

# LAND and LIBERTY

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● Ecton Hall: pictures by Tony Moore (see p.105)

# Towards Prosperity

LAND REFORM with a socialist bias is doomed to failure, as the peasants of Egypt have now discovered.

Thirty years ago, President Nasser responded to poverty and a fast population growth rate by splitting up big estates and helping peasants to own their land.

And he said at the time:

"Instead of concentrating on birth control, we would do better to concentrate on how to make use of our resources. We live in and make use of only 4% of the area of our country... If we direct our efforts to expanding the area in which we live instead of concentrating on how to reduce the population, we will soon find the solution."

But dependence upon large landowners was replaced by government intervention through pricing and planting policies.

And those who failed to obtain land did not even benefit indirectly, through a tax-led redistribution of the rental value of natural resources.

Now, almost half of Egypt's 3m peasant families are landless and struggling.

The oil-price boom of the 1970s saved many of those who could migrate to neighbouring countries to obtain high-wage jobs on construction sites.

But the money they are sending back to Egypt is intensifying the problem: for peasants are now driving up land prices in their hungry search for land of their own.

Private property and the profit motive, on the other hand, are not sufficient for salvation, either.

This is shown in the case of Brazil, whose government is currently boasting about "the biggest land reform programme in the world".

According to official estimates, 7m acres have been confiscated for land reform, and 730,000 land titles have been distributed since 1979. Yet:

● An estimated 10m rural families do not own their land, or have been driven off it in recent years.

● Brazil has more unused

arable land than any other country, yet the rural poor continue to be expropriated by government agencies and land speculators.

● In the past few months, dozens of peasants have died in gun battles with landowners in the fight for an existence on the social and economic periphery, the margins to which migrants have been driven by the land tenure system.

REFORMERS have yet to develop a formula which meets the needs of both economic efficiency (which is emphasised by capitalism) and social justice (which is emphasised by socialism).

The ideal arrangement could exist, but the pre-condition is a high tax on the annual rental value of land.

Individuals would continue to possess and use land, while everyone – including those without land – would share in the rental income through public sector spending on socially necessary projects.

Land value taxation enables people to maximise output based on the investment of their effort, capital and entrepreneurial talent, which are penalised under present fiscal arrangements.

But at the same time, the value that is generated by the collective presence and efforts of the community – the rental income that is capitalised into the selling price of land – would be shared by all.

There is one further important – political – benefit. The moral status of revenue derived from a community's natural resources would alter the public's perception of the role of the State.

Every State needs to spend money. Today, the revenue – because it is a direct impost on the individual's efforts – is paid grudgingly. There is little ethical basis to a tax on what a man earns.

But a tax on land values would be seen as a fair one by all (except the handful of losers), and this would contribute towards the revitalisation of democratic processes.