

Only too often of course other things are not equal and poorly developed properties on valuable land attract a low Schedule A Tax as they attract low rates. However to abolish Schedule A is to abolish a partial tax upon the rent of land and the revenue required to make it good must come from taxes upon labour and capital.

When the dust has settled, although some may benefit as landowners and suffer as taxpayers in varying proportions, the underlining principle remains; there will be a shift of taxation from land on to production.

Let us abolish the Schedule A Tax by all means, *but not without substituting a tax upon land values.* The majority of small home owners would not be any the worse off. A *one-hundred per cent.* tax on land values would take from £40 — £50 per annum from the owner of a freehold three bed-roomed suburban house, and the relief from other forms of taxation, made possible by the collection of the land-value tax from other quarters (notably the highly valuable city land) would more than compensate. One may take any percentage and reach the same conclusions.

"Answer" to Land Speculators

The outcry against land speculation in recent years was brought to a head by the spate of take-over bids, in the middle of 1960, when hardly a newspaper was without daily reference to it. The outcry, though less intense, has not subsided, and the Government has been under continual pressure from all quarters to do something.

Conscious of the need to make some concession to public opinion, the Government has thought about the matter and, making a virtue of a necessity, (and carefully side-stepping the real issue) has come out with a Capital Gains Tax as the "answer" to land speculation.

The Chancellor did not even pretend that his tax (on profits made on share deals completed within six months, and land deals completed within three years) was anything more than a gesture. The tax was *not* for revenue purposes he said, but "It would give a greater sense of fair treatment between taxpayers".

We did not expect a tax on land values, but we may hope, with some justification, that eventually the Government will, in spite of itself, be driven to take notice of the ever-increasing demand for the *rating* of land values, the sentiment for which is mounting steadily.

INTERNATIONAL UNION FOR LAND-VALUE TAXATION AND FREE TRADE

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IN PARLIAMENT

A Warped View of the Cotton Industry

THE FUTURE of the cotton and textile industry was the subject of a debate in the House of Commons on March 16. MR. DAN JONES (Labour, Burnley), although concerned with the wider view, focussed attention on to North East Lancashire. He claimed that the position of the capital assets and finances of Burnley was being progressively worsened and stated that the population had decreased during the last decade by nearly 10,000. In addition, the contraction of the industry caused by the Government's Re-organisation Scheme which was instituted in 1959, and the increase in importation of cotton textiles into the country by 40 to 60 per cent. had led to "a constituency problem of some magnitude."

These statements were largely contradicted when he admitted that there was little or no unemployment in the area, vacancies were being advertised, and those made redundant by the Schemes had generally found employment elsewhere.

Referring to an increase in imports of 200 million yards of cotton cloth from non-Commonwealth countries, Mr. Jones said that manufacturers and importers were buying this cloth, processing it and sending it out ostensibly as stuff that has been manufactured in Lancashire, with the excuse of "amortizing costs." He remarked: "This is the thin end of a most dangerous wedge which can destroy the industry if it is driven hard enough." He wasn't concerned apparently whether or not this suited the manufacturers.

About Britain's entry into the Common Market, he had serious misgivings but felt the industry should at least be, "almost massively re-equipped," to meet the challenge, and that it could not possibly compete with European countries with the present scale of importations from Commonwealth areas.

He said there was now a crisis of confidence in the industry and he wanted the Government to answer three questions: the first, whether the situation was satisfactory; the second, if excessive imports were the main contributory cause, and the third, what the Government was going to do about it. He said that the industry had contributed to the balance of payments between 1945 and 1951; that it was essential for our well-being, and that it now sought fair play and not *dispensations*. And he followed with other such platitudinous, if not ambiguous generalities.

The industry may incidentally have helped the balance of payments, but as displaced workers have found other

employment, to whom is it essential that it should receive artificial respiration or succour by subsidies? Not the consumers, certainly, for they must have benefited from the cheaper cloth, from abroad. As for seeking "fair play without dispensations" this, logically, can only mean free trade, something obviously beyond the ken of Mr. Jones. He concluded with the argument that the economy of Burnley is balanced on three pegs:— coal, cotton and light engineering and that these must not be dislodged. Thus, whatever the future holds, coal, cotton and light engineering must continue to support (indefinitely?) the economy of the area. No lesson has been learnt, however elementary, from the example of, say Luton where new industries flourish and grow as the fashion for wearing hats (among men) gradually declines.

In replying for the Board of Trade, Mr. Niall MacPherson described how the Cotton Re-organisation Schemes were designed to enable the industry to compete with other countries. The reason he gave for allowing Commonwealth free entry was that it helped to increase their standard of living. (What about ours?). He also added that as we depend on exports it is necessary to try to remove obstacles to trade. This makes more sense and would be common knowledge even to children if monopoly interests had not perverted economics to suit themselves. The Schemes included in the 1959 Act were intended to encourage the industry to modernise by scrapping and replacing. Nearly half of the total installed capacity in spindles and two-fifths of the looms were scrapped at an estimated cost to the Treasury of £10.6 million. Mr. MacPherson confirmed that all the labour displaced had no difficulty in finding new jobs.

The other side of Government assistance involved Government grants for re-equipping and modernising, up to one quarter of the cost. So far 697 applications involving grants of £10.1 million had been received, but this was unfortunately below expectations, due, so the Parliamentary Secretary thought, to lack of confidence. (Confidence in whom?)

Mr. MacPherson indulged in considerable statistical juggling with the import figures in order to justify Government actions. Nearly 60 per cent. of cotton imports come from Hong Kong and Spain and are limited by inter-industry agreement, while imports from Japan, Formosa and the Sino-Soviet bloc are subject to control by quota. Piece goods are imported from Western Europe, the United States and Canada. Should imports again increase, the President of the Board of Trade would consider what action should be taken under the Short Term Geneva Agreement, although as from September next, a five-year agreement will take effect which, if accepted would: "Be subject to the reservation that it (the Government) would not be committed by the Arrangement to allow increased access of low-cost textiles to the British market." How does this square with the statement that: "We are bound to remove obstacles to trade?"

The Parliamentary Secretary emphasised that restraint

on Asian Commonwealth countries would be necessary throughout the period of re-organisation and re-equipment of the cotton industry. He said: "There is no certainty in this world, and it is not possible to give the cotton industry—or any industry, for that matter—complete certainty as to the future." And he added that at present, owing to Common Market negotiations, there is more than the usual uncertainty.

Then came the following priceless statement: "Although low-cost imports now account for about 30 per cent., of the market . . . the remainder of the market is there for the industry to win in competition with countries whose standards of living are much the same as our own, providing it re-equips." An odd kind of "competition" considering that the re-equipping is nothing but a subsidy. And what has "equivalent standards of living" to do with it since we apparently need protection also from countries with a *higher* standard of living (for instance cars from the U.S.A.).

From both Government and Opposition comes a mixture of muddled thinking and special pleading seeking to mask the interests of specialised sections of the community, whether these be employers or employees. Neither side seeks to apply a clear principle to economic problems of this kind and stick to them. Almost accidentally, some one says just the right thing and we get a shaft of light on the whole problem, but these lapses are very soon clouded over by subsequent remarks.

This issue is simple. Either trade is good or it is bad. There can be no half-measures. When half-measures are resorted to, the situation becomes farcical and absurdities spring up like mushrooms.

Legislation for Privilege

BEFORE duties can be imposed under the Customs Duties (Dumping and Subsidies) Act, 1957, the Board of Trade has to be satisfied not only that dumping or subsidisation is taking place but that this is causing or threatening material injury to a British industry and that action would be in the national interest."

This is the official view put forward by the Parliamentary Secretary to the Board of Trade (Mr. Niall MacPherson), when the House on March 21, was asked to approve an anti-dumping duty of £3 per ton on ammonium sulphate originating in the Soviet Zone of Germany.

A short-term gain from buying in the cheapest market, enables the consumer to raise his living standards, for as a result of the gain he can demand other products. Whether or not the goods he buys have been subsidised abroad should not concern him. Nor does he need "protection" from a lower cost of living in the "national