

Land Nationalisation Not The Answer

LAND is the original source of all consumption and capital goods. Every article we use is composed of materials that come from land and have been worked up into the desired form by labour and capital. The use of land is therefore basic and vital to all production.

Land is not produced by human exertion, but it yields an income to the individual who claims it. The value of any piece of land is measured by the comparative advantages it offers by way of situation, fertility or mineral content.

Those who believe in equality of opportunity cannot believe that it is fair that some members of society should be allowed to appropriate truly unearned incomes, many of them quite enormous, from the possession of sites made highly valuable by the presence and activities of the community. Indeed, this proposition is so self-evident that the main obstacle to its realisation in practice is the fact that we live in a form of society which has grown up rooted in this unfairness. If we were starting afresh, free from all legally established privileges, who is there who would not agree that the value of land should be a community income and used for the benefit of all members of the community? Who would not agree that everyone is equally entitled to share in what nature provides, to share, not physically in the land by dividing it up, but in its value, in the manner that the joint owners of a house might share its rent?

Two Views

The problem is what are we to do now? Advocates of land-value taxation say: Let us establish the principle at once by taking a substantial part of the land value for public revenue. Every step taken in that direction will be a positive achievement which will make each subsequent step the easier. In this manner the ultimate goal can be attained as rapidly as circumstances permit.

The advocates of land nationalisation say: Let the State purchase the land now from those who own it and pay them fair compensation for it.

Necessary Distinctions

It is not practicable to purchase land and manage it without at the same time acquiring the buildings and other immovable things that are attached to the land. This difficulty does not exist for advocates of land-value taxation, *because the value of land can be distinguished from the value of the buildings and improvements even where they cannot be physically separated from one another.* But when it comes to acquiring the physical property in the land this separation cannot be made. Land nationalists are, therefore, in practice, nationalists of all property that is fixed to the land, such as farm buildings and improve-

ments, factories, homes, etc. They are thus compelled to abandon the distinction between land and things that have been produced — the very distinction upon which land nationalisation is based — *and the impregnable argument for recovering land value for the community is thrown away by the failure to distinguish between land values and building values.* The proposition must, therefore, rest upon the much more tenuous and highly disputable arguments that might be advanced in favour of nationalising all the means of production.

Purchase At What Price?

Moreover, land nationalisation implies that the State must acquire not merely the interests of freeholders but also of lessees, for in many cases the lessees have substantial interests, both in the land and in its value, and to acquire merely the freehold interests would leave the leasehold interests outstanding for long periods and in some cases for ever.

Thus, land nationalisation in practice is a much larger, and more expensive, operation than appears at first sight.

This brings us to the question of the price to be paid. Land nationalists say that "fair compensation" must be given to the owners of land, but there has been much conflict of opinion as to what this phrase implies. To the ordinary man it would mean the market price, the amount that the owner could expect to obtain if he sold the land in the ordinary way. But the selling value of land depends not upon the use to which it is put at the moment but upon the net revenue expected from it in the future; it is *the capitalisation of future rents*. Added to that is the fact that under existing conditions, where considerable areas of land are held out of use for speculative purposes, the market price of land is abnormally high. It follows, therefore, that if the State buys land at its market value a long period must elapse before the State receives sufficient revenue to enable it to pay regular interest upon the debt, not to speak of redeeming the debt itself.

Disputed Compensation

This difficulty has not escaped the attention of land nationalists. The proposition ceases to be attractive if the market price has to be paid, and modified interpretations have been given to the phrase "fair compensation." One is that the purchase price should be assessed on "existing use" value. But this too, has its difficulties. Existing use value is not in any way related to market value, but depends upon the actual use being made of the land at any given time. Where land is entirely unused there is no "use value." Are we to assume that in that case the State will pay nothing? Can any conceivable interpretation of "fair compensation" lead to such a result? This foolish notion of relating compensation, or taxation for that matter, to "use value" is a legacy of the notorious and unworkable financial provisions of the 1947 Town & Country Planning Act — now fortunately repealed.

Moreover, as land nationalisation involves the purchase

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LAND & LIBERTY

Editor: V. H. Blundell

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EDITORIAL

We Are Not Impressed

POLITICAL DISCUSSIONS in and out of Parliament, on "Rachmanism," rents, and house racketeering, as was to be expected, skated over the surface of the problem. Even when land, the vital factor in housing was mentioned, the best that could be done was to repeat the arguments in favour or against control of land, to which were added control of rents, municipalisation, subsidies, capital gains, compulsory acquisition, etc.

The physical provision of houses has become the business of the Government because it is able to make one section of the community — not always the most affluent — pay for the other's housing, which, of course, private builders cannot do, and so private enterprise has "failed" to provide the country's housing needs, as inevitably it must in such circumstances.

Men like Rachman flourish, not because a large proportion of houses under the 1957 Rent Act were decontrolled, but because decontrolling the remainder by dubious eviction methods has become a lucrative business, for once the protected tenant is out, the rent control goes with him.

Wherever our sympathies may lie, we have to face up to the fact that rents fixed substantially lower than market rates must inevitably aggravate and perpetuate the housing shortage. There must be thousands of tenants living today in rent-controlled premises whose rents are but a mere fraction of the amount they would have to pay if they were buying their own houses. The attraction of owning one's own house may need no stressing to a tenant, but a difference in weekly outgoings of between say 30s. and £6 a week is a factor to be sternly weighed by the head of the house. This difference in weekly outgoings can provide all the marginal comforts of daily living and more, such as holidays abroad,

motor cars, refrigerators, and all the other visible signs of our "affluent" society. The situation is paralleled in the subsidising of council houses. It does no good to blame the tenants. What has to be done is to narrow the margin between the cost of living in rent-controlled or council houses and new ones of similar capacity.

However, some people are moving from controlled houses and flats, despite the high cost of owning a house. This movement can be speeded up in the first place by decontrol of rents — with due and proper concern for established cases of hardship — and in the second place by a stiff tax on land values. The latter would end land speculation, bring down the price of land, and make more land available for building. The land-value tax would provide an income for the Government to use in lieu of purchase tax or income tax, thereby leaving people with more money to spend on housing. Those who, in

spite of tax concessions and lower land costs, could not afford their own homes would, as more people moved into their own houses, be left with a wider choice of rented accommodation.

As each strata in the population moved to better accommodation, which, although perhaps dearer, would still be within their means, the slum properties at the bottom of the scale would disappear. The rack-rented tenants, and those unfortunate people who are living in "rest" centres and in furnished rooms because they can find no other accommodation, would find housing conditions even better than before the last war, when there was a wide choice of low-rented accommodation and low-priced houses.

There can be no swift solution to the housing problem, but unless a start is made on the lines indicated the problem will never be truly solved.

NOTES AND NEWS

Another enquiry — S.V.R.; bad medicine — The worship of the Simes report — A new journal looks at land — A liberal Conservative.



NO USEFUL CONTRIBUTION

A MAZE of misconceptions and errors is contained in the section on the rating of site values in the report of the Working Party appointed by the County Councils Association to enquire into the rating system and local revenues. Even if the Working Party were able to refute the charge of prejudice, they would have to answer the charge of negligence.

The County Councils Association asked the legal and financial advisers of the Local Government Finance Committee "to examine generally the present rating system, to re-examine the possibilities of alternative sources of local revenue, and to consider whether any change should be made in the proportions of local government expenditure which should be met from national and local sources, and to report the result of these investigations to the Committee."

As a result, Mr. R. H. A. Chisholm, County Treasurer, Cheshire County Council; Mr. J. Jolly, County Treasurer, Lindsey County Council; and Mr. J. L. Hampshire, County Treasurer, Kent County Council, together with Mr. A. H. M. Smyth, Deputy Clerk, Hampshire County Council, were appointed as the Working Party, and they have carried out "the extensive preliminary general study." In this they have been greatly assisted by a report published in 1956 by the Royal Institute of Public Administration entitled *New Sources of Local Revenue* says the Introduction.

The Working Party's conclusions are:

(a) That the most fruitful field of further study, with the object of increasing the revenue of local authorities, lies in the relationship between government grants and rates.

(b) That the difficulties, social, political and economic, involved in the adoption of any of the alternative sources of revenue which they have examined are such as to inhibit, if not entirely preclude, their introduction into our fiscal system.

In examining the case for site-value rating, not only have the Working Party been "greatly assisted" by the report of the Royal Institute of Public Administration,* they have relied heavily on what they describe as the "principal source of study" — the Simes Committee report.

The Working Party have repeated the errors and the well-worn and fallacious arguments of their predecessors, and have added a few more, it would seem, for originality's sake.

They confuse the rating of site values with the development charges of the 1947 Town and Country Planning Act, with the increment tax, and with Lloyd George's land duties. And they talk of the taxation of land values as having been "abandoned" when the National Gov-

* Our review of *New Sources of Local Revenue* published by the R.I.P.A. is available as a reprint under the title *Site-Value Rating: Objections Answered*.

ernment, as a political measure, repealed the Snowden Act of 1931 before the valuation was ever under way.

They make great play with "planning value" and "market value" as though planning value did not in itself govern market value. And they are so out-of-date and unoriginal as to suggest that the site-value rate can be "passed on." No evidence is of course offered. They should have known that this point is no longer one of dispute among those (advocates and opponents alike) who have studied the matter.

The Working Party have not troubled to acquaint themselves with the economic nature of land value or with the principles of site-value rating. They condemn what they *assume* is site-value rating, and talk of "existing use value" as though that had something to do with the matter.

Ignoring the fact that the owners of land receive by way of increased land values the inestimable benefits of local government expenditure and the private enterprise and productivity of ratepayers generally, the Working Party blandly assert that site-value rating "disregards benefits received!"

Then comes the extraordinary assertion that one of the two strongest arguments for the rating of site values is that it would enable agricultural land to be rated. This is nonsense, of course. Agricultural land could be *and has been* rated without having the rating of site values, but the Working Party, having put up their Aunt Sally, proceed to state the obvious in order to "demolish" "one of the strongest arguments . . . !"

The clearest evidence that the Working Party have skipped their home-work is contained in the following assertion:

"The owner of a house in a curtilage sufficiently large to enable it to be sub-divided into separate house plots possesses an 'unearned increment' which would be brought into charge in a system of site-value rating in the same way as the owner of building land on the outskirts of a town which is ripe for development. The site-value rate might bear hardly upon him, possibly as hardly as the existing system. This is only a simple illustration of the close similarity between the defects of a site-value rating system and the present system."

This attempt to establish that there is a close similarity between alleged defects of site-value rating and the defects of the present system is absurd, and shows how vague is the Working Party's idea of what site-value rating is. As for the site-value rate bearing hardly upon anyone, this would depend entirely upon his interest in land value as opposed to building value, and this would vary from person to person. No reference, of course, is made to the landless tenant of a house with no curtilage large enough to contain anything except an outside lavatory.

The Report then goes on to speak of the "serious administrative difficulties that would arise," but makes no attempt to define them.

It is because the Working Party have — and admittedly so — relied heavily upon the Simes Committee report and upon the report of the Royal Institute of Public Administration (which in turn relied heavily upon the Simes Committee), that it makes no useful contribution to the question. Errors are repeated, and it is to be regretted that no independent and unprejudiced approach was made to this important subject.

NO FAITH IN OUR MEDICINE

SITE-VALUE RATING would be a "form of medicine worse than the disease," according to Roland Freeman, B.Sc. (ECON), a former Director of the London Municipal Society, member of Wandsworth Borough Council, and Editor of *Property*.

Writing in a new Aims of Industry booklet* *The Ratepayer's Burden — Can We Ease The Load?*, Mr. Freeman advocates that the present rate charge of £400 million for education should in future be borne by taxation.

The booklet also calls for the abolition of the entire system of highway grants, and argues that Councils should be allowed instead to keep part of the motor licence revenue they collect for the Government. The effect of this, together with the switch of educational spending from rates to taxes, would mean that in future "the proportion of money raised by the Councils themselves would become substantially greater than that granted to them by the Government."

Reviewing the past nine years of rating changes, Mr. Freeman points out that industry has been the worst hit. Since 1955 "the grand total of rates has more than doubled, the householder paying a rather smaller proportion, commerce about the same as before, while industry pays nearly four times its previous share."

"Rates are a permanent element in costs," says the author, "whereas taxes are payable on profits only if profits are made."

Under the heading "Which are the alternatives?" Mr. Freeman perfunctorily examines "the two most common" — the rating of site values and a local income tax. Both are dismissed.

After making the point (page 9) that the present rating system "penalises improvements to property," the author says on the following page that under site-value rating, the effect is to penalise the owner of old buildings or undeveloped land!

He goes on confusedly, "This may have advantages, especially in new countries where there are few old buildings and it is in the national interest to encourage rapid development of land."

"But in Britain it could mean that where the sites are of equal value the owners of an old, cheap and nasty building would have to pay the same rates as those who possess a smart, up-to-date and valuable property. Town planning decisions on the use which may be made of a site could largely determine the value of it for rating purposes."

(*The views expressed, says the booklet, are those of Mr. Freeman, not Aims of Industry.)

"The Rating and Valuation Association is now about to conduct the first survey of its kind in this country (based on Whitstable, Kent) and it will be instructive to see whether the evidence shows, as one would suspect, that this method of calculating rates would be a form of medicine rather worse than the disease."

Mr. Freeman ought to study the rating of site values more closely; he would then realise that it would further the aims of industry far more than switching the rate burden on to national taxation — which industry would have to bear in the long run anyway.

FOLLOW MY LEADER

THE AUTHOR of the booklet *Relief for Ratepayers* succeeds no better than his contemporaries in making an objective and independent assessment of the rating of site values.

The booklet (Hobart Paper No. 20, 6s.), is published by The Institute of Economic Affairs and is written by Mr. A. R. Ilersic, Lecturer in Social Statistics, University of London.

Eight pages are devoted to the chapter "Alternative Sources of Revenue," which are: (1) assigned revenues, (2) rating of site values (disposed of in three-quarters of a page), and (3) local income tax. None of these is acceptable to the author. Instead, he proposes the elimination of selective reliefs, including that on agricultural land.

The Secretary of the United Committee wrote to the Director of the Institute, Mr. Ralph Harris, and to members of the advisory council, one of whom is Professor Colin Clark, commenting on the statements made by Mr. Ilersic regarding site-value rating.

The letter made the following points:

1. The rating of site values is not advocated as an *additional* source of revenue, but as an *alternative* source.

2. The Lloyd George Act was *not* the rating of site values. It imposed duties of a different nature, and was not at all to be compared with the 1938 L.C.C. Bill.

3. The statement in the booklet that "the notion underlying site-value rating is that the ratepayer's contribution to the rates is determined not by the value of the building but by the value of the land upon which it stands" is misleading. Under the rating of site values only the *free-holder* and those who enjoy indirectly the rent of land through a long lease with a fixed low rental would contribute to the rates. People with no direct or indirect holding in land *would pay no rates*.

4. It should be self-evident that valuing sites alone is much easier than valuing every individual building. "Serious difficulties" of administration are purely imaginary.

5. The author's worst error is contained in his reference to the 1947 Town and Country Planning Act, where he suggests that the development charges were a tax on land. The simple fact is that the development charges were a charge on the *use* of land — taxes on development. Not by any stretch of the imagination could the development

charge be regarded as a site-value tax or increment tax on land.

The trouble with writers on the subject of site-value rating is that they all read each other — never doing any original thinking or taking the trouble to verify their facts.

In correspondence with the Secretary, Professor Colin Clark said that he was entirely in favour of the taxation of site values, and that he would do his best to keep the issue alive in academic circles.

The United Committee's reply to the Report of the Working Party of the County Councils Association was sent to County Councils, county newspapers and the national Press.

"ANOTHER LOOK AT LAND"

AN IMPORTANT SERIES of three articles under the above title recently appeared in *Building Industry News*. The author, John Spencer, who, incidentally, is quite unknown to us, presents the case for the taxation of land values on three full pages, with photographs. The *Building Industry News* is a trade journal which, though less than a year old, already claims a wide readership among builders, surveyors, architects, local government officers and others engaged or concerned in the development of land.

Referring to the measures which have been taken in the past, and those that are proposed by various bodies of opinion today, Mr. Spencer says: "Conservative policy on land is *laissez-faire*, based on the false notion that the present market operates in free conditions. Restrictions arising from enclosure in fact inflate land values, distort the market, and give rise to ideas of limited resources, fixed capacity, and the need for priorities. Releasing small amounts of land ensures that the maximum price obtains in a scarcity market, where supply is far less than demand. Releasing land does not restrain prices, which inevitably soar as active development increases, population grows, and space and living standards rise."

On the other hand, "The defects of Labour policy are those of interference, restriction, disruption, distortion, delay and compulsion, which the work of a Land Commission would seem to envisage. While part of the development value of land would go to the community, the price of land could scarcely be less where there are few willing sellers. It lets the baby out with the bath water."

Mr. Spencer's argument for land-value taxation is summed up in this paragraph: "Subsidies are merely a means of returning to the taxpayer something of his earnings already paid in tax. Instead of paying (from the same person's rate contribution) for compulsory acquisition for public ownership and re-leasing, all that is necessary is to

declare that all land belongs to the nation, and the privilege of its use should be fully paid for."

In the second article, Mr. Spencer reiterates the plight of the homeless and the unemployed, and the frustration of home seekers, builders and local authorities in the face of the ever-rising price of land and its limited availability "... reflected in the cost of buildings and the rents demanded."

"Clearly," says Mr. Spencer, "the rising cost of land is an index of the rising activity of the community. Its development value is enhanced by its limited availability." But, he asks, "What could be more penal than the price of land today, and what more sterile than industrial and housing potential unrealised through lack of building land? The land is there, but it is in private ownership. There is no law to ensure that the use of private property is consistent with the public interest ... it is the fruits of labour, the purchasing power of the many, and not the unearned rewards of idleness, which are taxed today ... Does not every man born free have roots in the soil? A natural birthright of access to land, upon which life and livelihood depend, on equal terms with any other? Is he not entitled to the full reward of his labour?"

These questions are more than rhetorical; they represent the old but renewed and vigorous appeal for justice and common sense.

"Land reform," says Mr. Spencer in his final article, "is a hot potato. What, then, will the building industry get from it? How might the results of a 'new deal' affect our existing institutions, habits and attitudes?" He then proceeds to do the natural thing; to explain how each professional institution would benefit from land reform — architects, property developers, estate agents, surveyors, planners and so on, having already explained well enough how the community in general would benefit.

We hope we shall hear more from Mr. Spencer, and that his articles will be read and discussed by those who can bring their influence to bear on the political policy makers.

A CONSERVATIVE SPEAKS

PARTY POLITICAL PROPAGANDA is not usually very inspiring — we have heard it all before — but now and again there is an exception.

A speech which gained remarkably little publicity was made by the Rt. Hon. Enoch Powell, M.P., Minister of Health, in July last. He did not speak of land reform or of free trade, but he did speak of individual liberty. This was a speech in the true liberal tradition — the kind of speech we should be hearing from Liberal Party leaders.

At a time when political differences are ceasing to be differences of principle; in an age when state intervention in the economic and social lives of the people is almost taken for granted, it is encouraging to hear the voice of a Minister speak out boldly and uncompromisingly in defence of the individual against the state.

Extracts from his speech, under the title "Faith in the Individual" appear on page 124.

LIFE AND LAND

WE ARE ALL FAMILIAR with the American "size complex;" we are forever becoming more closely associated with it. King Size, Family Size, Economy Size, and Jumbo Size are but a few scant additions to our descriptive vocabulary which have American origins. American newspapers have always been a subject of ridicule to foreign visitors who have neither the required strength of wrist nor the familiarity with the layout to get to grips with the news, which is often hidden between advertisements, short stories, features and the comic section. A recent edition of *Life International*, described as a Special Double Issue, and containing 180 pages (including advertisements) was entitled "The Land" — a title to attract the interest of anyone familiar with the work of Henry George. The magazine traces the history of the earth from its earliest form, and examines the mountains, the forests, the deserts, the poles, and man's achievements. It is beautifully illustrated with dramatic and colourful photographs. It would be impossible to read it without being impressed by the sheer beauty of nature, the infinite variety of the natural species and the courage of man. Yet throughout the 180 pages there is no mention of rights to use or enjoy the glories it presents.

The story of man's conquest of the mountains, the oceans and the desert is impressive. The ability of man to adapt himself to extremes of temperature and altitude is amazing. The Andean Indians develop tremendous lungs and have 20 per cent more blood than normal men to help them overcome the lack of oxygen at the height at which they live. As population increases so does man's ability to adapt himself and his labour to match his environment. "There is an increase in the value and importance of every natural resource. Products of the earth which were not used and needed a century ago are being pressed into service today to meet growing demands ... this trend will be accentuated. There are no longer any 'waste' spaces on earth."

To have made this statement and then to have left it without questioning the rights of monopolists of natural resources is a pity. Again, to use the words of one of the writers: "Man is the most adaptable animal on earth" — so adaptable in fact, that he has adapted himself to live without questioning the validity and consequences of the private ownership of land.

Unconcerned

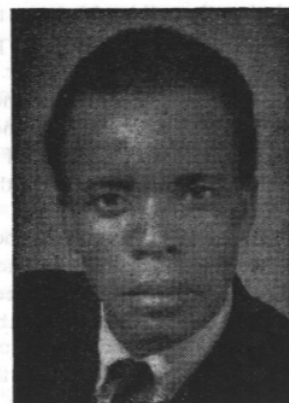
A FARMER paid £50 an acre for 70 acres of land eighteen months ago and he can now sell for £1,000 an acre, reports the *Sunday Mirror*, July 14. A spokesman at County Hall, Northallerton, commented "We are not concerned with how much the land cost or was sold for."

Land of Conflict

By CLEMENT WERE

(President of the African Tenants' Union of Kenya)

"A man may have no money in the bank, but he must have land to build a house. Land was created by God for his creatures, and no one should pretend to own large areas of land while others have nowhere to build even the smallest house. For obvious economic and moral reasons, I personally believe in possessing land, not owning land."



KENYA is a very beautiful country, rich in vegetation, minerals and wild life. It is a land of wide, flowing rivers filled with fish. The second largest lake in the world lies partly within its borders. In the centre of the country stands the great Mount Kenya, one of the world's highest mountains. Just outside Kenya's border in the south stands the famous Mount Kilimanjaro. Mount Elgon is on the western side of Kenya. There are smaller lakes like Lake Rudolf in the extreme north, and Lake Nakuru and Lake Naivasha in the Rift Valley Province. The great Rift Valley divides the beautiful country into two almost equal parts, running with few gentle curves from north to south.

On Kenya's south east lies the Indian Ocean, offering the country an excellent natural harbour, known as Kilindini Harbour, within Mombasa Town. The very large National Park full of game lies in Kenya's centre.

Kenya is a land of contrast. It has a large area in the north, almost half the size of the whole country, which could fairly be described as a semi-desert; a land where rain might not fall for a year. This wide area is not thickly populated, and the inhabitants are certainly not agriculturally minded, because of the dry climate.

But the modern man in Kenya sees the North not as a wasted land, but a good contrast making Kenya less monotonous. He is also confident that with modern agricultural techniques like irrigation, the land will be made fertile. There are also high hopes that the land contains natural resources such as minerals and oil. In short the modern man in Kenya views it as a land with lots of potential wealth and life.

This is the Kenya which attracts multitudes of settlers and tourists from all over the world — the land which has been described as "a land of conflict." The beauties and contrasts, as well as the potential wealth, have really made it a land of conflict. All the political and social noises from this country come about as a result of these beauties and contrasts. With Kenya approaching independence these noises have doubled, if not trebled.

The main cause of strife is land. Mau Mau was not warfare resulting from the Africans' primitiveness. It was

a war resulting from dissatisfaction with the system of owning land. Kenya being mainly an agricultural country, it is my great conviction that unless some clear straightforward policy is established for the use of land in Kenya, the troubles are bound to continue. And I am fully convinced that any political, economic or social policy in Kenya which chooses to avoid or to be vague on the land question is worthless.

This is the reason why we members of the African Tenants' Union of Kenya (a non-political organisation) have found it rather tame to serve a large section of Kenya's tenants without touching upon the fundamental basis of Kenya's life — the land. And this is the main reason why our Union is very much interested in the taxation of land values. In short, we are looking for a land policy which will suit our country and all its inhabitants. We are determined to learn more about the policies of landownership and tenancies as well as the right use of land.

I would like to point out that traditionally the Kenya African did not *own* land but *possessed* it. The African had no title deeds. He saw the land not as personal property but as a personal possession. The African, especially in Nyanza Province where I was born and grew up, had no grazing boundaries for his animals. He was free to cut grass from any field for thatching his house. He was free to get pottery clay for making his cooking and eating utensils from any clay field. All these were free, and in most parts of Kenya this policy of citizens enjoying all the natural gifts of God free of charge still continues and the people, including myself, value it highly, especially the freedom to fish in our beautiful lakes and rivers. But remember, the catches we make from our fishing are our own property, which we can sell or give to whoever we please. So whenever you hear an African cry for freedom he still thinks in terms of traditional freedom, freedom to produce. The policy is good and Godly, but what is needed is a method of applying it within a modern economic system.

The modern civilisation with its system of ownership, where man tends to call everything property, is completely

new to Kenya Africans. Very soon the human race, influenced by the policy of making everything capable of private ownership, will start claiming the ownership of the moon, the sun, and even the stars. Already modern man "owns" air-space above his land, and water in the oceans, seas, lakes and rivers".

I was reading in one of our local libraries when I came across the aims and objects of the publishers of *LAND & LIBERTY*. I so much liked their modern approach to land problems that I decided to introduce them to my Executive Committee, which, being equally impressed, insisted that we write to them for a more detailed policy and literature. We are keenly studying the policy with a hope that it may in the long run be the accepted land policy not only in Kenya but in the whole world. We find that the policy is, in fact, the traditional Kenya African policy *modernised*. My Executive Committee was more encouraged by the fact that the policy has made a small beginning in Jamaica.

A man may have no money in the bank, but he must have land to build a house. Land was created by God for his creatures, and no one should pretend to own large areas of land while others have nowhere to build even the smallest house. For obvious economic and moral reasons, I personally believe in *possessing* land, not *owning* land. With the rapidly increasing population, I believe it is in the interest of all humanity to adopt the policy of non-ownership of land.

Readers in Europe might be interested to learn of my personal view on the white farmers in Kenya.

It is a fact that the land in Kenya was badly acquired by the white farmers as they did not consult the then owners or possessors of the land. It is only natural that the original owners or possessors demand their land to be returned to them. It is also an economic fact that the white farmers have contributed a great deal to the present prosperity of Kenya. And for quite some years to come their presence in Kenya is vital. What Kenya needs, therefore, is a just and straightforward policy that will satisfy both the Africans and the white farmers without wrecking the economy of the country.

My personal policy on land, therefore, is that all the unused and Crown areas of land be distributed to the landless Africans, and loans as well as technical advice be given to them to develop the land. For the same reason, loans and technical advice should also be given to those Africans already having land.

It is also my firm personal view that the developed lands now in the hands of white farmers should remain so, as long as the white farmer concerned will remain in Kenya — and every encouragement should be made for him to stay on and even make Kenya his permanent home. But should the farmer wish to go of his own choice I shall personally be sorry to see him go; but I do not think it is just for the taxpayer to compensate him for either land or property or developments made on the land. He will, however, be free to arrange for

compensation from *private interested individuals* or organisations. There will be exceptions to this law, especially where a farmer must go for genuine reasons such as health or bankruptcy or such reasons as will be seen fit. In such approved cases the Government will compensate the farmer for property and developments but *there will be no compensation* for land as such.

In the case where a farmer, of whatever race, is asked by the Government to leave his land for the good of the nation, it is my strong view that such a farmer, whether white, black or blue, be compensated for both his property and developments but not for land. Where possible an alternative piece of land could be offered him.

To conclude, I wish to state here that the Kenya African is very much willing to stay as a good neighbour with his white and brown brethren, but on condition that none of the brethren shall claim privileges because of his mere colour. I am convinced, and I think many Africans are convinced, that God is determined to mix His children in the whole world, and that any human effort against this determination is as wasted as is the human effort of trying to prevent ultimate death.

The greatest challenge to modern men is how they can live together in peace without minding the mere colour of their bodies, like cattle in the grazing field — black, white, brown, spotted — who just do not care.

At the moment we human beings are worse than animals before God.

FACTS FOR THE FINGERTIPS

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The Great Modernisation Myth

By E. P. MIDDLETON

JOHN MAYNARD KEYNES would be proud, were he here to indulge so human a quality, at the plain, if unadmitted, tribute to his theories contained in a recent publication of the U.S. Information Service.

This is titled *Modernisation in the U.S.A. — the Roosevelt Years*, and its author, David Cushman Coyle, is a man with an impressive list of publications to his credit. This handsomely got up pamphlet reads like a sort of parody of post-revolution propaganda from either Russia or China; no doubt inspired by this kind of national chest-thumping.

Indeed, the very symbol of revolution is used by Mr. Coyle on the first page of his fascinating history of the "Roosevelt Years." He even implies that the U.S. was ripe for revolution in 1932, while omitting, through some extraordinary myopia, to note the significant fact that this situation could arise in the "Land of the Free" fifteen years after it happened in Russia, land of tyranny and serfdom.

Mr. Coyle's thesis is that the U.S., in the hands of the "rugged individualist" administrations up to 1932, had come to the brink of ruin and revolution, and that Roosevelt appeared, like the Maid of Orleans, at the moment of crisis, to save the nation with a new concept of government.

Mr. Coyle is so sold on the imaginative uniqueness of the "New Deal" that he uses the term "modern" and its variants constantly to describe it — about twenty times at a rough count. He does acknowledge a debt to European "modern" techniques (like unemployment insurance), but these "had to be modified to meet the peculiar circumstances of American life."

The reason for the collapse of the U.S. economic system was really that progress in social and political development had not kept pace with technical progress. There was mass production but "insufficient mass buying-power." The cure, Mr. Coyle makes clear, lay in the rapid adoption of such "inventions" as the legal rights of labour and a national system of social security.

"Why," asks Mr. Coyle, "had the U.S. lagged so far behind the other industrialised nations in the establishment of social security?" Because it still clung to outmoded traditions; like the concept that it is "wrong for the national Government to do anything for the people if State Governments can do it," and the pioneer tradition of independence, "heritage of a nation of farmers, where people took care of their own families and helped their

neighbours in time of trouble, but had little or no use for government help."

"Many influential citizens still cling to this tradition," says Mr. Coyle, "especially among those who pay heavy taxes and those who have financial interests that they do not want to be regulated." Those who clung to these outmoded traditions "had to give way to the pressure of conditions."

So the great "modernisation" began — with social security, which, of course, could only be administered by the central Government, since it alone "had enough taxing power to carry the load."

Under the heading "Land Reform," we are given the story, not of the one great revolutionary step which would have had any real validity and lasting value — collection of the land rent — but of how the Maid of Hyde Park and his band of "Modernisers" saved the nation's agriculture so that it could enjoy the fat future years of subsidy and state-purchased surpluses. The weapons in this shining armoury were the Farm Security Administration, which "bought large tracts of land" for re-sale to farmers on easy long-term purchase, and "Supervised Credit" at low interest rates. Mr. Coyle states that one of the troubles that affected U.S. agriculture before "modernisation" was that it was "so productive that the crops often glutted the markets." Post-modernisation "rescued thousands of low-income farmers and turned them into independent proprietors with a rising standard of living," despite the fact that it was the existence of these "independent proprietors" which Mr. Coyle tells us represented one of the major obstacles to "modernisation" in the past. "To be sure," we are told blandly, this "added to the problem of agricultural surplus — but that is a common problem in well-developed free-enterprise agriculture." (My italics.) You can't, presumably, blame "modernisation" for that.

We are next led through the fairy-tale land of T.V.A. and the Soil Conservation Service until we come to the territory of Human Conservation, with its fascinating byways of the "Domestic Peace Corps," — the C.C.C., and the W.P.A., with its "crash programmes" of finding walls for mural artists to paint, decaying manor houses for architects to restore, and camp audiences for out-of-work actors and musicians to entertain and culturise.

But "modernisation," to be a thoroughly well-rounded job, had to be applied in the higher mysteries of Financial

Policy. "In 1929," says Mr. Coyle, "the Government had no institutions for stabilizing the economic system. Most of the leaders of finance and big business were confused (*sic*) by traditional notions of what the Government ought to do. Their principle illusion was that a balanced budget would so encourage investors that they would begin to build new factories and apartment houses, thus creating employment and launching a new wave of prosperity."

Before 1933 the U.S. was "saddled with a banker-controlled monetary system based on the gold standard." With the mounting depression, this system was only an obstacle to modernisation, which needed a flexible money machine by which the currency could be managed by the Government, with power "to inflate or deflate the circulating paper money and bank credit according to the public interest." (My italics.)

And thus we arrive on the broad open plains of the Country of the Blind — the "science"-blinded victims of Keynesism. There were too many factories and too little market for their produce. "What was needed was an expansive government policy. The Government needed to increase the quantity of money in circulation and the new money needed to be distributed to the unemployed and the other poor . . . who would buy the goods" etc. And so the U.S. got its built-in stabilizers "which automatically come into action both to cushion economic decline and to restrain over-expansion. The built-in stabilizers work when business is poor to cause a Government deficit and distribute money to the general public, to prevent a dangerous collapse of the consumer markets."

And the built-in stabilizers? These tools of modernisation? Well, there is Social Security — it helps "to sustain the buying power of the unemployed" — and "various forms of insurance, such as the Federal Deposit Insurance Corporation, to prevent the disappearance of people's savings in hard times." And "\$47,000 million of federal savings bonds held by working people which they can turn into money if need be at the expense of the U.S. Treasury."

"Finally, the principle is well established, even though still denied by traditional extremists, that the cure for poor business is first of all an intentional increase of buying power produced either by cutting taxes or increasing government expenditure, or both." (My italics.) Mr. Kennedy is at the moment aiming to do just that.

The Roosevelt Years are the years in which the U.S. was dragged out of the abyss of its own digging by a visionary who was enabled, through the prostration of the nation, to lay the foundations of an edifice, the architects of which were Beveridge and Keynes. They in turn derived their ideas from Fabian Socialism, the London School of Economics and the *mélange* of European mixed-up pseudo-economics which produced, among other things, Hitler, Mussolini, the second world war and the cold war.

To describe this process as "modernisation" is surely just about the last word in double-think.

L'Impôt Unique

L'IMPOT SUR LA VALEUR DU SOL: OBJECTIONS ET REPONSES is the title of a new publication written by M. Max Toubeau, secretary-general of la Ligue Française pour la réforme foncière, fiscale et le libre échange.

By FRANK DUPUIS

IN THIS attractively produced booklet of forty pages, the commonly-met objections to land-value taxation are tabulated under ten headings, and answered briefly but effectively.

After a short introduction explaining that a land-value tax is not a mere land tax, and that the object is to replace not add to existing taxes, M. Toubeau examines the common view that justice has no relation to taxes, which are inevitably unpopular, and that the only fiscal problem is to obtain revenue as unobtrusively as possible, so as to disarm resistance. He shows how in practice such subterfuge always fails to allay the sense of injustice, and leads ultimately to dangerous social consequences.

Land or property taxes as at present imposed are justly resented because they penalise the owner for his industry and improvements. A just system must distinguish between the value of the improvements on any particular site and its "social value" or economic rent, which exists independently of any contribution made by the owner. Land is the indispensable requirement of humanity, its extent is limited, and monopoly of this essential element reduces society in general to dependence upon the owners.

The anomaly of present arrangements becomes obvious in the spectacle of valuable land held out of use for speculative purposes. The needs of society in general inevitably increase the value of such sites, enabling the owners to pocket vast sums without making any contribution to production. By collecting these sums for public purposes justice would be done, monopoly abolished, and the improvements made by estate owners could be relieved of the penalties at present imposed. Recognition of the justice of this policy can be traced in the records of earlier, simpler societies, notably in the *grundskyld* of the Vikings.

To meet the objection that a national land tax had long been in force in France but produced such an insignificant return that it was repealed in 1948, M. Toubeau examines the history of this tax in relation to the full economic rent of land. In 1790, under the influence of the Physiocrats, an attempt was made to value land alone, but this was never completed, and subsequent fiscal history has seen a decay both in the methods and administration of land-value taxation, and a transition from direct to indirect taxation. All that now remain are a few trivial and arbitrary land dues for local purposes. Estates are sometimes valued for fiscal purposes, but no machinery exists for establishing the true value of land. Neverthe-

less, by reference to some current values of various types of site and the total area of different categories of land in France, M. Toubeau adduces a sufficient basis for demonstrating the immense contribution that a genuine land-value tax might yield to the national revenue.

To the objection that any tax, good or bad, will always be resisted by the interests affected, and taxes on commodities, as least evident, are therefore the most practicable, M. Toubeau answers that no real reform can ever be expected to escape opposition from those who profit from the abuse, but in the long run a just tax, which necessarily conflicts with fewest interests, should meet with least resistance and help to remove the cause of other social conflicts.

Under land-value taxation the overwhelming majority of interests, everyone engaged in productive labour of every form, and everyone to whom the cost of living is of consequence, would gain, and the intractable difficulties and conflicts set up by the effects of bad taxation would disappear. The ever-rising cost of living and producing, and the ever-increasing artificial shortage of land, are the two great, immediate difficulties that tend to strangle the national effort. It is precisely these two problems that land-value taxation is calculated to remove. As it is imposed irrespective of development on the particular site, land speculation would be pointless. Every estate owner would be obliged to put his land to its most profitable use, and he would no longer be penalised for his efforts. All industry would be stimulated and facilitated, while society would enjoy a source of revenue which grows automatically with material progress, and no revenue would be lost either by the fraudulent returns or great expenses involved in collecting revenue by present methods.

To the objection that the tax would fall entirely upon land owners, and that others, even with large incomes, would escape, M. Toubeau points out that everyone without exception occupies land and uses natural resources directly or indirectly, and no system can change this essential condition. Under land-value taxation tenants would still be obliged to pay rent to the owners of the land, but every land owner, having to put his land to its best use in order to be able to pay the tax on it, would be equally obliged to find tenants. From this automatic equilibrium fiscal justice would ensue, and every tenant and every estate owner would be relieved of the penalties now falling upon development and productive industry.

To the query why a reform for which so much is claimed has not already been recognised, M. Toubeau quotes in France alone the proposals of the great engineer Vauban, the physiocrat Quesnay, the illustrious statesman Turgot, and the same reform, under the title of Metric Tax, put forward by A. M. Toubeau in 1880 before the works of Henry George were known in France. This Metric Tax was acclaimed by the celebrated Russian reformer Prince Kropotkin. In addition M. Toubeau cites the works of Henry George, endorsed by Leo Tolstoy and by eminent French economists such as Charles Gide.

He gives a brief description of the successful application of this method of taxation in Denmark, Australia, New Zealand, and parts of California and Pennsylvania. He emphasises that, although in none of these examples anything approaching the full land value is collected, experience shows that the reform is easy to apply, that it can be applied progressively without disrupting other social arrangements, and that where local communities have the opportunity of witnessing the benefits, they demand its extension.

M. Toubeau concludes this convincing pamphlet by an analysis of the gross returns of present taxation in France. He suggests how, in addition to the stimulus of even a small land-value tax, the proceeds might most effectively be applied to reducing the present burden of taxation.

Voters Demand Site-value Rating — And Get It

IN MARCH 1963 a poll to change the system of rating to the unimproved value of land was taken in the County of Manukau, reports George M. Fowlds in *The Standard*, Sydney, N.S.W. Manukau, is a large semi-rural district about eight to twenty miles south of Auckland, New Zealand, and is the second largest county in the country. Votes in favour of the change were 4,292 and against, 1,719 — a majority of 2,573.

Due to the tremendous growth of Auckland, which has now over 500,000 people, there is considerable subdivision of farms taking place in parts of the county. Hitherto the local land owners have bought and sold land at so much an acre, but now they are readily selling it at so much a foot frontage. When an active group quickly secured signatures of the necessary 15 per cent of the ratepayers to a petition demanding a poll, the local farmers took fright at the prospect of having to pay higher rates.

Through the local branch of the Federated Farmers organisation they consulted a solicitor about getting an injunction to prevent a poll, something which had been threatened before but never proceeded with. But they wisely accepted advice that such action would be very improper, and nothing more was done. Despite the fact that there is still a system of plural voting of from one to three votes according to the value of the property, the change was overwhelmingly carried.

In the Dominion, 1,789,000 people live in 239 local districts which exempt improvements. 373,000 people reside in one hundred districts which rate on the capital value, and 251,000 people live in fourteen cities and boroughs which rate on the annual or rental value.

Altogether a total of £28,000,000 is collected annually by way of rates on the unimproved value of land, in addition to £1,500,000 taken by the State through the national land tax.

Palliatives Pay No Dividends

"To come to grips with this problem, tangled as it is with so many others, one must first understand the nature of our society and recognize the factors that have caused it to develop along false lines".

By JULIA BASTIAN

THE "HAPPINESS" OF A NATION is a difficult assessment to make, but it seems clear that our own people, and a good many others, are growing more unhappy, more unruly, "openly hostile to authority in every form." The Teddy-boy problem is one symptom of this distress, possibly a sign of sickness more serious than we realise. One is tempted to push the subject out of mind, and not to admit to the fact that a wave of youthful lawlessness is actually bothering people around the corner.

One-time literary editor of *Tribune* and writer of some reputation, T. R. Fyvel has not pushed the subject out of mind, but has done his best to come to grips with the whole "Teddy" problem. His special study of rebellious youth in the welfare state sets out with a good deal of genuine charity the plight of young people in present day society.

The first part of the book, *The Insecure Offenders*, (Penguin, 5s.) puts us right in the picture. We are taken to observe the Ted's activities at close quarters — in dance halls, late-night cafes, in the shadows of back alleys, and in the light of the commercialised and artificial living known as "street culture." In such an environment the newspapers he reads are concerned primarily with sensation, the excitements of gambling, crime, and sex. Television offers the get-rich-quick quiz, or violence dished up in a gangster film. The licensed betting shop supplies hope — of a kind. Life seems without point or purpose for the youngster; to him it is nothing more than a materialist's world where everything is measured by the yardstick of money. Little wonder then that youths and girls of the 1960s see their world as if in caricature.

Is this "culture of the streets" directly linked with the steady growth of Britain's Borstal population? Fyvel thinks it is. He explains it as part of a new phenomenon not only reflected in the waves of mob hooliganism and juvenile crime, but in the beatnik movement, the writings of angry young men and the general feeling of malaise and discontent.

But it strikes him as quite extraordinary that the steep increase in juvenile crime has occurred against a background of expanding welfare services. Take for instance the years between 1953 and 1960, which provided full employment, high wages and rising mass consumption — especially on the part of the young. By 1960, we are told, a quarter of the population was living in council houses or flats. (No mention, however, about the living conditions

of the other three-quarters.) To give some idea of the sharp increase in crime, the author compares the figures for Borstal — 2,800 in 1956 and well over 5,000 by the end of 1960. And to cope with the young offenders of our New Age, we embark upon the biggest prison-building programme for years.

Apart from actual law-breaking, the 'fifties produced the astonishing gang life for working class youth, who were openly hostile to authority in every form. The Press soon elevated this gangsterism to the status of a national problem, and everyone became familiar with inter-gang warfare, the fashions in Teddy-boy clothing, flick knives, bicycle chains and other offensive weapons carried "for defence."

The movement in Britain is but one expression, it seems, of a great new wave of aggressiveness sweeping around the world. It is to be seen in the toughs found on the sidewalks of New York, the dressed up *Halbstarken* in Germany, the *blouson noirs* boys in Paris, and the adolescent bands in places as distant as Moscow and Japan. Even Sweden, neutral during the war, and now enjoying the most developed welfare state in Europe, is affected.

What is the cause of it all? Fyvel, as a good psychologist, first traces the problem back to the lack of security which is the lot of many a deprived child. Without love, and the happiness of a secure home life, he grows up to feel a sense of rejection. Such a child is emotionally adrift and quite unable to forge any firm ties with either family or society. Rejecting both, he is suitable material for the lawless gang. So much for psychology. But we must look further and ask why such an appalling number of children suffer from "deprivation." Why are homes broken? What causes all the unhappiness that leads to poverty, unemployment, lack of opportunity? These economic questions bear directly on the security of the child. The happy child "belongs" in the family. The contented adult "belongs" in the community.

Other "causes" — not the first cause — are considered one by one. Take, for instance, the effect of horror comics on young readers. "The worst of them," warns Fyvel, "offer short courses on murder, robbery, carnage and sadism!" He also questions the need for the massive publicity and "glamour" directed at sex — from the corset ad. on the escalator to the constant stream of erotic

(Continued on page 122)

"A BARREN ISLAND with hardly a house upon it" — contemptuously so described by Palmerston in 1841 — Hong Kong now has the highest population densities in the world, and land values of the same order. Whatever one may think about the present social conditions of the Colony it is undoubtedly of great interest to examine by what means this transformation has come about. Maintenance of a free economy founded on free trade and access to land has been the predominant cause; I have already dealt briefly with the trade aspects and now turn to those of land.

Crown Leases

At the outset all land in the Colony was declared Crown Land, and this is still the position. In the first few years land was sold on seventy-five year non-renewable leases by public auction, the bidding turning on the amount of rent per acre per annum. In 1851 this principle was changed, and from then on the bidding has turned on the premium offered for a given lot which was let at a specified — relatively nominal — Crown rent per acre. At the same time, and after much lobbying, the purchasers of lots in the City of Victoria persuaded the authorities to extend their seventy-five year non-renewable leases to 999 years. Thus, although the city includes some of the most valuable land in the Colony, if not in the world — figures of up to £125 per sq. ft. (£5 million per acre) are now being obtained for a few choice sites — the increase in value is largely retained by the private interests, and the contribution to Government Revenue, apart from rates, is limited to an annual Crown rent in the order of £250 per acre.

However, land sold between 1875 and 1898 remained on seventy-five year non-renewable leases. Sales during this period included the greater part of the Peak residential district on the Island and a large section of commercial and tenement property in Kowloon, on the mainland. These leases have been falling in from 1950 onwards and their re-grant on agreed terms and conditions is making a significant contribution to the Colony's revenue.

The principles adopted in re-granting these lots is interesting. The Government wished to see the property redeveloped as well as to obtain revenue, so it decided to give lessees the option of acquiring a new lease for a further seventy-five years, subject to the payment of a premium calculated on the full market value of the land, excluding all buildings at the time of application, payment of an increased Crown rent (but one still much below the economic value), and compliance with a building covenant. At the same time any land required for Colony improvements, for example for street widening, Government schools, welfare buildings etc., was excised from the area re-granted. To ease payment problems the Government agreed originally to accept payment of the premium by instalments over the full seventy-five years, at 5 per cent interest, but more recently it has reduced the period of payment to twenty-one years, at 10 per cent

Progress of

BY A COR

"In one case where, after much delay, a mile long was constructed over some at a cost of over £100,000, the first more than recouped"

HONG KONG PART III

interest and in certain cases, such as when the property is sub-divided, these instalments have to be paid up before transfer of title can be registered.

The effect of all this is that the Government has been able to obtain land for improvements free of cost, and lay down conditions for redevelopment; further, it will secure a considerable revenue spread over a number of years — in some cases for the next seventy-five years. Due, however, to a phenomenal increase in land values in recent years, some of the re-grant premiums, calculated on market values only a few years ago, now seem ridiculously low.

Somewhat similar problems will shortly arise in connection with a further class of leases. From 1885 onwards (overlapping with the issue of the seventy-five year non-renewable leases which continued up to 1898), leases were for seventy-five years with the option of renewal for a further term of seventy-five years at a re-assessed Crown rent. This rent has to be assessed by the responsible Government officer at the full and fair value of the land (excluding all buildings thereon) on the date of renewal. Thus, while it is not possible in such cases to vary the terms, charge a premium, or adjust the lot boundaries, the annual rent will be very greatly increased, and in effect the selling value of the land held by the lessees (as apart from buildings) will, immediately after renewal, be nil, since its full annual value will be payable to the Crown. Thus any land required for street widening etc., could be obtained at that time at the cost only of compensation for buildings disturbed; if redevelopment takes place at this time, the compensation would be slight or even nil.

Leases in this category, seventy-five years with the option of renewal for a further seventy-five years, are standard for all land leased in ceded areas of Hong Kong, that is, the Island and Kowloon (other than the City lots on 999 years, and those parts of Kowloon on seventy-five year non-renewable leases). They were issued from 1885 onwards, and so have already started to fall in and will do so in increasing numbers in future years. This should result in considerable additional annual revenue accruing to the Crown.

a Principle

RESPONDENT

...ate, a new road three-quarters of a
...e difficult hilly country on the Island,
...ite sold, of roughly one acre in area,
...ed the whole cost."

THE LAND QUESTION

Disposal of Crown Land

All Crown land for commercial and industrial purposes, and most land for residential use, is sold by public auction. The Conditions of Sale specify broadly the uses to which the land may be put, the amount to be spent on development within a set period — usually two years — and the Crown rent reserved. Lots are put up for sale weekly by the Government department concerned, the number and size of lots offered being arranged as far as possible to suit demand. The Government's object has been to make land available for industrial expansion and to meet the needs of private enterprise housing. However, despite heavily increased sales in recent years, it has not been possible to keep pace with demand, and in consequence prices have risen.

Apart from public auction sales, land required for new roads and streets, for Government resettlement and low cost housing projects, for schools (both Government and private non-profit making) for reservoirs, playgrounds and welfare buildings etc., is set aside, and where necessary granted by private treaty without cost, or at much reduced cost, to the developer. Thus community spirit is fostered and not hampered or otherwise inhibited by high land costs.

But, it will be asked, where does all this land come from — has it not already been taken up or been subject to prior claims? The fact is that while most flat land in any way accessible is in use for some purpose or another, the occupier's title may be only a temporary one, or one limited to agricultural purposes only; and all hilly areas, river estuaries and foreshore remains Crown land. Thus while the Government has spent — and had to spend — considerable sums on reclamation and land formation schemes, most of the money has gone on engineering works and not on compensation to landowners. Any land which has had to be acquired has usually been agricultural land limited by lease to such use. The cost of acquisition has then been relatively low — although some of the most costly agricultural land in the world (up to £5,000 per acre) has had to be acquired in certain instances.

Experience since the war has so far been that all such schemes have shown a capital profit in a very short period,

despite a large part of the land formed having been set aside for Government projects and uses with no financial payment being credited to the scheme. In one case where, after much debate, a new road three-quarters of a mile long was constructed over some difficult hilly country on the Island, at a cost of over £100,000, the first site sold, of roughly one acre in area, more than recouped the whole cost.

Land Use Policy

The peculiar circumstances in which Hong Kong found itself after the Korean War — a swollen population, a grave need for industry to replace loss of entrepôt trade with China, and only limited resources of land — forced a policy of intensive use of such resources as existed. It was vital to ensure that no worthwhile project was held up for want of land, and that no land was held out of use or under-used. By and large, this has been achieved by the energy and enthusiasm of the people, combined with the use of the persuasive powers of a Government which is also the owner of all the land. By its command of land it has been able to build multi-storey housing estates to re-settle squatters and so free land for better uses. Intensive use has been essential, and densities of over 2,000 to the acre are common and accepted as reasonable. Much remains to be done, but while the Government retains control of the land — and there is little chance of it surrendering such control — there is every hope that much will be achieved.

Rent Control

The Landlord and Tenant Ordinance provides for the control of pre-war property at rents less than present market values. Provision is made for any landlord wishing to redevelop his property to obtain an exclusion order, subject to payment of compensation to protected tenants. The effect of this is to enable development to proceed rapidly without undue hardship to occupiers.

Land-Value Tax

In the early days of the Colony it was laid down by the Secretary of State that:

"Examination into titles should not be of too technical a nature, and where lengthened occupation or improvements can be shown, with no adverse claims from private individuals, a Government title should be granted, even if no other is forthcoming. Security for all reasonable rights in regard to land will be a great inducement to content and loyalty and to the popularising of British rule. The land question, however, by no means ends here, and there will be much left to consider after the preliminary survey is completed. The land tax will no doubt be at first the principal source of revenue, and it should be distinctly understood from the first that, as the land becomes more valuable, the tax will be subject to revision at intervals of years."

(Continued on inside back cover)



OLIVER SMEDLEY, uncompromising free-trader and libertarian, supporter of the taxation of land values, and author of *The Abominable No-Men*,

tells the story of the liberty organisations established at 24 Austin Friars in the City of London.

Oliver Smedley was a paratrooper during the war, and was awarded the Military Cross. He fought two elections against Mr. R. A. Butler, First Secretary of State. He is a first class orator. Of him Mr. S. W. Alexander of the *City Press* said: "Oliver Smedley will not be pushed off the stage, because he has a mission, and men with missions are men to be considered. He believes he has a purpose which is of immense importance to the humblest people in the land. He feels that they have been misled by trade union agitators and false prophets. His purpose is an unselfish one, and he will not compromise by a fraction in his beliefs merely to secure some temporary advantage. That in itself is something unusual in these days of the opportunist politician."

THE last day of December, 1952, I resigned from my lucrative partnership with a leading firm of Chartered Accountants in the City of London, and set up my own little flag in defence of human liberty at 24 Austin Friars, London, E.C.2. My most knowledgeable friends said that it was impossible. I would not survive. Rents were too high; I had no business to conduct, very little income, and less capital. It was gallant but futile. Discretion was the better part of valour. Take a good job, work hard for ten years, acquire some capital and much would then be possible.

But, I had just given up a good job. I was 41. I knew there was immensely important work to be done. If I waited till I was 51 I should never have the energy to begin. My knowledgeable friends were 51 and still had not begun. Stubbornly, I set about the task of building an organisation to help with the task of persuading Britain back to policies of free-trade, non-discrimination, sound money, and just taxation. Now, ten years later, I am still there. The achievements have been minimal — but I am still there. And, at last, instead of swimming against the

MY TEN YEARS AT AUSTIN FRIARS

by Oliver Smedley

tide to the point of physical, mental and spiritual exhaustion, there are signs that the tide has begun to turn.

In 1948 I had visited India for my firm and had been struck by the efficiency of the "managing agency" system, whereby with relatively small offices and staffs they provided "management" and a link with the head offices in London for innumerable separate tea and rubber plantations and other companies. My aim was to set up in London a "managing agency" for all sorts of libertarian organisations that would not have the economic resources to provide such services for themselves. The trouble was that such organisations did not appear to exist. I had, therefore, to find the right people and create the organisations.

THE CHEAP FOOD LEAGUE

My friends and I had already founded the Cheap Food League the previous year. It was necessary to create it because both the Liberal Party and the Free Trade Union, as the latter was then called, were compromising on agricultural policy, particularly with regard to guaranteed prices and statutory marketing boards. The following is a summary of the principles of the League:-

"People should have the opportunity to get the best value for their money by being allowed to buy what they want, particularly food, as cheaply as possible.

"All people have the right to decide how their own money should be spent, and in order that they may at all times have the right to buy what they want as cheaply as possible, all those obstacles which at present hinder them from buying cheaply must be removed.

"No distinction should be made between good food grown at home and good food grown overseas.

"Government Departments must make a complete withdrawal from business activities.

"A free market in gold and in all foreign currencies must be restored.

"Bulk-buying, quotas, import duties, licensing, international commodity agreements, guaranteed prices and assured markets for farmers, and all other arrangements which seek to hinder the flow of food and other goods from one part of the world to another, are contrary to the interests of the general community and must go."

After the Cheap Food League had organised the opposition at the public inquiry into the Egg Marketing Board in 1955, at which no less than 700 objectors to the scheme gave evidence, the National Farmers' Union decided to call it a day and bring forward no more of its schemes for compulsory marketing boards until public opinion had once again lapsed into complacency. They are

now talking about bringing forward proposals for a Meat Marketing Board. The Cheap Food League will be ready to take up the fight on behalf of the British consumer.

THE FARMERS AND SMALLHOLDERS ASSOCIATION

On finding myself virtually unemployed early in 1953 I threw myself into the task of building up the Farmers and Smallholders Association, which had come into existence as a result of a revulsion of feeling by honest men all over the country against the carrying over into peacetime, in the Socialist Agriculture Act of 1947, of the provisions whereby farmers could be dispossessed of their farms by local committees on the grounds of inefficient husbandry. It took a few years and a great deal of hard work by many fine men, but in the end the Association achieved what it set out to do and the iniquitous provisions were repealed. The Association was given the credit for this change in the law by the Ministers concerned in both the House of Commons and the House of Lords.

The Farmers and Smallholders Association continues its work today, mainly concentrating on attacking the high import duties which protect the monopolist suppliers of farmers' requirements such as tyres, fertilisers, binder-twine, etc.

So that were two organisations for which the company I had formed with the grandiose name of Investment and General Management Services Limited could provide secretarial facilities. I needed many more as so far there was very little income coming in and a considerable amount of expenditure going out.

THE COUNCIL FOR THE REDUCTION OF TAXATION

The next one was the Council for the Reduction of Taxation, founded in 1954 on my recovery from the first of several physical break-downs. With the help of a gift of £1,000, by far the largest contribution any organisation with which I have been associated, save one, has ever received, we soon built up a membership of nearly a thousand subscribers. We poured out literature on the iniquities of high taxation and excessive Government spending, wrote innumerable letters to the Press, addressed dozens of meetings. We still do. Our Chairman, Mr. Richard Wolfenden, who has been in the Council since its inception, has in the meantime built up direct channels of communication with the Treasury and with the Conservative Party Finance Committee in the House of Commons. The influence of the Council was seen in the recent appointment of an additional member of the Government with the specific responsibility of reviewing State spending and keeping it to a minimum. In a recent publication *Cut Taxes* we printed some most revealing correspondence between Chancellor Selwyn Lloyd and the Council, in which we succeeded in establishing the significance of the fact that budget deficits are directly financed by the printing of new bank-notes, a fact which the Treasury appear to do their best to conceal.

THE INSTITUTE OF ECONOMIC AFFAIRS

The one exception to the rule that none of our organisations has ever operated otherwise than on a shoe-string has been the phenomenally successful Institute of Economic Affairs. This was largely the creation of its founder-trustee, Anthony Fisher, well-known today as Chairman of the Buxted Chicken Co. Ltd. But when it was necessary to find somewhere for it to start, Fisher came to 24 Austin Friars, and there, in a tiny office in which I still work, the Institute was conceived and born. Ralph Harris, now General Director, joined us on a part-time basis, and under his skilful direction the Institute has gone from strength to strength. It now occupies much more spacious offices in Eaton Square, formerly occupied by the Japanese Embassy, and 24 Austin Friars has become merely the City Office where the books are kept and the legal work is done. Of the achievements and publications of the Institute it is unnecessary for me to write. They speak for themselves. Nor should its contribution to the success of the meeting of the Montpelerin Society at Christ Church, Oxford, in 1959 be overlooked, nor the probability that it will once again serve in a similar capacity for that Society's meeting at Oxford in 1963.

The links between the Institute and 24 Austin Friars remain very close. Graham Hutton, the eminent free-market economist, and I help Fisher as Co-Trustees.

THE FREE TRADE UNION AND COBDEN CLUB

In 1958 the Committee of the Free Trade Union (founded in 1903) and of the Cobden Club (founded in 1866) passed a resolution to wind them both up on the grounds that there was no longer sufficient financial or moral support for free trade. The whole of the balance of its funds were distributed as "compensation for loss of office" to the two individuals who had been running them.

S. W. Alexander, Editor of the free trade *City Press*, London, myself and a few others were horrified. With the help of a great British libertarian, Mr. J. S. Harding, now in his nineties and still going strong, we called meetings of the Union and took over their management on agreed terms. Both are now flourishing. The Cobden Club provides the social side, and many dinners have been given under its auspices in recent months. The Free Trade League, as it is now called, continues to publish its quarterly magazine, *The Free Trader*, and puts in detailed representations to the Board of Trade against every proposal to increase import duties or impose anti-dumping duties and in support of their removal. It is clear that this constant attention to individual items in the tariff is having a beneficial educative influence on civil servants and Ministers of the Board of Trade.

THE KEEP BRITAIN OUT CAMPAIGN

Finally, when it became clear that libertarians were honestly and genuinely divided on the issue of whether Britain should or should not join the Common Market, it became necessary to form yet another group to organise resistance to the proposal from the free trade point of

view. So the Common Market Keep Britain Out Campaign was born.

Its provisional Committee was composed of members, all save one or two, of the Committee of the Free Trade League. Others have since been added, including several prospective Liberal Candidates for Parliament who are against their party on this most fundamental issue of policy. Now there are many anti-Common Market organisations and we welcome them. The Campaign has held dozens of most successful public meetings, including ones at Trafalgar Square and the Albert Hall, distributed many thousands of leaflets, and is the only strictly non-party organisation with which members of all parties are prepared to co-operate. The Keep Britain Out Campaign

PALLIATIVES PAY NO DIVIDENDS

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gossip in the popular press. He deplores the lack of real opportunity for self-expression. School-leavers find themselves doing jobs that are tedious, monotonous, mechanical, which offer little outlet for adolescent emotions. How many of them *love* their jobs? How many of them are "killed" by the boredom of it all? How many feel a sense of frustration? Although Fyvel seldom misses an opportunity to quote convincing figures to prove a point, there are no such figures available to answer these questions, although the visual evidence is tremendous.

One of the biggest factors which has led to the tragic weakening of family life is undoubtedly the mass exodus of working-class women into employment. Millions of married women go out to work, not always because they want to, but because extra money is urgently needed for hire purchase payments on things they know the Jones's own. This creates the new social atmosphere in which "home" for many boys and girls becomes of little interest, and the companionship of irresponsible gangs paramount.

Even more important perhaps, and more subtle in its effects, is the decline in status of Father in the affluent society. The "little woman" and his children are no longer dependent on one vital breadwinner, the Man of the House, the voice of authority. Today, the collective pay packets of wife and teenage son or daughter may very well outweigh dad's. This must affect profoundly the relationships among them. Not only Society, but the Family also, tends to measure its respect in terms of money.

And again, the older working man derived his status and self respect from skill in the job. Technical changes in industry have changed most of that. Today, although paid a fatter wage, he is too often a passive human link in the vast process of production, and is required to show the minimum of initiative.

This much Fyvel admits. "The Affluent Society," he

has done much to prepare public opinion for the alternative policies which at long last will be seen to be appropriate to Britain's circumstances: cheap food not dear food, non-discrimination rather than discrimination, free trade not protection, sound money not inflation, low rather than high taxation and land reform based on taxation of land values rather than planning.

Thereafter we shall see. The Anti-Corn Law League made the mistake of ceasing to exist, thereby leaving the door open for protectionism to creep back via Tariff Reform and Imperial Preference. Those associated with the 24 Austin Friars group will have only themselves to blame if, having at last won their long, long fight, they make the same mistake.

says, "has its darker side. It has brought high standards, but it has exerted a *downward pull*."

Amid much good sense and pointed comment, Fyvel ploughs around trying to find an answer. Clearly an *upward pull* is essential — but from where, from what?

A long chapter lists his recommendations. Although useful and no doubt worthy, they are tame. More public money, he thinks, should be spent on youth clubs. More and better paid teachers, more policemen, higher salaries for probation officers, and finally some cut-and-dried proposals for education and penal reform. It is ironical that each recommendation in its way adds to the taxpayer's burden and tends to drain him of the incentive — or upward pull — it was supposed to create.

To come to grips with this problem, tangled as it is with so many others, one must first understand the nature of our society and recognise the factors that have caused it to develop along false lines. The "upward pull" that Mr. Fyvel and so many others are seeking, is quite simply a situation where there is equal opportunity for all men.

Where men are able to retain the full results of their labour and enterprise, where all enjoy equal rights to the value of land and are able to produce on equal terms with their neighbours, where there is free co-operation, and monopoly and privilege no longer exist — *here* may be that God-given upward pull which could set the world to rights. Where charity was replaced by justice, man would be able to regain his natural dignity. Wages would rise to their natural level. The relationships within the family would fall into balance. The community could grow in self reliance and in stature, and prosper.

Fyvel skates about on the surface of the problem — and in doing so, displays some neat footwork. But just as surely as we are pushing back the barriers of space travel and atomic structure, so we shall one day come to see the value — indeed, the absolute *necessity* — of getting down to fundamental principles and sweeping away the established and ever-increasing legalised privileges which drain the earnings of ordinary people. Meanwhile the health and happiness of the human race is in jeopardy.



ECONOMIC NATURE OF CHANGE

By F. McEachran

THE FIRST THING I would like to make clear is the distinction between a natural change in society and an unnatural one, and the difference, if any, in their effect on existing production. Let us take as an example the transition in the nineteenth century from transport by means of stage coaches to transport by means of railways, and try to find what really happened. Even the most conservative-minded reader will hardly suggest, I feel sure, that the state should have protected the stage coach against the railway. For all the arguments that apply in favour of protection are already here in embryo, and if fallacious here will presumably be fallacious elsewhere. Let us see what exactly happens in a socio-economic change of this kind.

The first thing to notice is that railways do not spring up like mushrooms overnight, nor are they, any more than Rome, built in a day. They take time to build, and while they are being built they employ labour. Some of this labour, no doubt, is drawn from the ranks of the coach-builders, especially as it will soon be evident that coach-building offers no future. Moreover, while the first railways are being constructed we can safely assume that the building of coaches is slowing down, and the older people in the industry are dying off without being replaced at the other end. If then we reckon some twenty-five years as the period required for supplying England with its main network of railways, we can assume that in that time coach-building has ceased, and that only a few coaches, on less important roads, still function. During this period the coach and the railway have overlapped, and there has been a gradual movement of activity from one to the other. Probably not till another twenty-five years have elapsed will the process be completed. A moment's reflection should suffice to show that the birth of railways into society and industry, and the consequent death of stage coaches, ought to be no more devastating in its general effects than the birth of children and death of the aged among the population. It should, indeed, be nothing more than the ebb and flow, the waxing and waning which is inherent in all the rhythms of nature.

"Upon our heels a fresh perfection treads"¹ is the perennial watchword of nature, and there is not the slightest reason why it should not apply with equal force

to human nature. Needless to say, in the case we have quoted, economic law was not even remotely observed, and the adjustment to the new form of transport was made in the worst manner possible. The railways were over-capitalised from the start, owing to the necessity of buying land at inflated prices, and many coach companies whose adjustment could not be made in time were ruined. Nor did the railway, as one might have expected, bring much advantage to the railway worker, whose wages naturally sank to the level of the agricultural labourer from whose ranks he was largely drawn.

Yet in spite of the disappointing results of a blocked economy we can at least form some idea of what would be the nature of changing life in a free society, and the vision is encouraging. Two fundamental points are that in a free market labour would always be in demand, and no able-bodied man need ever be, except by way of exception, out of work. Another is that the whole process of change would be both slowed down and speeded up, in the sense that new adaptations, instead of taking the world by storm, would be introduced gradually, while other forms, out of date, would be much more easily removed than at present. Nothing is more indicative of our present "jammed" economy than the way vested interests block certain channels of progress, while new and often unnecessary innovations find a luxurious market. It is true to say that most of the useful advances of the past century have come ruinously quickly, frequently helped on, of course, by a war or a revolution. On the other hand, housing has always lagged behind; being immediately blocked by land monopoly it has never shown the slightest sign of catching up. Instead of a slow adjustment to ever changing conditions, industries move from jam to jam.

An excellent example is the British cotton industry in competition with the Japanese after the first world war. There was nothing to object to in the partial emigration of the textile industry from Lancashire to Japan, and there is no doubt that cheaper cotton clothing made by Japanese labour has made life easier for millions of workers. All that was wrong was the precipitate nature of the movement, which came as an aftermath of the first world war and left the Lancashire industry stranded high and dry. The fundamental movement was, of course, only a repetition of what had happened thousands of times before in the history of industry, when Roman

¹ Keats: *Hyperion*.

goods displaced Carthaginian, or English shipping that of Holland, or Lancashire machine-made cotton the native home industries of India. Lancashire cotton in the nineteenth century swept the board in the Indian Ocean, spreading ruin round all its shores, but the ruin was not due to the movement itself. For the movement itself, indeed, no one can be held responsible. All we can do, looking back, is to draw the moral that the world individually and collectively contains a principle of growth which, *when operating freely*, will provide the best possible life.

We have still to deal with the objection that since things are as they are and monopoly is enthroned, it is absolutely essential for the state to give help during the dislocation. To this argument, which puts forward two separate points, "help" and "the state," not necessarily conjoined, there are several answers. The first is the obvious one that as the state incorporates the very power

which is causing the dislocation, i.e. causing change to occur too rapidly, to accept help from it is in fact only a further means of accentuating the dislocation. I need not stress this point as the reader will easily see its sting. The second is that whatever the state gives — and it will never give much — is taken from the workers by way of taxation, thereby discouraging other forms of production as well as reducing the workers' standard of living. The history of taxation shows how the process continues until, after destroying the liberty of the subject, it culminates in tyranny, ruin and either revolution or slow decay. Thirdly, and most important, we should remember that society in the absence of the state could quite easily provide all the help required. The pre-requisite of the state disappearing is the abolition of the monopoly on which it depends, and with it the harmful dislocation now existing. When dislocation becomes merely individual dislocation, it will

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FAITH IN THE INDIVIDUAL

Extracts from a speech by
J. Enoch Powell, Minister of Health

"FIRST, we are a capitalist party. We believe in capitalism; we honour profit competitively earned; we respect the ownership of property, great or small . . .

"But our reasons for upholding the free economy are not merely, perhaps not even mainly, material ones. We believe that a society where men are free to take economic decisions for themselves — to decide how they will apply their incomes, their savings, their efforts — is the only kind of society where men will remain free in other respects, free in speech, thought and action. It is no accident that wherever the state has taken economic decision away from the citizen, it has deprived him of his other liberties as well . . . Socialism is incompatible with individual liberty of thought, speech and action: you may choose one or the other; you cannot have them both.

"We uphold the capitalist free economy, then, as much more than a mechanism for ensuring that the nation gets the best material return from its energies and resources; we uphold it as a way of life, as the counterpart of the free society, which guarantees, as no other can, that men shall be free to make their own choices, right or wrong, wise or foolish, to obey their own consciences, to follow their own initiatives.

"We believe that the outcome of a nation thus exercising its own free choice will be wiser and better than any caucus of economists or any committee of sociologists could have contrived for it. Unlike our opponents, we are not so conceited as to ascribe a superior wisdom to government or the state, just because it is government or the state. On the contrary, we have a healthy scepticism about them, which predisposes us not to ask them or allow them to manage things which people can manage for themselves. We think we see not one or two but many instances 'in our rough island story' where the nation's instinct has found out a wiser and better path than any statesman or administration would have laid down if they had been given the power. We believe this

is true of our constitution; we believe it is true of our economic life. Indeed, in the last decade and a half, we can all think of instance after instance where the planners and the economists were wrong, crashingly wrong — wrong about the capacity of the building industry, wrong about the demand for coal, wrong about the dollar shortage that was to last a generation; and when we look at our biggest successes, the lines and the markets on which our export performance depends today, we find them in directions where the planners of ten years ago never looked. How lucky we did not rely on them! . . .

"We believe that the social services have the purpose of providing for the members of the community, or for a section of it, those conditions which community action, and only community action, can provide. It follows that as circumstances change and affluence increases, the scope and content of the social services ought to change too. Needs which formerly called for state action to meet them, people become able to meet in their own way, from their own resources, without invoking the help of the community. Meanwhile, new purposes, new social needs emerge and become visible, which in our own day need common action if they are to be satisfied.

"We do not, like our opponents, see the social services as destined to cover an ever wider area of individual and family life until only the frills, and not all of these, remain within private discretion and choice. Socialism has always seen the social services as an engine for subjecting the social life of the nation to the state as completely as they would subject its economic life: nationalisation of our society, as the companion piece to nationalisation of our economy. That is why, for instance, they make no secret of their determination to obliterate private choice altogether in the sectors of education and of health. We, on the contrary, see the social services as an instrument not for dominating people's lives and reducing them to a uniform equality, but for doing just those things which, at a given moment of time, the organisation of the state is alone capable of doing. These things will alter as life and conditions alter; and as they alter, so the social services should move across the spectrum of human needs, relinquishing some, assuming responsibility for others . . ."

WHERE DO WE GO FROM HERE?

**DR. ROY DOUGLAS, Ph.D., B.Sc., Prospective Liberal
Party Candidate for Gainsborough, Lincs., argues the case
for joining the Liberal Party.**



IF THE ECONOMIC PHILOSOPHY, which for want of a more suitable name has come to be known among ourselves as Georgeism, is morally and economically sound, then the overriding question is, how best to get it adopted in this country and throughout the world. The importance of purely educative bodies, like the Henry George School, must not be underrated; but we must remember that the writings of Henry George have been available in many languages for something like three-quarters of a century, and we are as far away as ever from seeing them translated into action. Education alone is not enough; we must "become political" if we are to be effective.

If we are to become political, there are four possible ways of doing it:

1. By starting our own political party.
2. Through the Conservative Party.
3. Through the Labour Party.
4. Through the Liberal Party.

At a glance, the first of these possibilities may seem the most attractive. It is simple and clear-cut, and there is no need to compromise our principles. But on closer examination it is far less appealing.

The organisation of a serious political party requires a great deal of money, a huge measure of experience, people who are able to take over the leading offices in the State, and also a "habit vote" of ten to fifteen million people. It is fatuous to suggest that we can provide any of these things, or that we are likely to do so in the lifetime of any of us. If we tried to do this (as Georgeists occasionally have tried), the certain result would be that a great deal of time, money and enthusiasm would run into the sands, with no useful result whatever.

The next possibility is to work through the Conservatives. For two-thirds of this century they have had an overall majority in the House of Commons, and they do not lack money, experience or organisation. But the

fundamental objection is the essential nature of the Conservative Party. It is the party of integration; of conservatism-with-a-small-c. The Conservatives, as a general rule, take positive action only when they are responding to powerful outside pressures. Thus the Conservative policy over Africa, and over the Common Market, certainly did not accord with traditional Conservative wishes; but when the Conservatives were convinced that these changes were inevitable, they tried to bring them about themselves. So, too, the Conservatives accepted nationalisation without a qualm when they decided that it was firmly established. The one important piece of Conservative initiative this century was the abandonment of free trade, which was attempted unsuccessfully in 1905 and 1923 and which finally prevailed in 1932. This is hardly designed to endear the Conservatives to Georgeists.

The third possibility is to work through the Labour Party. This was once quite attractive, and many Georgeists were once to be found in its ranks. Certainly down to 1918, and perhaps down to 1931, the Labour Party included many people who wanted profound social change, without much reference to whether they wanted change in the Georgeist direction or in the Socialist direction. Snowden, as Labour Chancellor of the Exchequer from 1929-31, came closer to our views than anyone who has held that office this century. Alas, in 1931 Snowden, by joining the National Government, blotted his copybook irrevocably, even though he resigned the following year. Since the early 1930s the tone of the Labour Party has been so overwhelmingly Socialist, and the doctrines of nationalisation and centralised control have been so strong within it, that the few Georgeists who remained have been completely ineffective. I am well aware of the argument that we should join the Labour Party and change it from within; but I do not think that anyone who appreciates

FREE TRADERS — A GRAVE DANGER TO LIBERALS!

FOUNDED in 1952 to "Keep Liberals Left," the Radical Reform Group would appear to have succeeded in its aim . . .

In 1952 the Liberal Party had hit rock bottom, and was in grave danger of being taken over lock, stock and barrel by its extreme free trade faction and sundry peddlers of dreams. The Radical Reform Group became a rallying point for the progressives in the party, and until very recently had Mr. Grimond as its president.

— W. B. Mattinson in the June *New Outlook*, a Liberal publication.

how deeply the ideas of socialism are ingrained can believe this to be a practical possibility.

The fourth possibility is to work through the Liberal Party. Liberals have repeatedly affirmed their support for free trade, for land-value taxation and for personal liberty. The preamble to the Liberal Party's constitution is a document to which I imagine every Georgeist could subscribe — with far less mental reservations than the Bishop of Woolwich must have over the Athanasian Creed! When the Liberals were in office they did undoubtedly work for the things which we desire, although the House of Lord's veto, which persisted until the end of 1911, effectively prevented the application of land-value taxation.

It must be freely admitted that the Liberal Party has taken decisions in recent years which seem to indicate a swing away from its traditional policies. On close examination, however, most of these decisions may be seen as attempts to attain the sound objectives of trade liberalisation and a just distribution of wealth in ways which many of us would hold to be unwise. But there is a very big difference between having the right ideas but trying to achieve them through the wrong means, and having ideas which are altogether wrong. Being human, Liberals sometimes make mistakes. And the Liberal Party is certainly susceptible of considerable modification from within.

This analysis may seem to have one fatal flaw. Is the Liberal Party too weak to be of any real use? After all, there are only seven Liberal M.P.s.

But trends are already operating which are going to create a tremendous "power vacuum" on the left — a power vacuum which the Liberal Party is most likely to fill. The fundamental weakness of the Labour Party is its class outlook and its rooted socialism. Classes are disappearing under our eyes; the younger generation, especially in the larger towns, is almost classless. The old-style Labour

worker, who usually fills the councils of the industrial towns, is talking a language utterly meaningless to the new voters, and he is describing problems as irrelevant to them as the issues of the Battle of Hastings. He is most emphatically not "with it."

Labour's dilemma is by its nature insoluble; the Labour Party cannot throw off the old-stagers, for it depends on them for all the hard organisation of an election. But the price which it pays is failure to attract the new voters. The recent bout of unemployment may well exacerbate this situation, for it has given some apparent meaning to the old arguments, and has served the memories of the 'twenties and 'thirties.

Another dilemma may well prove quite as disastrous for the Labour Party. Not only must they win the young voters if they are ever to take power again; they must also carry the marginal voters. The traditional constituency workers can only be fired with the necessary enthusiasm by a promise of lots of socialism; but a promise of lots of socialism is guaranteed to send the marginal voters scurrying away.

In my view, there is no escape from these contradictions. However well the Gallup polls may suggest that Labour is doing at the moment, I say, not merely that they won't win the next election, but that they will lose more seats than they will win. Within five years, I will venture to say, a Labour government will be almost out of the question.

If this is correct, then the Liberal Party will be exceedingly well-placed. The operative question is — how Georgeist will it be? This question, only we can answer; for the answer will depend on the activity and value of the Georgeists within the Liberal Party.

Reject my thesis that you should join the Liberal Party, if you wish. But do not neglect to ask yourself, again and again, the vital and all-important question: Am I doing the most useful thing towards building a Georgeist society? Righteous wrath and economic purism are so much waste of time if they are not directed to the practical object of putting the right measures on to the statute book.

I do not ask the reader merely to weigh up this article as an intellectual exercise. If these ideas are right, they should be acted upon. Georgeists should get into the Liberal Party, do the work which needs to be done, and prepare themselves for positions in local government, in Parliament and in the Government. If these ideas are wrong then Georgeists should be prepared to show some alternative and better way of achieving their aim.

Rising Land Prices

LAND near Farnborough had risen in value from £10,000 to £500,000 in a series of speculative transactions over a period of five or six years . . . The reason for the increased value of the land, about 150 acres in extent, was that a drainage scheme had been carried out by the public authorities with public money. — *The Times*, July 12.

Morality and Liberty

By J. PALUZIE — BORRELL



THE NATURAL LAW which rules man's behaviour must be, and is, a special case of the universal law according to which motion follows the line of least resistance. It is the law that men seek to gratify their desires with the least exertion.

This law is so inherent in man that he suffers when he does not gratify his desires or when he must exaggerate his exertion in order to do so. On the other hand, the gratifying of desire with the least exertion (which at the same time supplies us with the pleasure of activity and avoids both the pain of deprivation and the tediousness of inaction) constitutes so to speak the key to human happiness.

Often, happiness is attained at the expense of the happiness of others. The desire for one's own good, without regard to that of others, is styled egoism. The opposite desire, i.e. for the welfare of others, without regard to one's own welfare, is styled altruism. However, we are accustomed to consider as egoism in other men what in us we believe a necessity, and to require altruism in other men, while calling a tyrant he who asks it of us.

Notwithstanding, altruism exists. Not only are there always to be found men who sacrifice themselves for their fellow-creatures, but everybody shows at least by some act or instance that, as Plutarch said, "the soul has a principle of kindness in itself, and is born to love, as well as to perceive, think or remember."

All of us are moved by these two forces, egoism and altruism, which are but high forms of two natural instincts, that of conservation of the individual and conservation of the species. And, as in the brute so in the human individual and in society, these two tendencies can live together in concord.

Let us notice them in trade. Generally, the buyer desires egoistically the merchandise, without thinking of the prosperity of the seller, who, in his turn, desires egoistically the money of his client, to whose comfort he does not look. Nevertheless, by exchanging the merchandise and the money both contractors gratify not only their own desire but also that of the other as truly as if they had made the exchange with the altruistic purpose of helping each other. Such a union of both interests in a single action happens also in friendship, in love, and in all normal relations between man, which are always relations of co-operation.

Not only both forces, seemingly opposite, live together in concord when their aims meet, but their essence is the

same. In order to understand this essential singleness, let us see in what manner the wood which burns in a rustic hearth distributes the heat of its own combustion. In this distribution the very wood retains the greatest share and becomes red hot. Another share, not so great, warms the stewpot which hangs over the flames. Less heat goes towards the housewife sitting near the fire, and still less reaches the kitchen walls. The greater the separation, the smaller the action.

This universal law is fulfilled also in social relations. Man's love goes more towards himself than towards others. And we love our fellow-creatures the more, the nearer they are to us — more our families than our friends, more our friends than unknown people. We feel more pain for our chilblains than for our neighbour's broken arm. Here in Barcelona the plight of the 700 victims of the flood in 1962 affected us very much more than the fate of the 20,000 victims of the earthquake in Iran: even so our sorrow was incomparably smaller than the despair of those unlucky people who felt themselves pulled to death by the waters.

This preference for the nearest is a natural law which benefits everybody. By loving the nearest more, we care more for it, we protect it more against evil, and in this manner, by applying our forces where their action is quicker, surer and more efficient, we obtain the greatest yield from our exertion. In this way society as a whole fulfils the law of the least exertion, which serves the economy of society in the same manner as the universal law of motion serves the economy of the universe. As each one seeks his own good, all of us obtain a greater result than in a society governed only by altruism, in which everyone would disregard his own good in order to devote himself to the good of others. Still more: that everyone may attain his own good, which egoism requires, it would suffice to obtain everybody's good, which altruism desires.

The great fact which science in all her branches shows is universality of natural law. Everywhere, in egoism as in altruism, we find the identical force, love of life (one's own life or that of others), as a branch of the universal force which makes and drives the universe.

This essential unity of egoism and altruism, which we see broken into two seemingly opposite factions, shows us that true morality requires the fusing of them together and the reconstruction of their unity, as commerce does in the

example given. In the situation of conflict, neither sacrificing our fellow-creatures' for our own profit, nor sacrificing ourselves for the good of others, is truly moral, for both sacrifices are wrong, as has been perceived by the religious doctrines which damn both murder and suicide. On the contrary, when interests are unified, as happens in trade, whatever the egoistic or altruistic intention may be, the result is really moral because it results in our own good and the good of others at the same time. Hence we must admit that social morals do not depend upon the individual, but upon the condition of society, in the same way that the politics of one nation towards others depends upon the international situation. Where conflict arises the individual has no other moral course of action than that of collaborating with others to suppress the cause.

The primary cause of conflict, which transforms the natural human sociability into mistrust, co-operation into oppression, love into hate, and progress into a menace, is poverty.

In discussing poverty, we must consider not only the most obvious examples like those to be found in the backward countries and of the unemployed and poorly paid workers in the more advanced countries. For there is poverty too, although less visible, in the condition of many, who, despairing of improving their own condition through work and saving, hope that the government will, or claim that it should, provide them with an occupation, dwelling, medical assistance, education, pension, protection or privilege. In short, the poverty of those who think they are rescued from it by expensive governmental help; help which must be paid for by themselves, as well as the cost of bureaucratic intervention which impedes them in earning their livelihood.

To poverty can be attributed the failure of this presumptuous modern age, for by afflicting the poor and frightening the rich it engenders all other conflicts which corrupt nations and individuals, social relations and moral principles.

Many people believe that progress has overcome poverty and its consequent evils because in some countries the labourers live better than formerly and capital exhibits magnificent achievements. Notwithstanding, the earnings of labour and capital tend to diminish rather than increase. This fact is confirmed by restrictive practices and strikes, which aim at supporting wages; and by protection, combines, trusts and other monopoly tactics which aim at supporting the capitalists. If there were no poverty to afflict labour and menace capital there would be none of this eagerness for support nor any admissible excuse for giving it.

All modern states acknowledge the necessity of relieving poverty by resorting to numerous laws, committees, dispositions, subventions, limitations, prohibitions, protection and regulations. This gives point to the statement of the historian Tacitus: *corruptissima republica plurimae leges* (a very corrupt state has plenty of laws).

The menace of poverty is tenacious and strong, and pal-

liatives are unstable and weak. Trusting in such measures is not only futile, but positively harmful. Their propagation misleads both ruled and rulers by imbuing them with faith in the official direction of social life, repeating on a larger scale the tragic history of the level-crossings. In order to prevent accidents at these fatal crossings, they were provided with signals and barriers which were managed first by signalmen and later by self-acting devices. But the unavoidable failures of man and machine caused so many deadly collisions that finally the true solution was taken up. Instead of the level-crossings a bridge led the railway and the road along different levels. This device, by abolishing the cause, put an end to both the accidents and the artificial controls.

Similarly, the abolition of the private appropriation of the rent of land would extirpate poverty, which is the primary obstacle to the natural law of love, and would tend to fuse both egoism and altruism in behaviour which would benefit everybody, both the individual and his fellow-men. In this way, without any counter-active constraint, no matter whether our desires be egoistic or altruistic, all of us would see wisdom and self-interest in behaving well towards others. We would be neither better nor worse than now, but our behaviour would be good, and this is primordial, because man's life depends on acts, not on intentions. Then, the habit of doing good, and the good examples, would sooner or later improve men without taming and herding them, without crushing their illusions, hopes and initiatives, and in this way, that arrangement, which seems purely economic, would lead to peace among men. Whatever is done in any other direction can only be useless.

We style liberty, the absence of artificial obstructions which prevent men from complying with natural laws and which bring us the natural punishment which is sorrow. No one can prevail against natural law. He who knocks his fist against a rock succeeds only in wounding his own hand.

All the wonderful material progress of our time, which ignorance believes to be a triumph solely over natural law, comes from having sought and obeyed it in the sphere of material things. Man can dominate Nature only by obeying her and this is equally true in the sphere of spiritual or moral things.

FREEDOM THE ONLY END

(Continued from page 124)

cause no more hardship to society than the growth of a tree causes to the tree. The very fact that labour is always in demand in a free society would obviate any mass distress or unemployment, and all that would remain would be individual cases of hardship due solely to bad luck or "original sin". Most of these people would probably have taken precautions themselves through benevolent societies or insurance, but if not, it would be the easiest thing in the world to deal with them on charitable lines. They would present no overwhelming problem of the kind we are faced with in Europe and Asia today.

Letters to the Editor

GOBBLEDYGOOKIA

SIR,—From time to time, a group of Georgeists (like many another group) seeking relaxation from more serious efforts, will poke malicious fun at someone not of their own mind. Much of the fascination of this game lies in the fact that it has no rules. The motives, the manners, the intelligence, and even the morals of "the benighted" may be called in question. Of course, a certain delicacy is practised in the choice of target. The most biting comment is reserved for faint-hearted supporters; frank opponents are normally immune. Liberal leaders and liberal economists make the best sport.

We need not, surely, begrudge anyone this mode of escape. Since no outsiders are present, no one is hurt. As a sport it may lack the stimulus of opposition, but then (provided that no-one takes it seriously), it does no harm.

Occasionally, something in this vein creeps into the columns of *LAND & LIBERTY*. If it is taken in the right spirit, this also is just fun among friends. But in this case, there is perhaps some danger that someone will take it seriously.

Erling Norlev's comments on Samuelson's *Economics* (Journey Through Gobbledygookia) in the June/July issue are, of course, great fun. But is there not a danger that some reader may actually come to believe that (non-Georgeist) economists are pompous idiots paid by the word to spread mystification? It is a comforting way to dismiss them, but too easy. If we dismiss all the unconverted as worthless, there will be nothing left to do but sit around and contemplate our own economic navels.

If we wished to educate a tribe of savages, we could either adopt the Victorian practice of first teaching them the English language, or we might, more unassumingly, try learning theirs. Whichever course we chose, it would scarcely be profitable to ridicule them for their own language and manners.

Mr. Norlev is evidently aware that mathematics is a language. He no doubt knows that any logical statement can be expressed in symbols (as a mathematical formula or diagram), and *vice versa*. Of course it would be absurd to suppose that symbolic logic is more logical than verbal logic. Every symbol in mathematics (like every word in verbal logic) must be

defined before it is used. If the definitions are loose or unreal, then so is the formula or diagram. If the definitions are omitted (as Mr. Norlev does when he quotes Samuelson) then, the mathematics is meaningless.

For an honest writer, familiar with both languages, the decision whether to use words or symbols will depend on for whom he is writing, and is otherwise a matter of taste or convenience. The less-than-honest may use formulae to impress, but is it fair to assume that Prof. Samuelson is among these? As a member of a world-famous technological institute, would he not then feel bound to venture beyond the schoolboy algebra to which he confines himself in his book?

For most of us, of course, lack of practice leads us to forget our school algebra, and Samuelson's formulae may look unfamiliar. We may then say in fun, "I can't understand a word he says, but I'm sure that it is pretentious nonsense"—but if we should be taken seriously, we may be accused of bigotry.

In passing, may I commend to your readers (and to Mr. Norlev, in case he missed it), a short passage on page 598 of Samuelson's book in which he demonstrates, with the aid of a simple diagram (and no jargon), that "land rent is a sort of surplus which can be taxed heavily *without distorting production incentives*". This passage includes a demonstration that a land-value tax cannot be passed on.

Yours faithfully,

N. K. GARDNER.

London, N.12.

MR. NORLEV REPLIES

SIR,—I am glad that Mr. Gardner found my piece entertaining. It was not about *all* modern economists — *not*, for example, von Mises, Röpke and similarly disposed sages. It was about the approach to economics prevalent in a majority of institutions, and I tried to make the following points:

That mathematics should be used only when it clarifies, not when it obscures;

That mathematics is used by a great many economists simply because it makes the subject look "more scientific";

That the characteristics of the production factor called "land" are sadly ignored.

Mr. Gardner does not argue these points. He talks about something else.

I have used Samuelson's economic textbook as a college teacher in California during four semesters. I inherited it from my predecessor and dropped it as soon as I could. I am not questioning Prof. Samuelson's economic insight, nor his personal integrity, although he holds a number of views with which I do not agree. I *am* questioning his pedagogical approach; and the same goes for thirty-odd textbooks in economics which came to my attention during the three years I was teaching this subject. This approach makes so many students totally immune towards the subject that it is downright alarming.

Yours faithfully,

ERLING NORLEV

Oregon, U.S.A.

ECONOMICS AND PRESERVATION

SIR,—Julia Bastian's interesting review of *Georgian London* touches an aspect of the effects of monopoly far more urgent today than in Henry George's time.

Growing sections of public opinion are concerned at the rapid destruction of beauty in landscape and architecture, of historical landmarks, of bird and animal life, and of so many other irreplaceable things that are common property and of the highest value to every intelligent and sensitive person. It is suggested that this destruction is an economic necessity, or only to be checked at vast public expense and by infinite regulation. If lovers of beauty studied political economy, they would realise that as neither land monopoly nor privileges to industry are necessary, this invaluable heritage might easily be preserved by some simple changes in the law, and with a minimum of regulation. Destruction occurs because bad laws make it profitable to destroy. Reform the laws and the motive to destroy is removed.

I live in a district of sprawling urbanisation; but there is an oasis of rural beauty far better preserved than many areas supposed to be protected by regulations. The oasis is preserved by a proprietor, wealthy enough from other sources to enable him to refuse the great fortune he could acquire by selling his estate for building. Many an owner of a fine Georgian town house must be faced with the same alternative. Our land laws penalise the preserver of

Miscellany

The Gentle Incentive

BRUTUS, in his column in *The New Daily*, says that there are 1,433 empty dwelling houses in Westminster alone. If that is so, how many more must there be in the whole of London? Enough to solve the housing problem, says Brutus, and he may be right. A tax on site values would soon bring them into use.

Tightening The Reins

THE increasing trend towards centralisation in the U.S.A. is exemplified by the fact that whereas in 1929 state and local taxes represented approximately 75 per cent of all taxes collected, as against about 25 per cent for the Federal Government, by 1955 these positions were almost exactly reversed—with state and local taxes comprising only 24 per cent of the total, and federal taxes 76 per cent. As society develops the tendency will no doubt continue.

Says Professor Odegard of the University of California: "Presidents deplore it, governors and congressmen view it with alarm; but specific proposals for reversing the trend seem never to get off the drawing boards".

Letters continued.

beauty and subsidise the vandal. Under full land-value taxation, both rural and architectural beauty might be preserved, as general opinion decided, by the simple method of adjusting the assessment accordingly. This would require no extra taxation. The local authority would draw less revenue from the site than if it were uncontrolled, but the community would almost certainly gain in total revenue owing to the increased attractiveness of the surrounding sites.

Possibly most members of the general public are still indifferent to the need to preserve these things. But they are not positively opposed, and would be unlikely to object to a mere adjustment of site valuation. The task of those public spirited persons now trying to arouse opinion on this subject would be made very much easier than at present.

Yours faithfully,

"CONSERVER"

Wirral, Cheshire.

The Consumer Wouldn't Know

THERE is to be a compulsory levy of 6d. a head on fat cattle, and 1d. and ½d. for pigs and sheep, sold under the fatstock guarantee scheme. The purpose of the levy is to finance the establishment of a Meat Research Institute, which will, among other things, inquire into the scientific definition of tenderness and flavour.

It's Not Cricket

A NEW list of company registrations includes this notice: Freddie Trueman Ltd. Private company registered July 25. Capital, £1,000 in £1 shares. Object of the company, to acquire lands, etc.

Evening News, August 1.

Petulant Protectionist

IN some instances it is not necessary to argue the case for free trade—a protectionist will do it for us. So transparent is the motive behind a Lancashire manufacturer's objection to free trade in footwear that comment is superfluous.

In a recent issue of the *Shoe and Leather News*, the manufacturer argues that the Norwich Education Committee was wrong to give a contract to a Hong Kong manufacturer who could supply plimsolls cheaper than any British firm. He says: "Norwich enjoys considerable sales of Norwich-made footwear in Lancashire. One would expect a little *quid pro quo* from Norwich, but it is apparent that the Education Committee could not care less where the shoes come from so long as they are cheap and made at 'rice-bowl' wages. One would think that fair wages and 'British made' would be a basis of any contract where ratepayers' money is being spent."

The Land Owners' Crusade

MR. BERNARD THORPE, chairman of the Association of Land and Property Owners, speaking at the Annual General Meeting this year, said that the Association (an organisation of big property interests), was a growing body and that in the last few years it had established a high prestige; Government departments and local authorities had come to

THE ONLY BOUNDS

WITHOUT freedom of thought there can be no such thing as wisdom, and no such thing as public liberty without freedom of speech; which is the right of every man, as far as by it he does not hurt and control the right of another; and this is the only check which it ought to suffer, and the only bounds which it ought to know. — William Gordon.

value its co-operation. He called for members to become Crusaders "in the cause" and to urge others to join in the defence and protection of the interests of all property owners.

If the land could be divorced from the property, on the grounds of economic incompatibility, the property section could join our crusade.

BOOKS RECEIVED

The Waste Makers by Vance Packard. (Pelican, 4s. 6d.)

The New Cold War: Moscow v. Peking by Edward Crankshaw. (Penguin Special, 2s. 6d.)

The General Says No by Nora Beloff. (Penguin Special, 3s. 6d.)

Techniques of Persuasion by J.A.C. Brown. (Pelican, 4s. 6d.)

American Capitalism by J. K. Galbraith. (Pelican, 4s.)

South West Africa by Ruth First. (Penguin African Library, 5s.)

Income Distribution and Social Change by Richard M. Titmuss (George Allen & Unwin, 25s.)

Why Help India? by Maurice Zinkin and Barbara Ward. (Pergamon Press, 3s. 6d.)

What is Freedom? by Eric Lucas. (Oxford University Press, 6s.)

Agricultural Labour in India. Edited by V. K. R. V. Rao. (Asia Publishing House, 32s.)

Waste by Danilo Dolci. (MacGibbon & Kee Ltd. 42s.)

The Great Betrayal by Cmdr. Hyde C. Burton. (Christopher Johnson, 15s)

Ideas into Action by P. Clavell Blount. (Clair Press, 25s.)

Essays in the Theory of Economic Growth by Joan Robinson. (Macmillan, 18s.)

LAND & LIBERTY

LAND NATIONALISATION

(Continued from inside front cover)

of the whole property, the site as well as the buildings and improvements, it seems that it must involve giving the landowner compensation for improvements made by his tenant. If any attempt is made to avoid this conclusion then the most intricate and difficult inquiries will arise as to the facts and the history of each case, and the whole process will involve protracted arbitration or litigation.

The more the practical problems arising from land nationalisation are examined the more apparent is it that it bristles with all kinds of equitable and technical difficulties.

Unused Land

The existence of valuable unused or badly used land is frequently cited as an argument for land nationalisation. But what are the primary reasons for land not being used to its best advantage? Surely it is because landholders are encouraged to keep valuable land idle or underdeveloped for speculative gain. Our present taxation and rating system exempts the publicly created value of such land from taxation. What greater inducement could there be to the fullest use of all land than the lifting of taxation from development and enterprise and the placing of taxation upon land values?

Tax articles of wealth, houses, cars, machines, etc., and you tend to diminish their production. Tax land, and you cannot diminish it, for land is not produced — it is always there. Rather do you do the reverse, for as the tax has to be paid whether the land is used or not, it becomes highly expedient to use the land promptly in order to derive some benefit from it.

Still other problems would arise out of land nationalisation. If the State is to be the landowner then it must either administer the land itself or it must let it to tenants.

If the land is administered by the State, then the State must determine the use that is made of it and take the responsibility for providing equipment.

If the land is let on short tenancies, then the same result follows, for the tenant will not be prepared to advance his own capital.

On the other hand, if the land is let on a perpetual tenure, fresh problems arise as to the adjustment of the rent when the land value rises or falls.

If land were nationalised it is evident that a very large proportion of it could not be used in any direct fashion by the State. Where it was reasonably well developed and productively used, all that the State could do would be to let it to the present occupiers. Thus in order to obtain the control of the small fraction for which immediate use or change of use was necessary, the State would be obliged to purchase all the rest including the buildings and improvements upon it.

Land-Value Taxation — The Simple Alternative

All these problems are avoided by land-value taxation. The amount the landholder will pay under this system by

way of tax will automatically be adjusted where periodic valuations reveal an increase or decrease in land value.

Furthermore, the landholder will have a continual inducement to put the land to its most economic use because he will have to pay the same amount of tax whether he uses it well or not. When the taxation of land values has been carried to the extent of taking for the public purse the whole annual value (or economic rent) of land, then equal rights in the land will have been fully established. As for the individual landholder, besides being proprietor of the buildings and other improvements for which he is responsible, he will have all the rights of land ownership as regards use and disposition, subject always to his obligation to pay to the community the full annual value of the land he holds.

The Value of Land and to whom it belongs

Land nationalisation lays undue stress upon the *legal fact of ownership*, and too little upon the *economic fact of private appropriation of land value*. The flow of land value into the pockets of individual landholders deprives the natural revenue which it creates and earns, and causes taxation to be imposed upon the individual earnings of the people. It leads also to speculation in future values and the holding of land out of use, with its accompaniment of unemployment, reduced wages, and still further distortion of the distribution of wealth.

These evils can be directly and naturally dealt with by land-value taxation. Land nationalisation postpones to an indefinite future any recoupment of the land value to the community and in effect it leaves in private hands the enormous values which now attach to land. On the other hand every advance made in the recovery of the economic rent of land for the community by means of land-value taxation will be a positive achievement in ensuring the equality of opportunity so essential to productive effort and the existence of a prosperous and contented society.

(Available shortly as a leaflet)

HONG KONG

(Continued from page 119)

Unfortunately, this has not been followed to the letter, and as a consequence a large part of the Colony's potential land revenue goes into private pockets. This is particularly so in the case of 999 year leases of City lands. Thus, despite the fact that the Government owns large tracts of Crown land and obtains considerable revenue for its sale, there is still great scope for a tax on land values. The present rating system, which brings in some \$130 million per annum (somewhat less than that raised from land sales), is based on improved value and is a tax on occupation. It could well be augmented by a tax on unimproved values, or better still, abandoned in favour of a pure unimproved land-value rate.

(To be concluded)