

# Conference Papers

REVIEWED BY JULIA BASTIAN

*Below are further summaries of Conference Papers presented at the Twelfth International Conference on Land-Value Taxation and Free Trade, held at Caswell Bay, South Wales, September 8th-14th, 1968.*

## Speculation, Urban Renewal and Land-Value Taxes

BY MARY RAWSON

THE PUBLIC INTEREST in land varies from community to community and is expressed in various ways. Miss Mary Rawson's own interest in land is deep and analytical. Her paper illustrates the range of community interest in land, from complete state ownership, as in the USSR, to conditions where all land is in private ownership, such as in Venezuela, for example, where three per cent of the land-holders own 90 per cent of the land.

Between these two extremes lies the land system operating in Canada. Here there is some outright public ownership in every province, some taxes on land, some zoning and use by-laws, and various regulations mainly of a negative character. But the allocation of land between competing users is still controlled by the market mechanism.

Observing the land mix and land waste in and around Canadian cities, it is clear to Miss Rawson that the land market is far from perfect and that town planning is necessary to keep a balance. To retain some freedom in land use for the individual developer it is more than ever necessary to eliminate rewards for land speculation. One way of achieving this and at the same time asserting the public interest in land, is to use tax pressure, which greatly benefits the quality of urban growth.

By and large, the network of sites for public use provides the framework within which private developers can operate. Municipal planning, with its many restrictions, denying domestic development in this area, or high rise building in that, is negative in its approach, so that it falls to the thousands of individual private land owners to decide positively what shall be built, where it shall be built, and when. It is they, more than the town planner, who finally decide on land use.

## The Fortunes of Free Trade in Britain

BY ROY DOUGLAS

THERE were many ups and downs between the free trade victory of 1846 and the protectionist victory of 1931-32 and this period is examined by Dr. Roy Douglas in his paper.

Over the centuries hundreds of laws that operated against trade had found their way on to the statute book,

including the notorious Corn Laws, and with the growth of liberal ideas, a movement was formed to campaign for free trade. However, it was the starvation that followed the failure of the Irish potato crop in 1845 rather than argument that finally brought about the repeal of the hated Corn Laws. In 1853 and 1860 tariffs were reduced further so that Britain became virtually a free trade nation.

The effect of free trade was not, as some had predicted, the ruin of British agriculture. In fact, from 1846 to 1876 farming prospered and free trade came to be accepted without comment by nearly everyone.

It was not until the Boer War that free trade was curbed, initially to raise revenue for the war rather than to protect British goods. However, the Conservative government became gradually more protectionist. Free traders, both Liberal and Conservative, were joining the Free Trade Union (the present Free Trade League), and free trade versus protection became the most critical issue during the 1906 election, with the Liberals sweeping home on a free trade policy with a huge majority.

In 1915 the McKenna Duties were introduced as a war-time measure by the coalition government, and after the war, Sir Austen Chamberlain, the new Chancellor, repealed the McKenna Duties on Empire goods only, thus establishing a system of Imperial Preference without applying new taxation. Two years later a heavy tax was planted on all goods produced by what were termed "key industries."

In 1924 a Labour government largely restored Britain to her free trade position, but tariffs were introduced the following year by the Conservatives.

The National government formed in 1931 applied more tariffs and by 1932 free trade had been virtually murdered without any straight issue being put to the electorate. Viscount Samuel predicted that "if goods cannot cross international frontiers freely, then armies will," and was later proved right.

In the aftermath of a second world war there has been growing recognition of the correctness of the free trade policy. GATT was set up in 1947 to reduce tariffs and EFTA followed thirteen years later to establish free trade between a number of European countries. But there is still far to go.

"What is urgently needed now," says Dr. Douglas in his summing up, "is a serious *corpus* of academic work by free traders that will provide the intellectual leadership for the future."

## Land Registration and Land Value

BY DAVID B. ASCHER

**M**OST PEOPLE, according to Dr. Ascher, tend to under-rate the significance of the Domesday Book, compiled in England after the Norman Conquest and completed in 1087. It recorded with surprising accuracy and detail the fiscal rights of the Crown at that period, the assets and boundaries of the townships and manors, and even windmills and plough-teams as sources of revenue. All sub-tenants and peasants were listed, with their values and military service, and there were entries regarding mints and markets.

About one-fifth of all land was in the hands of the Crown, three-tenths was held by the Church and the rest was divided among the nobility.

At that time the idea that all countrymen "might bear an equal share of the public burden" was widely held and Anglo Saxons seldom seemed to grumble at taxation, "so long as the burden was distributed in a fair and just manner, and nobody was able, by way of exemption, privilege or trick, to evade it."

The yard-stick by which the burden was measured was a simple one, understood by Lord of the Manor and peasant alike—the value of the land holding. Even today there could be no better or simpler yard-stick than land value, just as it was at the time of Domesday.

However, since few entries were ever revised, the Domesday Book was eventually made useless as a guide to land holding or to the fiscal rights of the Crown. With this in mind we should remember that the ideal land-value tax must be based on *up-to-date* information and that the tax itself should be periodically revised.

At the time of William the Conqueror land values changed very slowly, but change they did, and it is a pity that Domesday failed to keep pace with events. A national land value tax, based on a similar record, could today very easily be kept up to date with maps and plans, with no land transaction valid unless registered in this modern Domesday.

Both good and bad systems of land registration and of land surveys exist in different parts of the world today. There are computerised systems with punched cards. There are reliable maps and plans. We have an army of specialists—surveyors, economists, administrators and learned professors. Our present system, therefore, should be vastly superior to that introduced by William of Normandy. In fact, we have been struggling along with a system so patched and adapted that it bears little relation at all to the simple approach used in Domesday. Land registration is so unreliable and haphazard, that it would be foolish to suppose that a fiscal policy, property taxes or rates can be fairly based upon it.

Before any advance can be made in this direction it will be necessary to carry out a thorough cadastral (land tax) survey, to print land-value maps and to register the

value of all land as it is without improvements. The registrar would then record the facts on punched cards, two cards for each property. One set of cards would be arranged in accordance with blocks and parcels of land, the other set in alphabetical order of names of owners. Changes of ownership, lease, or mortgage, changes of planning order, restrictions, etc., would all be faithfully recorded from day to day. With push-button efficiency the computers could produce a variety of information with economy, speed and accuracy.

As soon as the new system had been introduced, no land transaction would be binding on either party unless registered at the land registry.

Taxes on income, on land sales, on commodity sales; property taxes, land increment duty and land transfer fees all suffer from their own special short-comings. But in the case of land-value taxation there can be no tax evasion, circumvention or trick. If one owns a plot of land one is obliged to pay the tax on it. Land cannot be hidden or its value disguised or altered. All that is needed to administer this efficiently is a system of land registration similar to the Domesday Book already described.

## Political Philosophies in Great Britain

BY RONALD BANKS

**A**T THE END of the nineteenth century Britain led the world—supreme in technology, shipping, finance, and banking. She was close to achieving land-value taxation, and freedom of trade had already been won. But despite this happy position, the land problem still bedevilled the economy and poverty was widespread. Just how the various political parties contributed to the growing confusions is told by Mr. Ronald Banks, and his paper serves to illustrate how the many confusions arose.

Broadly speaking, one party grew out of another or fragmented when a great issue was at stake. Each party was based on some kind of philosophical thinking but too often the ideas were muddled or incomplete. A philosophy based four-square on true economic principles has never been more than partially understood by the few, while the many have chased their own notions of government without reference to the destiny of man as a whole.

The background of the three main parties is given in detail. The Liberal movement emerged from the growing industrial power centred in the new towns such as Manchester. The Whig merchants and manufacturers who had embraced the economic thinking of Adam Smith and held to Cobdenite policies, were its leaders. Over the years the Liberals have pressed for many humane reforms, including the abolition of slavery and have demanded justice, land reform, free trade, sound money and personal freedom.

The Conservatives grew out of the old Tory party, re-

presenting most of Britain's land owners. They stood for order, authority and a ruling class, believed in keeping the *status quo* rather than accepting reform of any kind, and were strongly imperialistic. They feared change and distrusted principle, moving slowly towards protection, Commonwealth Preference, the N.E.D.C., and the "managed" market (to benefit the producer, not the consumer).

The Labour Party sprang to power out of a highly emotional urge to tackle the great social problems arising from poverty. It thrived on the ideas and ideals of Fabianism, Socialism, and Karl Marx, giving birth to much welfare legislation, economic planning and state control. Currently it can be held responsible for nationalisation of industry, a policy of bouncing inflation and, no doubt, periodic devaluation.

In observing the period from 1840 to the present day, what comes to light is the hopeless chain of wrong decisions that sprang from the economic revolution that had caught Britain unawares. The struggle to assert free enterprise capitalism was bogged down by misplaced intellectualism, with too many politicians lacking an intelligent understanding of the free market economy. In

Parliament the arguments centred too often on details rather than on principles, and, as one constitutional crisis followed another, the disagreements paralysed useful action.

The picture is not quite clear-cut, however, for confusion grew as one party readily adopted the policy of another when it suited its purpose. For example, in 1907 the Liberal Party, still bent on personal freedom, nevertheless made promises of welfare legislation, a move that proved one of the first steps down a wrong road.

By 1939 both Conservatives and Labour had come to accept economic planning. The Conservatives, in fact, always tend to follow the current climate of opinion, supporting free trade and free enterprise when such policies were popular and advocating protection and the planned economy when these ideas came into fashion.

It is remarkable also that although the Liberal Party gave constant support to land-value taxation and free trade right through the 1920s and 1930s it was a Liberal publication, *Full Employment in a Free Society*, by Sir William Beveridge, that laid the foundations for present-day state responsibility and welfarism—the very antithesis of the original Liberal philosophy of personal freedom.

## Miscellany

### £50,000 for 4,000 Square Feet

WHAT IS BELIEVED to be a record rent of £50,000 for a 4,000 sq. ft. area in the West End, is being paid by Lufthansa for 23-28 Piccadilly, part of the Grand Metropolitan Hotels' Piccadilly Hotel block.

About £12. 10s. a foot was realised for the building's 4,000 sq. ft. ground floor area. Through Marcus Leaver and Co., the airline has taken in all about 12,000 sq. ft. and there is a 90ft. frontage.

—*Daily Telegraph*, October 17

### Very Selective Employment for Prof. Kaldor

PROFESSOR KALDOR who was first appointed as special advisor to Mr. Callaghan, then Chancellor of the Exchequer, ended his £6,500 job with the Treasury last March. During his stay with the Treasury he was on leave from Cambridge University. Since his leave expired he has continued to assist the Treasury on a part-time daily basis.

He gained a reputation, says the *Daily Telegraph*, 26 September, as a brilliant thinker, whose theories tended to overlook the effect of possible human reactions and was regarded as the author of the Selective Employment Tax.

His five "basic taxes," were given

effect in India, Ceylon, Mexico, Turkey and British Guiana and, says the *Telegraph*, one failure followed another. His taxes were on income, capital gains, property, on total expenditure and gifts.

### No Overstatement

WHEN we are living in an age which has almost forgotten what a free economy looks like, and in a society where almost every interest group is prepared to introduce and extend its own restrictions of freedom, there is surely little danger of overstating the case for liberty.

—by Geoffrey Howe,

*Daily Telegraph*, 23 September

### BOOKS RECEIVED

*Finance, Trade and Politics in British Foreign Policy, 1815-1914* by D. C. M. Platt. Oxford University Press, 84s., \$13.45.

*Gillets in the London Money Market 1867-1967* by R. S. Sayers. Oxford University Press, 35s., \$5.60.

*Community Europe: A Short Guide to the Common Market* by Roger Broad and Robert Jarrett. London: Oswald Wolff. New York: Humanities Press, hardcover \$4.90, paperback \$3.00.

*Europe Overseas: Phases of Imperialism* by Raymond F. Betts. New York: Basic Books, \$5.00.

*A Dictionary of English Weights and Measures—From Anglo-Saxon Times to the Nineteenth Century* by Ronald Edward Zupko. University of Wisconsin Press, \$10.00

*Forecasting and Recognising Business Cycle Turning Points* by Rendigs Fels and C. Elton Hinshaw. National Bureau of Economic Research Studies in Business Cycles 17. New York: Columbia University Press, \$4.50.

*Paying for TV?* by Sir Sydney Caine. Hobart Paper 43. Institute of Economic Affairs, Ltd., 7s. 6d.

*Choice: Lessons from the Third World* by Peter du Sautoy. Occasional Paper 22. Institute of Economic Affairs Ltd., 5s. 0d.

*Choice in Housing* by F. G. Pennance and Hamish Gray. I.E.A. Research Report. Institute of Economic Affairs Ltd., 63s.

*A Quarter of Mankind—An Anatomy of China Today* by Dick Wilson. Pelican A967. Penguin Books Ltd., 7s. 6d.

*The Enterprise Ethic* by Octave Gelinier. Institute of Economic Affairs Ltd., 18s. 0d.

*Revolution and Counter-Revolution. Change and Persistence in Social Structures* by Seymour Martin Lipset. New York: Basic Books, \$10.00.

*Agrarian Revolution and Economic Progress. A Primer for Development* by Rainer Schiekele. Praeger Special Studies in International Economics and Development. New York: Frederick A. Praeger, \$15.00.