

LAND & LIBERTY

Editor

V. H. BLUNDELL

Asst. Editor

R. C. GRINHAM

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TWO SHILLINGS

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EDITORIAL

Foundation of Error

AFTER the welter of words from all parties during the election period, telling us what wonderful things a government can do by intervention in the economic life of the country, it is refreshing to read a parliamentary speech in unashamed support of non-intervention. It was not, unfortunately, made in Britain, but in Hong Kong, and it came from no less a person than the Financial Secretary, Mr. M. J. Cowperthwaite.

Speaking in the annual Budget debate (as reported in the *South China Morning Post*, Hong Kong), Mr. Cowperthwaite was resisting attempts to introduce various economic theories now current in most other parts of the world.

"I find it a little extraordinary," he said, "after so many years of being told that civil servants should not interfere in commercial matters because they are not qualified to do so, to hear it suggested now . . . I suppose it is inevitable that Government should be regarded as wrong if it interferes when in public eyes all is apparently well (particularly as, after the event, it can never prove that its intervention made things better); and equally wrong if it does not interfere and later things go bad. But, in any case, I largely agree with those that hold that Government should not in general interfere with the course of the economy merely on the strength of its own commercial judgment.

"If we cannot rely on the judgment of individual businessmen, taking their own risks, we have no future anyway. And, even if I could claim I was right against all other opinion in recent years, and I do not make so categorical a claim, I think I would have been wrong to press my opinions to the point of restrictive action.

"For I still believe that, in the long run, the aggregate of the decisions of individual

businessmen, exercising their individual judgment in a free economy, even if often mistaken, is likely to do less harm than the centralised decisions of a Government; and certainly the harm is likely to be counteracted faster."

Objecting to a previous speaker's reference to "the cost to Government" of a form of spending that he (the speaker) advocated, Mr. Cowperthwaite reminded him that it was more correct to speak of the "cost to the taxpayer" or "cost to the public." He went on: "My own views on all matters of public revenue and public expenditure are conditioned by an acute realisation of whose is the sacrifice that produces public revenue and to whom accrues the benefit of public spending."

It is sad to reflect that such a speech would have found little sympathy with the electors of Britain if spoken by any of the party leaders. But why? The answer is only too simple. Unemployment, slums, housing shortages, the rising cost of living, etc., are said to be the result of blind economic forces that must be controlled. Further, economic forces are not only blind, they are cruel and harsh. The

market place is a jungle where only the fittest survive and where the "allocation" of goods and services leaves the poor and needy unprotected. This is the case for the planned economy, for intervention in housing, prices, incomes, farming, trade, building, banking and for all the paraphernalia of discriminatory taxation that is cluttering up the statute book.

And what could be more logical, given the truth of the basic premise? But the basic premise is wrong, and thus all that follows from it is wrong. The cause of poverty, and the maldistribution of wealth, has nothing to do with free enterprise and market forces; it has all to do with monopoly, privilege and the legalised protection of sectional interests.

Until the Conservatives have more to offer than their own brand of planned economy—or Enoch Powell's private enterprise unaccompanied by a real attack on land monopoly and privilege in all its forms, the electors will continue to swap their freedom for the doubtful advantages of a welfarised and planned economy.

NEWS AND COMMENT



A JAUNDICED VIEW

THE *Estates Gazette's* appraisal of the political contenders in the election contained the following sentiments:

"It would be refreshing to find a party with a coherent, practical policy for land. One might have expected the Tories to have such a scheme. We require—we urgently require—a government that will give the freedoms to the land market that will permit the preservation of our existing stock of sound buildings, encourage central and twilight area redevelopment, permit and encourage the creation of sufficient housing to render rent restriction unnecessary and reduce house prices, and provide enough land for the implementation of such schemes. We seem to be a long way from any such government. The choice appears to be between two major parties, both of which will introduce controls and regulations. One party is slightly inclined to a certain amount of individualism—the other to a certain emphasis on collectivisation. There really is not much between them.

"Finally, of course, there are the Liberals. What can we say of their policy? They continue to pin their faith on the out-moded, out-dated panacea of site-value rating."

But it is the refusal to give serious consideration to site-value rating—a style of land reform with considerable benefits for the developer—that is out-moded. In the face of academic support of land-value taxation throughout the world, not to mention a store of highly competent

research work which has been built up in the last few years and which is rapidly increasing, the adherence of the cobweb-clad *Estates Gazette* to nonchalant verbal dismissals is regrettable, particularly as its list of desirable objectives could all be attained by land-value taxation.

THE BLIND LEAD AGAIN . . .

A REPORT in *House and Home* earlier this year of a round-table discussion by forty American home builders and developers dealt mainly with the alleged advantages of the proposed direct rent aid subsidy programme likely to be adopted this year. Turning their attentions to the potential in rehabilitated properties, however, the construction experts came across the problem of rapidly-rising property prices in this field. Builder Leon Weiner, explaining how his firm had acquired and rehabilitated a company steel town, admitted openly that profits hinged on acquiring the properties "at the right price." In many circumstances upgrading was not feasible unless purchase prices could be "written down" by grants or subsidy. With purchase costs of \$4,000 a unit, consequential rents after improvements would be much higher than acre averages unless reduced by fiscal means.

Mr. Weiner drew attention to the difficulties of acquiring suitable properties in small parcels. "As soon as other property owners find out what you are doing, the acquiring costs rise," he said.

When rehabilitation first started in Philadelphia, many