

efficiency could have devised such a scheme . . . This only goes to show how far we have got to go in rethinking our society if we are to survive as a nation in the modern world."

But if Quintin Hogg is looking for "social justice, economic efficiency and political wisdom," he will not find it in any of our present forms of taxation such as purchase tax, tariffs, death duties and all the complexities of income tax.

Rethinking is indeed necessary, but it must be fundamental. It is no use shuffling taxation around to meet the exigencies of the moment and the pressure of sectional interests. And it is idle to talk of "social justice" when all that is meant is a readjustment of economic relationships by legislation, not a fundamental examination of man's moral rights in the economic world.

What greater act of social justice could there be than the practical recognition of the right of the whole community to share in the value of land—a value that no individual was ever responsible for? And what could be more conducive to economic efficiency than the transfer of taxes from labour and capital on to the value of land? Land is the passive factor in production and land values are permissive values, not production values, so that the tax cannot be evaded, shifted or added to the cost of

production; nor would the tax diminish or discourage production.

The new payroll tax is indicative of the preoccupation of governments with increasing production. This implies that the existing distribution of wealth (except for the need to supplement the incomes of the less fortunate members of society) is to be accepted. No longer is the basic distribution of wealth to be questioned. In modern welfare state terms the redistribution of wealth is an evening-up process whereby the worse effects of the maldistribution of wealth are softened. For some there is the hope of a place in the queue for special government hand-outs, but the majority are admonished, exhorted and even bullied into believing that their own share in the good things of life can be achieved only by their own efforts. But even where increased production can be achieved (in spite of, rather than because of, government intervention) there is no guarantee that it will accrue to the producers and not be siphoned off by taxation or government debasement of the currency.

In the absence of real social justice in the distribution of wealth and with such government gimmicks as incomes policies and national plans, it is no wonder that the people are losing faith in anything but the philosophy of "look after number one—and let the rest take care of themselves."

NEWS AND COMMENT



MONOPOLIES COMMISSION DIG OUT A ROOT

A REPORT of the Monopolies Commission on the supply and processing of colour film was published last month, following a reference made to the Commission three years ago.

The Commission was asked to investigate the existence in this trade of monopoly "conditions," as defined in the monopolies legislation, and to consider whether the monopoly, or any practices followed in connection with it, were against the public interest.

Broadly, monopoly "conditions" prevail where a trade is, to the extent of at least one-third, in the hands either of a single firm or of a number of firms which follow some restrictive practice.

The Commission found that there were monopoly conditions in the supply of colour film. Kodak Ltd. is responsible for far more than one-third of total supplies of colour film in the United Kingdom. (Kodak's actual share during the period under investigation was more than 70 per cent.). The Commission also found that there were monopoly conditions in the processing of colour film of particular types.

The "public interest" part of the Report concentrated on Kodak's dominant position and its pricing and dis-

tribution policies. The Commission also dealt with the practice, followed by nearly all suppliers of colour film, of selling at process-paid prices.

The Commission did not find that Kodak's monopoly position in itself is against the public interest, in view of the possibilities for economies of scale and the company's general efficiency. But they concluded that certain of its commercial policies are contrary to the public interest and should be remedied.

After a careful analysis of prices, costs and profits, the Commission concluded that Kodak could afford to make substantial price reductions and still earn reasonable profits.

Among the remedies proposed by the Commission is that the import duty on colour films should be abolished, and this is the nub of their recommendation. The recommended reduction of the normal retailer's discount and of selling prices, and the abolition of discrimination among retailers permitted to sell supplies, are secondary and must depend largely upon the lifting of high protective tariffs.

The Daily Telegraph summed up the matter well in its editorial comment, April 29: "It is not any matter for surprise that behind this monopoly there lies an import duty of 20 per cent. to which we must add the 10 per cent. import surcharge. In the light of this it is hard to

accept Kodak's contention that the protection makes little difference. There is in any case only one way to find out and that is by adopting the Commission's recommendation to abolish it. If this is done, it is possible that there will be no further need for the Board of Trade to pursue the matter of the firm's prices and discounts. After all, a manufacturer is entitled to a good profit if it is earned by superior technical excellence.

"It would, however, be a mistake to view this report in isolation. Tariffs on cameras are twice those on films. All this is a relic of the period when tariffs were imposed for strategic reasons. This basis for protection is no longer valid; but the protection remains, sheltering either excessive profits, or inefficiency, or both."

(The Board of Trade has given notice that it is considering a proposal arising from the recommendations of the Monopolies Commission's Report on the Supply and Processing of Colour Film, for the removal of the import duty on colour film).

IN THE WRONG GROOVE

THE FOLLOWING EXTRACT was taken from a recorded conversation between two planners R. S. MacConnell, AMPTI (Bristol School of Building) and Mr. Y. Ichihashi, Senior Planner, Tokyo, reported in the *Journal of the Town Planning Institute*.

R.S.M.: "One reads that land is a problem in Japan and that land prices in the conurbations are very high."

Y.I.: "Yes, and that is why I have been very much interested in your Land Commission proposals. There are many elements of speculation in the urban land situation. If I were to buy a house in Tokyo, 80 per cent. of my payment would be for land. We spend annually £60—£80 million on road improvements in Tokyo and almost 70 per cent. of that total investment goes on land acquisition and compensation of private land owners. The land prices in the city centre rise on average by 20 per cent. each year."

This Japanese visitor will not find anything in the Land Commission proposals as an answer to land speculation. A stiff annual land-value tax would do Tokyo a world of good and decisively end land speculation.

RISING PROPERTY VALUES

THE RISING VALUE of real estate in New York City can be clearly seen from the property assessment rolls for 1965-66. The assessed value of land and buildings of general properties has risen from \$18,000,000,000 in 1956 to \$26,500,000,000 in 1965. Most of this increase, however, is due to improvements, since during the ten year period assessed land values have risen by only \$2,000,000,000, or about a quarter of the total increase. In New York vacant land is taxed and its total assessed value is \$473,600,000. The assessed land value for the whole of the city is about one third of the total valuation; more than one third of the land value increase since 1956 has been on Manhattan Island.

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It is plain from the statistics that in spite of the taxes on vacant land, the New York property tax system penalises improvements. During the year 1964-65, 4,804 new buildings were assessed at a total value of \$555 million.

—Statistics from *Annual Report of New York Tax Commission, 1965*.

HOW TO CREATE A SLUM

IT IS HARDLY LIKELY that anyone would want to deliberately create a slum, but the best way to do it (according to a contributor in *The Christian Science Monitor*, March 18) provides an interesting commentary on property taxation.

"You would probably proceed in two steps. First you would increase the tax on buildings that had been painted or remodelled: that would be a tax on improvement, a penalty for keeping them in repair. Second, you would reduce the tax on land values. In other words, as the property ran down the taxes would go down, too. That would be a bonus for letting things get worse. Many American municipalities impose their property taxes this way, and are surprised at the way blight is spreading."

The writer also drew attention to the difficulty in *not* making money out of appreciating land values, with population increasing and the supply of land remaining constant. He cited a corporation that bought 2,100 acres of unimproved land in Florida for \$20,000. In a few years it had become worth \$10 million.

POPULATING THE FRINGES

IN THE U.S.A., new houses, shopping centres, highways, factories and offices, are using up vacant land at a rate of nearly one million acres a year.

Robert G. Ducharme, assistant director of the Northeastern Illinois Planning Commission, said in a recent talk: "This has caused land values on the urban fringe to skyrocket and has created a backwash of serious



problems in the older parts of metropolitan areas. Eighty per cent. of the population growth in the U.S. over the next few decades will be concentrated in metropolitan areas. Barring some major shifts in public policy, the major focus of this growth will be in the fringe areas where land is available.

"Coupled with rising *per capita* land needs, the new