

# LAND and LIBERTY

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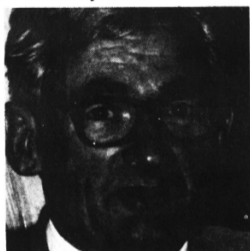
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• COVER PICTURE: Tolstoy at 80, riding at Yasnaya Polyana in 1908.

## Curbing havoc

A CLASSIC objection to a tax on rent is that it would lead to the over-exploitation of land. People, we are told, would be obliged to build skyscrapers in their gardens.

The reverse is the truth: the absence of a tax on land values encourages the misuse of land to the point where, during speculative booms, residential streets are bought up by land-hungry builders anxious to cut costs by increasing the density of developments.

Britain has been in the midst of such a trend for the past 12 months, and now it has spawned an anti-garden gobbling movement. It's called NIMBY: Not In My Back Yard.

Sir Rhodes Boyson created the organisation in the London borough of Brent, where residents complain that the character of their leafy streets is being altered by the builders who want to plant bricks instead of roses in the gardens.

LAND USE plans are not a rational solution to this problem.

Maryland, the U.S. state that has to cope with the sprawl of Baltimore and Washington DC, is a case in point. In a report called *Land Use and Abuse* it notes that the rate of land use change was more than double the rate of population growth during the 1970s.

"We are converting land to development at a rate which is at least twice what is necessary to accommodate growth. The major factor in abusive land use is low density residential sprawl."

The future is bleak, for "about 190,000 acres of additional residential land will be used from 1985-2,000."

The planners of Maryland naturally think that the solution is....more planning and coercive controls over where people live and work.

Planners, alas, never get it right. Because people's pre-

ferences are constantly changing; no sooner are their views monitored and expressed in expensively produced plans, than the market place signals a change in those wishes!

THERE IS a perfect solution. It's called land value taxation.

The multiplicity of people's needs determines the value of land; this in turn determines the amount that is paid in taxation. Major benefits flow from this fiscal policy:

- Land is used efficiently: there is no incentive to over-use or under-use land - people would strike the right balance, and be happy to pay for it.

- The renaissance in cities would lead to compact urban environments fit for enjoyable lifestyles for all; banishment for the ghettos.

- The tax burden would be reduced. Governments would not have to spend so much on providing inefficiently-used infrastructure such as roads, sewerage works and municipal schools and hospitals.

- The speculators who withhold land from use would be defeated, if the tax rate was high enough. Britain exempts vacant urban and agricultural land from the property tax. The U.S. and some other countries impose such a tax, but at derisorily low rates. The speculators swat the cost off like a fly on an elephant's back.

The land speculation now sweeping most countries is the single most disruptive factor in the land markets. It is causing havoc in more ways than the immediate one of misallocation of land between different uses and users.

Sooner or later the policy-makers will have to resign themselves to the fact that there is only one lasting solution to that problem: a very high tax rate imposed on the economic rent of land.