

# The Men, the Concepts— and the Jargon

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DOES your favourite brand of underwear suffer from Inelastic Supply? Is your favourite politician subjected to Ear Bashing or Ear Stroking? Is the Gini Coefficient something to do with women's tennis? Are you interested in Easy Money, Call Birds, Cherry Picking or the Cobweb Theory?

If your answer to any of these questions is a firm and unequivocal "What on earth are you talking about?", then you are one of that army of economic non-experts who might find it useful to invest in a copy of a new dictionary\* of economic terms.

This new edition of the well-known book of reference provides definitions, with explanations and background, of something like 2,000 ideas and concepts of the economic science. Everything from Capitalism to the Canons of Taxation, from Physical Controls to Fiscal Drag, comes under the authors' microscope, the more sedate expressions of the classical economists jostling cheek-by-jowl with the jargon and the vogue words of the more modern exponents of the science. In each case the reader is given a concise and generally well-balanced write-up, tracing the origin of the subject, its history and its significance in the world to-day.

But for good measure the authors also include potted biographies of the main economists themselves, both living and dead. Here also then, in a mere 360 pages, is the world of Keynes, Kahn and Kaldor; Mill, Malthus and Marshall; Jevons, George and Galbraith—and many more.

The book incorporates an interesting device for linking one

\**Everyman's Dictionary of Economics*. Revised edition compiled by Arthur Seldon and F. G. Pennance, J. M. Dent & Sons Ltd., 1976, £4.95.

subject with another—the Related Subjects Index—and altogether its presentation could hardly be bettered.

But what about its accuracy and content? Here alas, it is vulnerable to knowledgeable scrutiny. The entry on Economic Rent, for example, though rightly describing it as "economic surplus" surely errs in asserting that a tax on land rent would have no effect on the supply of land. Is it not now well established, and borne out by wide experience around the world, that a tax on the economic rent of land forces idle sites into use and results in a general lowering of land prices?

A similar imperfection creeps into the entry on the Enclosures defined, perhaps euphemistically, as "the creation of private property rights over land formerly used in common." A modern analogue to this, say the authors, strangely anxious to excuse one of the major crimes of history, "is the compulsory acquisition of private holdings of real property in urban central areas for comprehensive re-development." A degree of similarity, stemming from the authoritarian nature of both processes, may indeed be discernible, but do not modern compulsory purchasers pay compensation for their takeovers? What compensation was paid to those



deprived of their whole livelihoods, the wretched victims of the Enclosures?

Among those acknowledged by the authors as contributing to the

development of economic thought, Henry George emerges in blurred focus and with less significance than he merits. George was concerned mainly, says the Dictionary, "with the problems of income distribution" and "argued that the largest incomes in society were derived not from the provision of services but from the fortunate possession of favourably situated land." His remedy was "a single tax on land which would absorb all pure rents." George, it adds, "had little direct effect on academic thought because income was not attributed primarily to land but was regarded as having more varied sources . . . ."

The false identifying of "income" with "wealth", from which these assertions clearly suffer, is probably the most insidious error into which critics of Henry George fall. Income, it is true, can come from many sources—from running a farm or a mine to dancing on the stage or singing in the streets. But the production of *wealth*, with which Henry George was primarily concerned, can result only from the application of human endeavour to land — which the Dictionary correctly defines as all natural resources.

Even with this correction, the Dictionary cannot be said to get to the heart of the contribution that George made. The more equitable distribution of wealth that the full application of his reform would bring is surely dwarfed in its significance by the longer term effects—on labour, industry and in the social sphere—that would flow from it in breaking the economic stranglehold over the community-at-large exerted by those holding private rights to land. Perhaps the truth is that no dictionary, however meticulously compiled, could possibly convey satisfactorily George's relentless exposition of the all-pervasive role of land ownership in the economic and social condition of man.

But if the function of a dictionary is to provide the basic definitions that point the way forward, the *hors-d'oeuvres* that whet the appetite for more, then this book certainly achieves its purpose.

LAND & LIBERTY

**This paper, which we shall publish in two parts, examines various essential elements, in both the practical and philosophical spheres, of site- or land-value taxation.**

**This first part outlines differing individual views of the tax, considers the shift in burden that it implies and defines the basis of its assessment.**

**In our next issue, the author examines in further detail the practical consequences of site-value taxation and the way in which it measures up to criteria of sound taxation.**

THERE is a great interest stirring currently in Canada and elsewhere in tapping for the public revenues more of the economic rent of natural resources and/or the unearned increment of land values. "Economic rent", not long ago a strange alien wording, has become common currency in Canadian discussion.

Individuals react to these proposals in a variety of ways, depending in part on their individuality; but also, it seems, depending on what they take the proposal to be. My purpose in this paper, therefore, is not to defend or attack site-value taxation but rather to define it. The spirited debates of the past on this topic rather resembled those among the four legendary blind men who examined different parts of the elephant.

I will take a position on two introductory points in order to dispense with them. First, is it administrable? The answer here is clearly "Yes." It entails the use of the same property tax assessment and collection machinery that already exists. Techniques for assessing land have been extensively applied and discussed in works of which I will cite those below.\* This is not to say we should adopt the policy but merely that we need to decide on some basis other than workability.

\**The Assessment of Land Value*, edited by Daniel Holland, (Madison: University of Wisconsin Press, 1970.) and J. E. N. Murray, *Principles and Practice of Valuation*, (Sidney Commonwealth Institute of Valuers, Fourth Edition, 1969.)