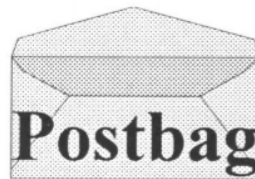


## OPEN FORUM 4



### WEALTH CREATION & SOCIAL COHESION & EARTH SHARE

Sir, The report published in Britain on wealth creation and stakeholding made good reading and Liberal Democrat policies will I believe prove useful when the matters raised in the report eventually come, as they must, before the next parliament.

Several matters require comment:-

Care must be taken that a new vocabulary does not confound basic economic understanding, which is already confused. Yes, wealth is more than just GDP but not in the narrow material sense. Indeed, it might be shown that some of what people value in their social lives is often translated into land prices.

The mention of defined property rights was noticeable by its absence. Indeed, individual freedom is an empty concept if property rights are violated, witness the black Americans who gained freedom but found economic slavery when leaving the plantations. The highland clearances also come to mind. To this end the rent of land must be placed on the debating table with the view to putting it in the public domain. This type of Earthshare will give all people a stake in society, greater control over environmental issues and a sense of inclusion.

I was surprised that the commission did not grasp the correlation between "increasing unemployment with each business cycle" and the land rent/price cycle. To discuss the economic problems of two factors of production while ignoring the third seems silly. Land and its rent/price may be the passive factor but it is a very powerful one.

Mention was made of a lack of successful economic models yet what of the Danish experience in the late fifties when an increasing share of land value tax was ordered?

We are asked to recognise the realities of life at the margin of employment yet untaxing employment costs is feared because of the possible creation of more working poor. Presumably this led the commission to suggest a sensible debate of the tax structure yet they only come to the sad conclusion that there is much good in income tax. VAT and Income Tax both hit the poor hardest. They are the opposite side of the same coin. One, increases prices, the other reduces purchasing power. They both inhibit the wealth creating/consumption process.

Relaxing the levels of Income Tax and VAT can be achieved by taxing land instead. The last exercise suggested a 1988 income from Land at about £110 thousand million plus. The CAP also needs overhauling as dear food also hits the poorest most.

Attention was drawn to the UK's lower investment in fixed capital and the huge proportion borrowed against housing. No mention was made that if LVT was the norm that housing costs and thus borrowing would be lower thus releasing funds for more wealth creating, job creating investment. Needless to say that negative equity would not arise.

Adam Smith's views were rightly quoted but why overlook his comment that land is the best candidate for taxation? Even Milton Friedman thinks it is the least worse tax!

**John James,**  
London

Sir, I am glad to report two minor break-throughs for Henry George and his ideas, which have long failed to have been given the respect they deserve:-

1. "Laissez Faire Books", based in San Francisco, has started to list *Progress and Poverty* as one of its great works on liberty available for purchase by mail order. Since they are a predominantly libertarian/conservative/Austrian organisation and publication, this is very good news. It is also worth mentioning that Fred Foldvary's works are also now listed in the catalogue. Fred is a distinguished Georgist and Austrian economics professor in the USA.
2. Published in America is a work by Charles Sprading called *Liberty and the Great Libertarians*, which has chapters on individual champions of liberty, including Edmund Burke, Thomas Paine, John Stuart Mill, Abraham Lincoln, George Bernard Shaw, Pyotr Kropotkin, and - hurrah, hurrah, Henry George!

It is gratifying to see that George is heralded as a true champion of liberty and not misrepresented as a socialist.

These are small bits of good news.

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**THE EDITOR** welcomes letters from readers, which should be kept as brief as possible and addressed to:  
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