

the under-taxation of land leads to the over-taxation of improvements, so the under-taxation of land works two ways to perpetuate slums and retard urban renewal.

"Under-taxation of land is also the No. 1 cause of suburban sprawl, the No. 1 reason cities are disintegrating instead of expanding in a plannable way, the No. 1 reason most cities consume four times as much land as they use, the No. 1 reason billions of dollars must be wasted extending highways and streets and sewers and utilities past miles of under-used land, the No. 1 reason suburban land and land development costs too much and therefore the No. 1 reason many good new homes may be priced out of the market

"Until cities and towns start setting their own tax house in order, pouring bigger federal subsidies into the city coffers will be pouring money down a rate hole."

"The Eisenhower housing authorities learned in time the all-important truth that federal subsidies can do more harm than good if local politicians can use these subsidies as substitutes for local action; their usefulness is to spur local politicians to develop a 'workable programme' for local action to earn the federal aid. So the Eisenhower appointees began talking up a tough policy of 'no subsidy for cities without a workable plan'. The more open-handed Kennedy task force now suggests softening this to read 'bigger subsidies for cities covered by any area plan'."

"The Eisenhower housing authorities also learned in time that, in Norman Mason's words: 'There is a close relationship between our prevailing real estate tax system and our problems of slums, blight, and urban renewal. The question of taxes — tax advantages and tax disadvantages — is inextricably intertwined with the problem of community development.'"

"Perhaps the Kennedy Administration will be quicker to grasp this second lesson. The president's chief economic adviser has shown in his speeches that he knows all the right questions to ask on land-value taxation, though he has not yet stated his answers. The president's new highway chief is on record as wishing he could recover part of the cost of his programme from the multi-billion-dollar windfall new highways have given land owners along their routes. And the president's housing task force has urged a commission to study the effect of state, local, and federal tax policies on housing."

UNTIL some concerted move is made to collect public revenues in the way outlined by one of her greatest sons, Henry George, the United States will be unworthy of the role she has assumed of leader of the "free world". No man is free who has to pay another for the right to occupy the land on which he lives and works or who has his income raided and his goods made dear by the tax gatherer.

The policy *House & Home* advocates of increasing the tax on land values and simultaneously reducing taxes on buildings, if generally adopted, could be the first small step towards building a truly free America.

Meanwhile we wish the editors of the two journals quoted here could meet for a quiet lunch hour chat.

NOTES OF THE MONTH

Free Trade The Answer To The Export Problem

RECOGNITION is growing that free trade is not some outworn nineteenth century doctrine irrelevant to the needs of today but a vital necessity if Britain is to earn an honest living and pay her way. Moreover the simple truth is gaining ground that this country can at any time she chooses reduce—or abolish—her own trade barriers to her own immense benefit whatever other countries may or may not do. In support of these claims we may quote the *Sunday Times* (February 5), the financial editor of *The Guardian*, and *The Economist* (March 15).

The *Sunday Times* article—"A Five Year Plan to Increase Exports"—argued that it is the Government's business to direct the economy in such a way that British industry will prefer to export rather than to sell at home. "The first and most obvious point is that British industry now receives a large tariff subsidy to sell at home. Britain is still a high tariff country with the average tariff level between 20 and 30 per cent. This inevitably means that for British industry the home field is greenest of all. Inscribed over the doors of the Board of Trade is the slogan, 'It pays to sell at home.'"

Wobbling a little, the article said that tariffs "were a sensible defensive measure in the 1930's" (emphatically they were not) which today "provide a built-in bias towards home consumption and against export sales. They also remove the automatic discipline that cheap imports provide against excessive wage increases. The Government could adopt tariff reductions as a five year programme, and let industry know what it intended to do."

The Economist also urged that the economy should be more export orientated than it is now. "This would call for a sequence of efforts to prod and legislate the country into a new attitude of mind. The first principle to enunciate for such an economy is that the industries which should have some of their firms driven into bankruptcy, and some of their workers pushed into other jobs — should be those that cannot compete abroad.

"The best way to find out which these firms are would be to make a unilateral cut in British tariffs. It will be protested that a cut in tariffs would increase imports, and that this seems a very strange way of helping to put the balance of payments to rights. The educative effect of a few foreign imports — both in teaching British consumers what they could get, and British manufacturers what to make — could be immense. In this particularly insular and protected country the heads of some businesses never see what constantly changing sorts of goods they have to compete with abroad and it would be well worthwhile

to rub some of their noses into more of them in their local stores.

"The Tory Government is believed to be ready to cut British tariffs this year, but is said to want to hold this readiness in reserve as a bargaining counter to use reciprocally in order to get tariff concessions from other countries in G.A.T.T. This is almost certainly a mistake. If Britain made a cut in its tariffs unilaterally now, it would be likely to get nearly as good treatment from other countries as if it insisted on going through the ritual haggling bout."

The *Guardian's* financial editor, referring to the French decision to reduce tariffs unilaterally as a means of sharpening competition for French industry said that this should give us in Britain food for thought. "A substantial cut in our high import duties may be precisely what is needed to restore the dynamism that seems somehow to have been lost in recent years. It is the motive rather than the size of the tariff revision which is of interest. If the plan goes through the French Government will reduce import tariffs, not in order to obtain similar concessions from other countries, or to fulfil treaty obligations, but simply as a means of countering the upward pressure of costs and prices at home.

"It is strange that in all the British post-war controversies about the right way regulate the economy and to stimulate growth, this particular weapon of tariff reduction has hardly ever been mentioned. Yet the drastic lowering of tariffs may turn out to be the magic wand we are all looking for."

HONG KONG'S TRADE BOOM

From the *City Press*, March 15

HONG KONG'S exports last year increased by 25.6 per cent. Those to the United Kingdom increased by 145.83 million Hong Kong dollars to 585.24 million and over the same period she imported goods from the United Kingdom to the extent of 664.04 million dollars. The greater part of the trade between Britain and Hong Kong is carried in British ships.

During the last three months of 1960 a total of 1,378 ocean-going vessels entered Hong Kong; of these 445 were British, the remainder coming from almost every other maritime country. Hong Kong today is probably the most prosperous area for its size of any trading territory in the world. This is due, as last year's report of the colony's Government put it, to a "policy which welcomes anyone who comes in peace, obeys the laws and pays a few moderate taxes."

"HEALTHY FREE TRADE"

UNDER this heading the *Daily Telegraph's* art critic, Terence Mullaly, wrote on March 9: "Every time there is a major sale at Christie's or Sotheby's we hear

again that London is the centre of the international auction market and we have become thoroughly used to the fact . . . The annual influx of American museum curators, foreign collectors and their representatives, and dealers from a dozen countries is evidence that there is still much to be had in London that never goes near the sale rooms. Having said this, I am not, as I am sure some readers suspect, about to launch another *cri de coeur* about the drain of masterpieces from this country. On the contrary, while I am the first to support sensible controls, and I think we have them, I equally believe that a substantial measure of free trade on the art market is healthy. In fact, a great deal of nonsense is talked about this question. One of the main reasons why London's art market remains so alive is because many dealers are active in going abroad and bringing back pictures . . . That a considerable proportion of these pictures is sold to foreign buyers and again go abroad is primarily the fault of our income-tax system . . ."

SONG WRITERS' LAMENT

ON another page the *Telegraph* reported that the Songwriters' Guild of Great Britain in evidence submitted to the Pilkington Committee on the future of broadcasting had criticised the B.B.C. and I.T.A. for broadcasting too much light and popular music of foreign origin. The Guild, which represents nearly 1,000 writers of light and popular music, wants statutory quotas imposed to regulate the amount of foreign music which may be broadcast in Britain. The ostensible reason is to prevent the British idiom in popular music from being overwhelmed. The songwriters' supposed self-interest in cornering the market is a more likely explanation. They suggest that the quota should be 10 per cent. for light and popular foreign music but they would "allow" a 60 per cent. of greater quota for "serious" foreign music. That concession is really very generous and no doubt lovers of Bach, Brahms and Beethoven will be suitably grateful.

The Songwriters' lament calls to mind Bastiat's brilliant parody, The Candlemakers' Petition — for an enactment prohibiting natural light from entering buildings. Obviously some simple regulation such as applies in totalitarian countries is needed to prohibit listeners from tuning in to foreign stations. Better still: why not a law compelling all existing radio and T.V. sets to be so adapted that they will receive only home programmes? Think of the work that would give to radio mechanics. It would be even more lucrative than the compulsory testing of elderly motor cars and no greater infringement of individual freedom.

"REMOVE THESE OBSTACLES"

SHUTTLECOCK manufacturers who sell in overseas markets have asked the Board of Trade to refund duty paid on their imported raw material Poly ((11-