

LAND & LIBERTY

Editor
V. H. BLUNDELL

Asst. Editor
R. C. GRINHAM

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TWO SHILLINGS

Conditioning the Taxpayer	77	Editorial
News and Comment	78	
Judgement on Henry George	81	A. J. Carter
Sharp Practice at the Polls	82	Robert Miller
Wellington Survey Emphasises Advantages of SUR	83	
Government Support for Land Prices	84	Mason Gaffney
Winston Churchill and the Conservatives	86	Roy Douglas
Paying for the Ride	86	Paul Knight
Technique or Gimmick?	87	Peter Rhodes
The Search Goes On	89	Frank Othick
Land Tenure Problems —East and West	90	P. R. Hudson
Letters to the Editor	91	
Miscellany	92	



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EDITORIAL

Conditioning the Taxpayer

THE Chancellor of the Exchequer's new selective employment tax, introduced in the Budget last month, received a hostile reception from the Opposition.

Mr. Anthony Barber said that it had been "sheer deception" for the Chancellor to say before the election that he did not foresee the need for severe increases in taxation, and then to have imposed the selective employment tax. The administration devised to collect and redistribute the tax was ludicrous, and economically it was nonsense. There was no rational reason whatever for dividing the whole of British industry into service and manufacturing, and then penalise one and subsidise the other.

Mrs. Margaret Thatcher, Conservative, spoke for more than her party when she described the new measure as a cock-eyed scheme. "I only wish," she said, "that Gilbert and Sullivan were alive today so that we could have an opera about it!"

It is true that the new tax is all that Mrs. Thatcher described it to be. But what is also true is that our whole system of taxation is "cock-eyed." In time we become conditioned to a form of taxation, no matter how ludicrous it is, and cease to be hostile towards it. What raised a storm yesterday is accepted without question today (see extract from *A History of Income Tax* on another page).

It might be hoped that the deficiencies of this new tax will reveal other absurdities in the tax system and provoke new thinking on the subject. In a speech on May 9, Mr. Quintin Hogg, a Conservative M.P., hinted at this after attacking the new tax for its foolishness. "In all this," he said, "there is neither social justice, economic efficiency nor political wisdom. Only a party, an economic adviser and a Chancellor devoid of a true sense of real values or a real appreciation of our economic

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