

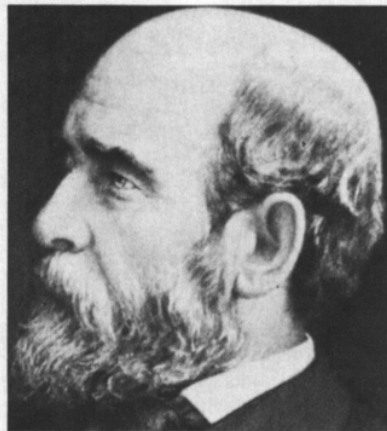
# Radical, practical and logical – so ignored!

**CITY OF LONDON** stockbroker Jeffery Roberts has sought to explain why the ideas of American economist Henry George (1839-1897) have been ignored in 20th century policy-making. His analysis is contained in the *Oil & Gas Report* (No. 3, Dec. 1980) published by Rowe & Pitman:

THE AMERICAN political economist Henry George wrote a book: *Progress & Poverty*. It sold a million copies. It was about private property in land. His ideas on the economic questions of land, labour, capital, wealth, interest and rent are developed by reference to the real world with meticulous logic. George not only wrote a work of the highest scholarship, he also knew how to apply his ideas in practice – he came close to being elected Mayor of New York City.

Thanks to his combination of radical thought, impeccable logic and practical understanding, George's ideas have been largely ignored by professional economists.

In particular, his ideas fitted perfectly with the general themes of the free traders, in the endless battle against protection, which after half a century is now recognisably reappearing. Thanks to the extremely low intellectual level of post First War politics, which has until recently mistaken socialism/corporatism for progress, George's



● Henry George

arguments against Marx have been overlooked.

George's central thesis was that private property in land was unlike any other form of property, in that the value of land derives from the activities of others, and scarcely at all from the freeholder himself. Interference with "access to land"

strangles enterprise, and the only way to release land into full economic use was by a tax on land value. This would put a stop to vacant sites held for speculation rather than their "free market" use. Such taxation was to become the only source of State income for those public utilities which could not be provided by uninhibited "free trade". George was opposed to all other forms of taxation – income tax, corporate tax, value added tax – as tending to discourage free enterprise.

George's concepts apply perfectly to oil and gas acreage, though the only hoarder of land is now the State. The value of any off-shore block will be enhanced by wells drilled on neighbouring blocks. Similarly, if a discovery on another block leads to a pipeline coming through undrilled acreage, then the value of that acreage must be enhanced by the activities of others.

Where the State achieves control over land, it can

- (i) Withold land from exploration;
- (ii) Allocate it (a) by auction to the highest bidder, or (b) by discretionary allocation to applicants deemed "suitable" for whatever reason by the State.

In case (i) the public derive no financial gain via the State, for lands supposedly held in the public interest. In case (ii) (a) or (b) royalties and taxes are imposed on any oil or gas discovered, and the monies paid at one end in licence fees are merely adjusted for in later taxation.

In the United States and Canada, there has been a completely free market in exploration land within the control of the States and Provinces. Further, the owners of land enjoy mineral rights below the surface, so that there has been a general coincidence of interest in exploring and developing discoveries. This explains why North America has been so thoroughly explored so far. But the process is now running into the kind of obstacle George sought to destroy – Federal control. Instead of opening North Slope lands east of Prudhoe Bay to the usual processes, the Federal Government has followed the exact course of the land hoarders decried by George: nothing more than a little dabbling exploration by contractors to test the value of Federal lands. Similar comments apply to Federal coal lands, where hoarding is again taking place.

## THATCHER UNDER THE INFLUENCE . . .

MARGARET THATCHER has now been Conservative Prime Minister of Britain for two years. In an assessment of her performance, one of her advisers at the Centre for Policy Studies (which was originally established by Mrs Thatcher and Sir Keith Joseph, her present Industry Secretary) said:

"She has palpably failed to do what we told her. She has fallen into the very trap she promised she never would. She has come under the influence of the layabouts and the landowners of the party. Her faith is cracking."

*Sunday Times, 3 May, 1981, p.33.*

## CENTENARY ESSAY No. 3



### Land Rent As Public Revenue in Australia

BY ALLAN R. HUTCHINSON

– a quantitative evaluation of potential exchequer revenue to be derived from land value taxation

Price (includes p & p): UK – £3.50; US – \$8.50;  
Australia – \$7.50; Canada – \$9.