

be taken to be in almost completely fixed supply — though it is often not made as available as it could be. When proper allowance is made for improvements and maintenance, the marginal cost of land is zero: it is a free gift of nature.

This being so, a tax on land values will have no adverse allocative effects; it can only help bring into better use land which hitherto was idle or poorly utilised, if the tax is based on the best permitted use rather than existing use.

At times, Prof. Prest cavils at this conclusion but on inspection his qualifications turn out again to be criticisms of development gains taxes or of the fact that SVR may be imposed by one local authority on urban land alone. This could have the consequence that rural areas that may be exempt from SVR will resist political absorption into the urban district, thus reducing the supply of land to a particular local authority. This is a minor point and if of any significance, would be an argument mainly for the application of SVR to rural as well as urban land.

IN THE END, the main objection to be raised against SVR is that it reduces the value of land as an asset compared with other assets that could have been purchased instead, and may be especially hard on recent purchasers. For this reason, a gradualist introduction of SVR is often advocated: a shallow-end approach, to use Prest's phrase, with progressively increasing rates over, say, 15-20 years. With the discounting of future expected earnings, current land values will be relatively unaffected by the heavy reduction of net earnings expected several years in the future. At a 10 per cent discount rate, £1,000 expected 15 years hence adds only £240 to the capitalised

present value of land; £1,000 expected 20 years hence is worth only £150 today.

Most landowners would not lose absolutely by this measure if SVR were accompanied by the progressive dismantling of taxes on any improvements they may also own. Those who would suffer most would be those holding vacant, but valuable, land. Even this group would be able to offset losses by a reduction in the tax liability on any improvements they did intend undertaking on their land.

Surprisingly, however, Prest takes a rather benign view of land held for purely speculative motives. He sees little difference between land speculation and speculation in commodities such as coffee. Speculators in the coffee market buy when prices are low and sell when they are high, thus helping to dampen wild fluctuations in price over time. However, if coffee is held off the market one year it will be available for consumption another year. When land is held off the market, its services are lost forever. The production of coffee is not lost by hoarding; hoarding merely defers its consumption.

However, despite Prest's scepticism about the evils of land speculation, he does acknowledge that only SVR would eliminate it; the other forms of taxation he examines may well encourage it.

This book is a most useful overview of the debates that have raged in academic and legislative circles over the last century. It includes many valuable insights into the advantages and disadvantages of various land control policies, but it should be read with the same caution that the author himself has practiced, and with an eye to the changing definitions he sometimes attaches to the same words, not least 'land taxation'.

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A legacy ignored . . .

The Land Use Policy Debate in the United States, edited by Judith Innes de Neufville, Plenum Press: NY and London, 1981.

THIS compendium of separate essays related to land policy issues had its origin in a colloquium sponsored by the Lincoln Institute five years ago. Given these auspices, one might expect some interest in the relation of the property tax, assessments and the distortions in the land market created by speculative holdings and inappropriate uses.

But for all the varied concerns of the authors with the economics of land policy, there is scarcely a reference to taxation, let alone the collection of a land value tax, or the failure to do so, as a significant factor in land use.

This could hardly be the fault of the authors, some of whom even recognize the distinction between land as a public good from private capital investment. Nor should the failure to deal with the crucial issue of economic rent of land be attributed to a pursuit of ideological neutrality. The book contains at least one explicitly Marxist analysis and a number of contributions

tinted by the authors' positions on the political spectrum.

The only, rather tangential reference to Henry George is an historical one: "... The first proposal for a New York subway, along with extensions of New York tenement-house laws, resulted from Henry George's 1886 campaign for mayor as a candidate of a 'workingmen's coalition'" (Edel, 1977).

John C. Lincoln, with whose name and fortune this Institute was established, was an early and devoted supporter of Henry George and for a long time headed the school in New York. His concern with having the Georgist philosophy seriously debated in academic circles was a significant aspect of his legacy but one that is apparently either ignored or contravened by those who are today charged with its implementation.

A conscientious review of land use policy in the United States from a totally objective source could not ignore the tax and assessment problems documented by scholars and practitioners in the field alike. In a work such as this, the blinders seem to be set deliberately.

Philip Finkelstein

LAND TENURE IN FIJI

Mr. J. Salmon

IN the March-April 1982 issue of *Land & Liberty* we published an article relating to the system of land tenure in Fiji written by Mr. Terry Newlands. That article attributed certain comments to Mr. John Salmon of the Native Land Trust Board in Fiji.

Mr. Salmon has asked us to state that he did not make the comments attributed to him in the article and that he does not hold the opinions implied by those comments.

Mr. Newlands agrees that the comments attributed to Mr. Salmon do not constitute a verbatim record of what was said, and he sincerely regrets any inaccuracy which may have occurred.

We in turn apologise to Mr. Salmon for any embarrassment which has been caused to him.

The late W. E. Bland

Mr. W. E. (Bill) Bland, who died on June 18, was a Director of the United Committee for the Taxation of Land Values and Free Trade for 34 years.

He joined the United Committee in 1934. In 1952 he was elected President of the English League for the Taxation of Land Values, a position which he held when the League amalgamated with other organisations and became the Land Value Taxation League.

Born in 1894, Mr. Bland was keen to serve in the navy for the First World War. But Britain had run out of ships, so Winston S. Churchill created a regiment of soldiers with bell-bottomed trousers in which he served. He was wounded at Gallipoli.

TRADE WAR

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preventing the rich and the corporations from benefitting from the advantages granted to them by President Reagan.

The only policy that would accomplish these broad goals while preserving both equity and economic efficiency is land value taxation. There was no evidence that the Democrats would make this tax a central issue at the Presidential election in 1984, but there is still time to educate them.

The alternative is the international trade war that would impoverish us all and lead to a split in the Western political alliance.

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