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COVER: TONY BLAIR picked up some election tricks from President Bill Clinton - and they worked. Now he is Prime Minister. He also picked up some tips on how to reform the welfare system: especially the American Earned Income Tax Credit. But Ronald Banks doubts that the British Premier's plans to modernise the nation will work. See *Essay, p.7.*

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SCOTLAND DOESN'T NEED THE HAND-OUTS FROM SOUTHERNERS

THE PEOPLE of Scotland have declared their desire for more political power. But the referendum debate failed to address the fiscal opportunities which Scotland could exploit to give real content to the notions of devolution and democracy.

The Blair government, in its White Paper which described the tax-raising powers of a parliament in Edinburgh, does not envisage the possibility of a "modern" fiscal philosophy being developed north of the border.

Modernism - Premier Tony Blair's buzz word - is wrapped up in the past: of efficiently applying the conventional wisdom.

He should listen to the lessons of the early economists like William Ogilvie, Adam Smith and Patrick Dove. They elaborated on the attractions of land as the appropriate source of public revenue.

Scotland's industrialists were wrong to oppose devolution because of the fear that their own parliament would raise existing taxes to their competitive disadvantage. *The parliament is to be authorised to raise income tax by up to 3p in the pound.*

It is true that Scottish jobs and investment would be threatened if current taxes were raised above the levels south of the border. But why should the Scottish parliament want to cripple its people with taxes?

Scottish industrialists ought to campaign not for fiscal parity with England and Wales. They ought to demand a restructured taxation in favour of non-distorting sources of revenue. That would mean transforming a burden into a socially

rewarding system of public finance.

There is one solution only that would reduce costs and increase the competitive status of Scottish industry: deleting taxes on people's earnings and savings and raising revenue from the rent of land. A century ago the municipal reform movement was led by cities like Glasgow which campaigned for the right to finance their activities out of the community-created rent of land. That policy remains as valid today as it was then.

Anti-devolutionist MP Tam Dalyell (Linlithgow) failed to recognise the opportunity to decouple Scotland from the Westminster tax model. Mr. Dalyell thinks that Scotland enjoys an advantage from the fact that *per capita* public spending is 24.6% higher than in England. In fact, *this is a measure of dependency which does not do justice to a proud and creative people.*

Do the Scots really need hand-outs from the South? Scotland enjoys educational and legal systems which many people think are superior to those south of the border. The workforce is as talented as any in the world, and there is still plenty of offshore oil to help fund the public sector. Why persist with the psychology of defeatism which was ingrained into politics by those who sold the Scottish people down the river - and across the Atlantic - as part of a settlement aimed at privatising the land rents of Scotland? Those rents belonged to all the people of Scotland. It is time for them to claim them back: only then will they be able to claim to be a free people. That is the lesson from India: *see page 6.*