

# NEWS AND COMMENT



## THE LION RETIRING TO LICK ITS WOUNDS?

**T**HE EGG MARKETING BOARD is considering taking the "little lion" stamp off its eggs in future and replacing it with an invisible stamp. The idea, we imagine, is not inspired by any sense of modesty but rather by the desire of the Board to give its eggs the appearance of being fresh.

Eggs outside the jurisdiction of the Board (those sold direct to retailers and by small producers at the farm gate) have a reputation for being fresher than "lion eggs" and thus command higher prices.

"If we can get more money from producers by the use of some other stamp, we shall use it," said Mr. C. J. Harrisson, Chairman of the Egg Marketing Board, at a press conference on June 23.

So good is the reputation of "farm gate" eggs—or so bad that of lion eggs—that some unscrupulous retailers with a great sense of fun but no sense of morals have been scrubbing the lion off the Marketing Board's eggs and representing them as "free trade" eggs. Those caught have been fined for their pains.

The Egg Marketing Board, on the policy of "if you can't beat 'em, join 'em," has been quick to cash in on this racket. But of course the Board will not be liable to any penalties.

## WHY BLAME LORD COHEN?

**A** PLOT OF LAND in one of the most exclusive residential districts of Hove, owned by a company associated with Lord Cohen, a Labour peer, has remained undeveloped for more than ten years," reported the *Sunday Express*, May 29. "Land all around now has large blocks of flats and modern terraced houses standing on it. But the piece owned by Lord Cohen's company—about half an acre on the corner of York Avenue and Furze Hill—remains overgrown and empty. A high fence topped with strands of barbed wire surrounds it and there are notices saying 'Trespassers will be prosecuted.'"

Asked by a reporter why this land remained undeveloped, Lord Cohen said that the land had been an embarrassment to him for years. He got the land in lieu of a £5,000 debt. It was valued then at £28,000. Lord Cohen said that had he sold it he would have had to pay a heavy tax. He now intends to develop it. Asked why, with house prices rising annually, he had taken so long to develop the land, he said: "I just couldn't make up my mind what to do with the plot; that's all there is to it."

Lord Cohen, a supporter of the Labour Party for thirty

years, would not be drawn into comment on Labour's land policy, although he agreed that something should be done about the land shortage. The price of land in Hove, he said, had rocketed in recent years. "Land which we might have got six or seven years ago for about £5,000 would now cost us £10,000 or even more."

One can hardly blame Lord Cohen for wanting to avoid tax payments on his land profit, nor, for that matter, for arranging his business affairs in a manner most convenient to himself. For land speculation, land shortages and high prices we must "blame measures not men." Our stupid "land reform" laws encourage land withholding by taxing an owner only when he sells or develops. The non-lamented development charges of 1947 and their modern counterpart, the Land Commission levies, are along these illogical lines, and the results are inevitable.

A tax on all land, whether in use or not, would promptly put land on to the market or into use and save people like Lord Cohen from any more embarrassment.

## NO CASE FOR JOINING THE COMMON MARKET

**W**ITH all three political parties in Britain more or less favouring British entry into the Common Market, and with the French opposition likely to be less now that a common agricultural policy is being agreed, the chances of Britain's joining seem rather greater, particularly as pro-Common Market propaganda is being made continually.

EFTA, in contrast, is given little publicity, and deserves a lot more. By the end of 1966 all tariffs on industrial goods between member countries will have been abolished (assuming that the British surcharge is also repealed). This is eighteen months before the same situation will be reached by the Common Market countries—and the EFTA countries started two years later. As far as industrial goods are concerned, a complete abolition of tariffs will have been achieved in seven years—a substantial and very worthwhile achievement.

In contrast to the continual disputes between member countries of the EEC, the progress of EFTA has been harmonious and orderly. This can be largely attributed to the much greater degree of freedom in the organisation of EFTA. In spite of what proponents proclaim, the EEC is not basically a free trade area but a combination of six protectionist countries. The intention is to make the bloc as self supporting as possible, and to this end a considerable amount of uneconomic agricultural production is to be maintained. The bloc will be surrounded by a common tariff—on average about 12 per cent., but on motor cars,

for instance, it will be 22 per cent. This is not free trade.

In addition the internal economy of the six Common Market countries will be substantially controlled by the executive body, the Commission, while the EFTA countries are completely free to run their own economies. The EFTA countries have no common external tariff; each member country decides its own policy with non-member countries.

Some idea of the difference in purpose between the two blocs can be gauged from the fact that the Common Market Commission employs 3,000 people. The EFTA secretariat has a staff of one hundred. With less than twice the population, the EEC needs thirty times the number of civil servants to run the organisation.

It must not be forgotten that free trade does not mean merely the absence of tariffs; it means what it says—*free trade*, i.e. no restrictions at all. One cannot pretend that this situation exists in EFTA, but this goal is nothing like as remote as it is in the state-planned Common Market.

## PAY AS YOU LEARN

**A**N ARTICLE showing what a muddle the capital gains tax is, appeared in the June issue of the magazine *Property*. Entitled "CGT Traps in the New Income Tax Return," its message was for heaven's sake be careful how you complete this year's income tax return, lest you find yourself paying not only income tax but also capital gains tax.

There are many rules dealing with capital gains tax in the new tax return, but nothing telling us how either to understand or to interpret them. We are merely referred to the even more complicated capital gains tax booklet. The upshot of this is that it is now virtually impossible for the ordinary taxpayer to complete his return without professional help.

If, as we are led to believe, a tax should be easy of both assessment and collection, capital gains tax must be the exception that proves the rule. Indeed, the recent outburst against it by the tax collectors themselves suggests that even they do not know how to administer it.

## A LESSON HALF LEARNED

**T**HE CHICAGO Eisenhower Expressway's carrying capacity has been increased five hundred per cent. at an additional cost of less than ten per cent. by building an adjacent rapid transit system.

The Toronto rapid transit system, built at a cost of \$67 million, has produced development leading to increased property tax receipts of \$5 million, which will fully cover the amortisation of the project. Properties in single-family residential occupation doubled and tripled their value and sometimes increased by as much as ten times their former worth.

In Cleveland, where commuters use their cars and buses to get to the 70 m.p.h. train service, it is claimed that land

within six miles of a suburban station has increased in cost.

A few yards from the end of the New Jersey line, which is in the course of development, property which changed hands a few years ago at \$6,500 was recently sold for \$65,000! Land along the White Horse Pike selling for \$25 a foot front five years ago fetches \$400 a foot today.



One of the most ambitious U.S. schemes is San Francisco's Bay Area Rapid Transit District which will provide a seventy-five mile high-speed line, reducing the journey time from Oakland to eight minutes as compared with present rush hour car journey times of up to one hour. Capital cost is being met from property taxes, and running costs will be charged out to users.

However, while these adventurous developments are proceeding rapidly, little serious thought appears to have been given to the key question of rewards and benefits. The more enlightened authorities are using property tax bases extensively but the charges are generally spread on total assessments of land and buildings. Vacant land carries a relatively small tax burden and consequently the improvements carry the major proportion. This is a pity, particularly from the point of view of new home owners in the expanding areas. The ready access to the urban centres makes suburban land more suitable for higher density apartments near the transit stations. Construction costs are high and the tax impact severe. It is not surprising that the mere mention of a new public transit scheme produces flocks of absentee speculators prepared to sit it out.

In all this expenditure of enterprise and effort there are lessons for Britain. First, it is wrong to assume that we can cope for ever-increasing quantities of vehicular traffic in cities. Two thirds of the central area land in Los Angeles is given up to the motor car and yet the roads are still inadequate. Secondly, if public transport systems are not accompanied by land-value taxation, speculative land values will be reaped on a large scale in the future, despite the 40 per cent. Land Commission levy.

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