calorie deficiency. What India and other poor countries need, therefore, is not protein supplements but more abundant supplies of their staple foods.

The greater part of the world's potential cultivated land is unused, and most of what is used is cultivated extremely badly. Using not experimental farm methods, but only those which are already being applied by good farmers, the amount of land required to produce the food and other agricultural (including forest) products required by the average Australian is about a quarter of a hectare. Using only the available good-rainfall land throughout the world, without any extension of irrigation, we could produce an Australian-type diet for many times the world's present population.

Another widely circulated piece of mis-information is that, in the developing countries, food supplies are not keeping pace with population. The developing countries are gaining, but the principal feature is the great increase in the advanced countries, which threatens world agricultural surplus, not shortage. The sudden rise in food prices in 1973 and 1974 was due to bad harvests, principally in Russia, China and India. But it has to be temporary.

In the long run world agricultural supplies have about kept pace with demand, with periods favourable to agriculture in the 1920's and the early 1950's. Agriculture is always seriously affected by general world recessions, such as those of the 1890's and 1930's.

The methods of giving farm support in all advanced countries are not confined to helping poor farmers (for which there might be some justification) but subsidise the rich and poor farmers alike to increase their output. One might almost think that it had been designed deliberately to worsen the world terms of trade for agriculture.

The economic benefits from farm subsidies and tariffs quickly become "crystallised" in high land values, thus creating a very powerful vested interest.

## Not the Right Single Tax

B.W.B.

TO the cynic, the introduction of a new tax is the process in which an economist gets a bee in his bonnet, the Chancellor gets a gleam in his eye and the public get a pain in the neck—or perhaps in the pocket.

Of course, not all new tax ideas merit such disparagement. And you do not need to be an economist to be a tax inventor. Farel

Bradbury, whose book *How to Fire the Tax Man*\* presents his idea of levying all taxes on our consumption of energy, labels himself a technocrat, which presumably means an engineer.

Mr. Bradbury's idea is to concentrate all taxation on what we

used to call fuel and power. Under his plan the whole of government revenue would be obtained by taxing oil, coal, gas, nuclear power, timber, chemicals, water power, sugar and tobacco.

Sugar? Yes, sugar is included because it is "a specific product associated with energy." Also, apparently, because it is bad for our health and teeth. And tobacco

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co? This gets into the act not because anyone has actually boiled a kettle on half an ounce of Sailors Socks Ready Rubbed, but because "pollution from tobacco is considered to be a burden on society and because we are accustomed to raising duty on this commodity."

With the awesome logic of these last two points making me wonder why he did not slip in income tax as well, I proceeded to examine Mr. Bradbury's early chapters in which he sets before us his beliefs in the spheres of economics, money, inflation, taxation and various aspects of human philosophy. Regrettably it is a diffuse and convoluted Cook's tour that strains the credulity at many points. His ideas on wealth and money are bizarre and ingenuous in the extreme. Wealth, he says, includes prosperity, fertility, assets, skills, knowledge, etc. There has to be enough money in circulation to "support" the goods in existence. Taxes are deflationary in that they remove money from circulation; but they are also inflationary because they cause wasteful business expenditure. There is also a phenomenon called "technological inflation" which arises when I buy a washing machine with borrowed money and use it as a "self-indulgent luxury" instead of taking in washing to increase my income.

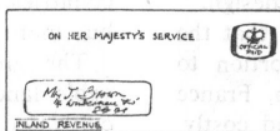
After all that and much more in similar rambling vein, I was quite relieved to find a footnote which assured me that the ideas in this book were not to be confused with the author's proposal, some years ago, to produce "electronic money" which altered its face value in response to radio signals from the roof of the Bank of England. As far as they affected me, the standard of his ideas had changed very little in the meantime.

And what of the central idea that taxation should fall on oil, gas, coal, etc, the system which the author calls UNITAX?

As with any tax ever born, it can be tested by the canons of taxation, originally postulated by Adam Smith but which can be summarised as four factors: economic (ie effects on production), simplicity (ease and cheapness of collection), certainty (freedom

from evasion) and moral.

The second of these is the one above all that appeals to Mr. Bradbury. And from what we know of the lawyers' paradise of our present tax system, who can



blame him? As he sees it, there would be very few places at which the tax would be paid—port of entry, pithead, pipeline terminal for example and the general public would not be involved in the filling up of forms. He reckons that it scores very highly under the third heading too. Bulk fuel is not easily smuggled and energy is difficult to store in any other form.

But when it comes to judging the economic effects of his UNITAX, Mr. Bradbury's credibility becomes suspect. He seems to regard the artificial boosting of the price of fuel and power as an unmitigated blessing enforcing economy and efficiency in its use. He sees it as virtually automatic that dearer energy would soon have us all living in fully insulated, heat-balanced homes, with solar panels, wind-powered generators and effluent heat-recovery common-place.

Mr. Bradbury may believe this but most of us would want a modicum of proof. Unfortunately we are left completely in the dark about what the tax's economic effects might be.

What then about the moral appeal of the tax? Is there any ethical reason for selecting energy as a fit subject to bear virtually the whole of our taxation? Mr. Bradbury seems to consider the case obvious. Energy, he reasons, is all around us. It is life itself. There is little we can do without it. Even if we need no heating or lighting, it has been used to bring our water supply, build our houses, make our clothes, produce our newspapers, etc.

Not very convincing, perhaps but at this point Mr. Bradbury is clearly getting warm. The basic character of his proposed tax at once brings to mind that even more basic tax—the taxation of

land values. Undoubtedly there is a connection, for the man who produces coal or oil out of the ground *does* have some moral obligation to the community. Not to support the whole of government expenditure as Mr. Bradbury proposes or even any specific part of it; but, nonetheless, a part of his product should, indeed, in morality, go to the State. How much? The answer is the element that represents the land rent.

The coal in the ground, the oil in the ground or under the sea, the chemicals lying dormant in the earth's crust, cannot belong to individuals. So although the man who digs them out is entitled to the produce of his labour, this must exclude the value of the raw material as it lay in the ground—the economic rent—to which the community has an unassailable claim.

Through the thick verbal cloud that envelops the central idea of this book, one essential truth shines through: that in selecting for his tax something so fundamental to life as energy, the author has got close to the really basic commodity—land. It is this, the only commodity not created by the hand of man, that should have engaged his attention. Tax this; tax it one hundred per cent. Take into the public purse the economic rent, the element that rightfully belongs to the community and then taxes on energy will have no more attraction, no more relevance to the fiscal needs of the nation, than taxes on lollipops.

It is just a matter of selecting the right single tax.

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## INTERNATIONAL CONFERENCE

1979

To mark the centenary of the publication of Henry George's *Progress and Poverty*, an International Conference is to be held in San Francisco in the Summer of 1979.

Details will be published when finalised.