

LAND & LIBERTY

Editor: V. H. Blundell

MAY, 1962

SIXPENCE



EDITORIAL

Lloyd's Lucky Dip

A PART from the Capital Gains Tax and the promise to abolish Schedule A (Income) Tax for owner-occupiers of residential property, there was nothing original in last month's Budget. The lesson to be learned from the Budget is contained neither in statistics, nor in the political justifications for selecting this or that item for favourable or adverse treatment.

The lesson lies in this, that as every Budget day comes and goes, the belief is becoming more deeply entrenched that it is the State's special function to "run" the economy; that without the State to restrain with one hand and push with the other the economy would disintegrate and leave society at the mercy of *laissez-faire* — the bogey of Tory and Labour alike.

Under the planned economy, the victims and beneficiaries of the Chancellor's policies are forced into the position of having to defend their own interests so that they become preoccupied more with the results of the Chancellor's "lucky dip" than with the general effect upon the country as a whole. Parliament has become a battle ground for conflicting interests with its members becoming more and more politicians and less statesmen.

We do not intend to debate the pros and cons of the minor Budget changes whatever merit some of them may have if taken within the context of the planned economy. The proposed Capital Gains Tax and the changes in the Schedule A, however, cannot pass without comment.

Schedule A (Income) Tax, like municipal taxes, is based upon the composite annual rental value of land and buildings. Though wrong in principle it has some merit in that it collects some part of land value; the more valuable the site — other things being equal — the higher the tax.

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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.

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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