

# LAND & LIBERTY

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TWO SHILLINGS

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## Lessons of the Land Commission

ONE would imagine that Mr. Wilson and his colleagues had enough problems to deal with (many of which have a longer history than the "thirteen years of Tory misrule") without creating fresh ones. Yet that is what they have done with their misguided and irrelevant Land Commission.

There is little evidence so far that the two main objectives of the Act—to collect part of increased land values for the community and reduce the cost of land for "essential purposes," and to secure that the right land is available at the right time—are being, or are likely to be, realised. The evidence, in fact, points in the other direction. Land is becoming more difficult to obtain than ever before, and what land does come on to the market is dearer, not cheaper, as was predicted by many, including ourselves.

All that the Act has so far produced is anger, frustration, bitterness and bewilderment, as recent press reports testify (see centre pages).

Enough has already been said of the complexity of this monstrous piece of legislation, but the prime blunder was to devise a tax or levy which falls only when the land holder decides to make the positive act of developing or selling his land (the reverse effect of a straightforward tax on land values).

The lesson of the 1947 development charges, subsequently repealed, was not learned. Instead of questioning the principle of betterment charges because of their paralysing effect on development, the government repeated the mistake in the naive belief that the fault lay in the degree of the betterment charge and not in the principle.

Obsessed with their version of "social justice," our present legislators are determined

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to make the Land Commission work. Their laws are presumably not to be defied by the natural laws of economics. Adopting the same approach as that forced upon them by the wage freeze, which would not work without compulsion and threats, the government has reserved powers to use "physical controls" to bring about its stated objectives. That these measures will eventually fail is a foregone conclusion, but not before near-havoc has been created on the building and development scene.

Is it a coincidence that those measures which harness the self-interest of men instead of opposing it are also the measures which accord more truly with social justice? The idea of land-value taxation is variously regarded by those most concerned with its effects and with its administration. Apart from the resistance from those who have most to lose by it, or think they have, there are many who have pre-judged the issue, many who are ill-informed, and many who are too dependent upon so-called authoritative opinion to step out of line and do some original and independent thinking.

The time will surely come when those who think their best interests are served by "playing ball" with so-called land reform measures that they have been unsuccessful in resisting, will find they have lost more than they bargained for—their land to the state through land nationalisation, and their liberties to bureaucrats through state compulsion and control.

### ANY OFFERS?

**N**OW that information on house and land prices throughout the country is becoming plentiful, we must hope that the relationship between them will be more clearly understood. Although the great economists of the eighteenth and nineteenth centuries were fascinated by the role of land in production and value theory, this interest appears to have died since 1914. This is unfortunate because the analysis of this problem by one really great mind would probably go far toward eliminating the emotional heat and dust that now surrounds the subject.

—Chartered Surveyor, October

## Inflation Swindle

Vancouver Province, October 14

**G**OVERNMENT DEFICIT SPENDING, combined with a permissive money policy that allows continuous inflation, really involves a massive swindle, says Neil J. McKinnon, chairman of the Canadian Imperial Bank of Commerce. He told the international conference of the Financial Executives Institute that the swindle is "perpetrated on the great majority of the populace who are least able to protect themselves against the consequences."

Mr. McKinnon said the inflationary trends were a consequence of inexperience and a reflection of a lack of foresight. He called for a greater awareness of the dangers.

In this inflationary process, "masses of people by failure of principle and absence of resolve in government allow themselves to be cheated of much of the value of their earnings and of their savings." Apathy towards "mild inflation" is contrary to the lessons of history, he said. For the general public, learned discussions about the inflationary process are not necessary. "They understand perfectly well what happens to grocery bills and rents and the price of houses."

Inflation "always stems from continuous governmental deficits, especially those in time of high employment, accompanied by an increase in money supply which tends to monetize at least part of the deficits." Inflation had caused the Canadian dollar to lose one-third of its purchasing power since 1949, McKinnon said. In recent years the loss had exceeded three per cent annually—"twice as much as the Economic Council of Canada considered tolerable a few years ago."

North America had not had disastrous experiences with inflation in this century, with the result that there was not the public awareness of inflationary trends that existed in Europe. The power of compounding as a factor in price increase was too often over-looked, he said. "It usually does not take long before such intense pressures of inflation can be stopped only by an increasingly pain-



ful readjustment in the economy. All experience in history has shown that inflationary trends, from whatever source they may arise, if not firmly checked, lead to serious harm to the great mass of people, including all those whom government spending programs of various kinds are intended to benefit. In extreme cases, persistent inflation has led to serious social unrest and changes in forms of government."

Mr. McKinnon wondered whether people today are not just as shortsighted about the prospect of years to come of "much more than minor inflation" as they were in the late 1920s in not foreseeing years of deflation. "Nowadays, economists and the public at large seem to accept mild inflation as a more or less enduring condition. Many governments seem to accept this as the price to pay for full employment. The question I should like to ask is: Where is the borderline between mild inflation and more serious development? For a time, a two per cent overall price increase was considered the upper limit. It is now between three and four per cent. Will it become still higher? If so, what will be the next effect on interest rates or on wage demands? At what points do we enter an inflationary spiral where cost increases are accepted in the anticipation of higher prices, and price increases tolerated in the hope of higher wages, salaries or profits? Are we not now in this dangerous spiral?"