

virtues of free enterprise and which drive the leaders of emerging nations into one-party dictatorships. No naïve palliatives of the kind suggested by Mr. Seldon will remove this long-standing stigma from the image of capitalism.

The irony is that the stigma is not justified. Poverty and unemployment are not innate characteristics of capitalism even though the feeble attempts of the democracies to eliminate them have so far succeeded only in substituting ever-accelerating inflation.

Arthur Seldon's preoccupation with the superficial, to the exclusion of the fundamental, is surprising. It would surely not take him long to identify the true reasons for the widespread disillusionment with free enterprise and to discover that the roots of poverty and unemployment, wherever they occur in the world, lie not in the machinery of free enterprise but merely in the ownership of land; that the poverty of the peasant in the Third World, for example, is due to his landlessness in a set-up where the vast bulk of the productive land is owned by the powerful few. And that the unemployment in the developed countries is due primarily to speculation in land which tends to price this essential resource out of the reach of the entrepreneur.

Until he devotes his talents to studying the real stigma that has fallen upon capitalism, Mr. Seldon's plea for free enterprise, right though this may be in principle, is about as fitting to the economic problems of the day as was Marie Antoinette's advice to hungry Frenchmen in 1789.

**Corrigible Capitalism, Incurable Socialism.*
London: The Institute of Economic Affairs, Occasional Paper 57, £1.20.

nalism, such as debasement of the currency, Ralph Harris talks about the need for "the topping up of low incomes," government welfare services, and "the age old problem of poverty."

It is at this point that he and most economists past and present, including Milton Friedman with his recent television series entitled "Free to Choose," although acknowledging David Ricardo's law of rent, that "the rent of land is determined by the excess of its produce, over that which the same application can secure from the least productive land in use," fail to recognise its importance as the primary factor in the production and exchange of wealth. That the ownership of this rent is the fundamental issue, because of its power over life and economic activity. That its owner contributes nothing to the processes of production, being paid out of the general income, produced by labour and capital. That all State aid by way of subsidies and financial assistance, ultimately finds its way into the pockets of this owner.

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LAND, PEOPLE & POLITICS



A History of the Land Question in the UK, 1878-1952

By Roy Douglas

Published in 1976 by Allison & Busby, and retailing for £9.95, this important book can now be bought from 177 Vauxhall Bridge Road, London, SW1, for the price of £2.20 or US\$5, postage and packing included.

GROCERY ECONOMICS

LORD THORNEYCROFT, Tory Party chairman: "I have been in politics many years and I have tried or seen tried almost every known solution and none of them really works. Parties or politicians are influenced far more by experience, by character and by instinct than by theory. Margaret Thatcher, one of the bravest of them all, owes far more to the small grocery store she knew in childhood while at Grantham than to the fashionable economic theories of the day."

Finally, another share of the stock of wealth, is taken by the Government in taxes levied on incomes, earned in the production thereof. All of which must inevitably frustrate the free market operation, encourage monopoly, both of labour and capital, and operate against a just and equitable distribution of wealth.

It is farcical to maintain, as Ralph Harris does, that "the chief economic end of government is to confine the costly coercive processes of political control to the minimum function necessary to ensure freest operation of a competitive market economy." This is a contradiction in terms and of free market philosophy.

The Leviathan State is here, and has been growing in power for over a century. Its end will not be achieved until all government participation in industrial and economic activity is swept away. But, so long as a vestige of the economic rent of land remains in the hands of private ownership, so long will every attempt to achieve the good society fail.

The Tax We Need

REVIEW BY
TONY CARTER

THIS HANDY little booklet is a compendium of short comments by the author himself, and by others whom he quotes, on the effects and advantages of land value taxation. It is pithy in style but covers a wide range, from economic depressions and inner city renewal to marxism and a catalogue of famous supporters.

Among many points that I personally found of interest are the contentious topic of the relationship between rising land prices and inflation, the criticisms of Henry George, the objection that a high tax on urban land might drive people out to the suburbs and the converse argument that it might cause land to be developed too intensively, and the assessment of Proposition 13 in California.

Mr. Chandler states that speculative increases in land prices are one of the causes of inflation, a debatable proposition. He draws attention to the loose way in which George referred to communal ownership of land when he meant communal ownership of rent, and challenges George's belief that an increase in population must be beneficial. He also accuses him of error in describing wages as wealth when wages are money and money is not wealth, surely a misinterpretation of the role of money which always represents wealth.

Mr. Chandler correctly affirms that high land value taxes lower the price of land and so attract people to city centres; and that land will be put to its optimum use up to but not beyond the limit of demand. He is strongly opposed to proposition 13 because it has cut the property tax on land as well as on buildings, a fact that some readers of this journal may have overlooked. We certainly do not want to see land values taxes reduced - quite the contrary - but we do want to see all other taxes reduced and the swollen public sector brought down to a fraction of its present size. In Britain Mrs. Thatcher's government has failed to achieve this, and it is to be hoped that President Reagan will fare better.

The Tax We Need is an apt title for Mr. Chandler's work which should prove a useful book of reference for advocates of land value taxation and a valuable introduction to readers for whom the subject is new.

Tertius Chandler *The Tax We Need*, San Francisco: The Gutenberg Press