

for instance, it will be 22 per cent. This is not free trade.

In addition the internal economy of the six Common Market countries will be substantially controlled by the executive body, the Commission, while the EFTA countries are completely free to run their own economies. The EFTA countries have no common external tariff; each member country decides its own policy with non-member countries.

Some idea of the difference in purpose between the two blocs can be gauged from the fact that the Common Market Commission employs 3,000 people. The EFTA secretariat has a staff of one hundred. With less than twice the population, the EEC needs thirty times the number of civil servants to run the organisation.

It must not be forgotten that free trade does not mean merely the absence of tariffs; it means what it says—*free trade*, i.e. no restrictions at all. One cannot pretend that this situation exists in EFTA, but this goal is nothing like as remote as it is in the state-planned Common Market.

PAY AS YOU LEARN

AN ARTICLE showing what a muddle the capital gains tax is, appeared in the June issue of the magazine *Property*. Entitled "CGT Traps in the New Income Tax Return," its message was for heaven's sake be careful how you complete this year's income tax return, lest you find yourself paying not only income tax but also capital gains tax.

There are many rules dealing with capital gains tax in the new tax return, but nothing telling us how either to understand or to interpret them. We are merely referred to the even more complicated capital gains tax booklet. The upshot of this is that it is now virtually impossible for the ordinary taxpayer to complete his return without professional help.

If, as we are led to believe, a tax should be easy of both assessment and collection, capital gains tax must be the exception that proves the rule. Indeed, the recent outburst against it by the tax collectors themselves suggests that even they do not know how to administer it.

A LESSON HALF LEARNED

THE CHICAGO Eisenhower Expressway's carrying capacity has been increased five hundred per cent. at an additional cost of less than ten per cent. by building an adjacent rapid transit system.

The Toronto rapid transit system, built at a cost of \$67 million, has produced development leading to increased property tax receipts of \$5 million, which will fully cover the amortisation of the project. Properties in single-family residential occupation doubled and tripled their value and sometimes increased by as much as ten times their former worth.

In Cleveland, where commuters use their cars and buses to get to the 70 m.p.h. train service, it is claimed that land

within six miles of a suburban station has increased in cost.

A few yards from the end of the New Jersey line, which is in the course of development, property which changed hands a few years ago at \$6,500 was recently sold for \$65,000! Land along the White Horse Pike selling for \$25 a foot front five years ago fetches \$400 a foot today.



One of the most ambitious U.S. schemes is San Francisco's Bay Area Rapid Transit District which will provide a seventy-five mile high-speed line, reducing the journey time from Oakland to eight minutes as compared with present rush hour car journey times of up to one hour. Capital cost is being met from property taxes, and running costs will be charged out to users.

However, while these adventurous developments are proceeding rapidly, little serious thought appears to have been given to the key question of rewards and benefits. The more enlightened authorities are using property tax bases extensively but the charges are generally spread on total assessments of land and buildings. Vacant land carries a relatively small tax burden and consequently the improvements carry the major proportion. This is a pity, particularly from the point of view of new home owners in the expanding areas. The ready access to the urban centres makes suburban land more suitable for higher density apartments near the transit stations. Construction costs are high and the tax impact severe. It is not surprising that the mere mention of a new public transit scheme produces flocks of absentee speculators prepared to sit it out.

In all this expenditure of enterprise and effort there are lessons for Britain. First, it is wrong to assume that we can cope for ever-increasing quantities of vehicular traffic in cities. Two thirds of the central area land in Los Angeles is given up to the motor car and yet the roads are still inadequate. Secondly, if public transport systems are not accompanied by land-value taxation, speculative land values will be reaped on a large scale in the future, despite the 40 per cent. Land Commission levy.

HENRY GEORGE ON ECONOMIC JUSTICE. A symposium of memorable passages from his writings and addresses. An ideal gift or bedside book. Handsomely bound in blue cloth. 107 pages. 3s. 6d.