

- *Establish a technical teachers' training college.
- *Review government training centres in the region.
- *Review industrial building improvement grants system.
- *Provide further financial assistance to upland agricultural areas.
- *Transfer more Government establishments to the area.
- *Review the Transport and communications system.
- *Provide special financial support for air services between Carlisle and London.
- *Establish a major international airport in the North.
- *Establish an additional medical school.
- *Consider Tees-side as a national growth area.

Industry, local authorities and other bodies are also urged to improve their methods and make greater efforts to increase efficiency and raise production. The report



emphasises, however, that while industries must be vitally concerned, because of industrial location policy and its dominant position in research and development, "the major responsibility must rest on the Government."

Why is this sort of report necessary at all? Why has the region over a quarter of a million houses approaching the condition of statutory slums? Why does 32 per cent of the population live in municipal housing? Where does the blame for the imbalance of standards between North and South lie?

To find an answer it is necessary to go back a long way in history, certainly to the start of the industrial revolution. The monopoly of scarce and valuable resources (land and capital) by relatively few people made the industrial revolution possible, and the enclosure movement made it practicable. Not surprisingly, the combination of monopoly power and a practically landless population led to exploitation not only of the resources but of the people themselves. The result was the concentration of people in towns and cities, unsatisfactory space standards and limited industrial diversity. More recent years have produced the disruption of the long established monopolistic structure by the force of competition on the one hand and restrictive practices on the other. Trade Union action, rent control, high priced land and sheltered industries have all helped to produce the dismal North—a part of the country that contains magnificent scenery and hidden opportunities.

However, when trends have been permitted to lapse for so long into entrenched and narrow paths, the problem of setting things right is vast. The Northern Economic

Planning Council's approach can thus be easily understood, and if such a body is asked to tackle problems of this magnitude the results can be predicted—the Government then becomes the handmaid of those who wish to contribute positively to the future of the region.

What is really required is a policy of economic stimulation that requires the least contribution from the taxpayer. Such a policy would not be one of special concession to less fortunate regions, but an overall effort to encourage industrial and commercial dynamism on a national scale. A policy of land-value taxation, a reduction of tariff barriers and a lowering of taxation rates would send investment in search of labour and *vice versa*. Given policies of this kind, as each region attained a degree of self sufficiency and diversity, the need for the direction of industry would disappear.

For those who wish to obtain background knowledge of the north of England, the Council's report is well documented and beautifully presented. For those who might wish to find a blueprint for a better life to come, the report's conclusions and recommendations are rather hollow grist.

Playing With Words

A Dictionary of Economics and Commerce by J. L. Hanson. MacDonald & Evans Ltd. 35s.

THIS DICTIONARY will be of great use both to students of economics and to professional men in industry and commerce. It contains some four thousand entries, ranging from the terms of economic theory, through aspects of economic history and contemporary applied economics, to the bewildering technical phrases of modern business. The aim is to give not only a description of an item, but also, where this alone is inadequate, some background information about it.

This approach widens the appeal of the book and has probably ensured it a good sale, but it carries dangers, for the author has of necessity to go beyond what is factual and into the realm of opinion. He does not regard what he says himself as controversial, and when there is dispute he puts the case for and against, but much of what Dr. Hanson gives us reflects current orthodox *assumptions*, and these assumptions are not distinguished from the facts. There is a difference between telling us what a groat is, and affirming with equal authority, that "a general increase in the fiduciary issue may be an indication of inflation, since higher prices require the use of more cash, but an increase in the fiduciary issue is not a cause but a result of inflation, generally a consequence of an increase in the volume of bank deposits."

On the *facts* mentioned one must assume that the author is generally correct, although the statement that the iron law of wages was put forward by the Physiocrats is a little startling, and the author misinterprets Henry George's proposal by assuming that he wanted to

tax only *increases* in land values. It is perhaps surprising that there should be an entry at all for Land-Value Tax, and its advocates might construe this as a good sign were it not that what is said about it shows the author at his worst. "The main difficulty," he writes, "is to distinguish the portion of payment for the use of land that is a payment for this service and the portion that is pure economic rent." This baffling distinction is not only incomprehensible in context (no service is previously referred to) but also erroneous: the land owner as such performs no service, and the payment made to him, as land owner, is *all* economic rent.

The same woolliness is apparent in the analysis of types of income, where the author asserts that the factors of production receive rent, wages, interest, and profit, but that a factor often receives more than one type of income. What is presumably meant is that one person can control more than one factor, but what is written is logically absurd. When the author declares that there are often elements of rent in wages and in profit he is, again, muddled, probably as a result of extending the word rent to include quasi-rent.

Again Dr. Hanson defines productivity as the amount of production in relation to the labour employed, whereas it surely should be defined as production in relation to the total resources employed—land, labour, and capital—the relation of total output to total input.

Dr. Hanson is by no means always as unsound as this, and is able to talk about international trade, the laws of supply and demand (how rare to see them formulated), and even *laissez faire* without stumbling. He makes some interesting points, such as that industry in Great Britain is more widely distributed than at any time during the last two hundred years. He gives free exchange rates a fair deal, and his wealth of straight ex-

planations could be a boon. It is a book from which most of us can learn a great deal.

Its weaknesses are its mixture of opinions with facts, and the author's own lack of clarity in some places. These are serious failings in a work of reference, for they can result not only in a lack of criticism, but in the misapprehension of fundamental economic ideas, and if these are wrong the whole superstructure of thought will be wrong too. A dictionary does not properly serve its purpose if it befores those who consult it. A.J.C.

CHILD'S GUIDE TO THE LAND COMMISSION

MR. HUGH ROSSI, M.P., a solicitor well versed in municipal affairs, has been trying his hand at the estate duty levied under the incomprehensible Land Commission Bill. His formula is evolved like this:

1. Probate Value = Gross Principal Value.
2. Gross Principal Value—(Mortgage + Funeral Expenses + Debts) = Net Principal Value.
3. Net Principal Value × Rate of Estate Duty ÷ Gross Principal Value = Effective Rate of Duty.
4. Gross Principal Value—Modified Value = Excess Gross Value.
5. Excess Gross Value × Effective Rate of Duty = Appropriate Allowances (i.e. for deduction from levy).

The whole of this may then be expressed as a complete equation as follows:

$$AA = (GPV - MV) \frac{[GPV - (Mtge + FE + Debts)]RED}{GPV \times 100}$$

From *The Daily Telegraph*

Letters to the Editor

FREE TRADE

SIR,—The belief that we should not import goods from low wage countries still persists despite the economic fallacy contained in this idea. It is not a matter for argument but simply of economic fact. Free trade can never import a lower standard of living. The absurdity of this is readily seen in the case of cheaper foreign goods produced by relatively higher paid labour.

What free trade would do, of course, is to administer an economic kick in the pants to those who now shelter and hide behind a tariff napkin.

Britain can stand up to free competition from abroad, and even the readjustment period need not be too

painful *if* productivity resources at home are also really free. These resources certainly were not free in the great free trade era, and the issue is therefore clouded and free trade blamed for the crippling effects of monopoly.

To break the chains of monopoly and allow British industries to show what they can do we need to reduce the tax burden on enterprise, tax land values instead, and welcome all the foodstuffs and materials from abroad which it is advantageous for us to import rather than produce ourselves.

Yours faithfully

V. G. SALDIJ

London, N.W.1.

TAXATION

SIR,—We have just had delivered to us a Report of a Royal Commission on Taxation which has been studying the question for four-and-a-half years, spent \$3,500,000 of public money, and has found that the basic principle of taxation is ability to pay.

The Report is so long, it cannot be read. There is seven and one-quarter inches of it; I have just measured it!

The Finance Minister says that it will take a long time to digest it, and I see by the newspapers that the tax authorities think they can get it read and digested sometime in the next ten years.

Perhaps some of your tax experts would like it; if so the price is \$40.00.

Yours faithfully,

A. W. ROEBUCK

The Senate, Canada.