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EDITORIAL

The secret tax bill that government inflicts on people

THE POLITICIANS who were elected as Members of Parliament by the people of Scotland on May 1, 1997, are decent people. They would not willingly conspire to abuse the electorate on whose support they rely for the power they wield in Westminster.

But the politicians who were elected under the New Labour banner are conspiring to abuse the people of Scotland. It is an abuse that has its roots in history; but an abuse that they could bring to an end next year.

During its first year in office, New Labour had the chance to announce a new philosophy of public finance. A fiscal philosophy fit for people. It has not done so. In fact, Chancellor of the Exchequer Gordon Brown - a Scottish Member - champions the fiscal regime which he inherited.

This means that every Member that supports New Labour is equally guilty of preserving a tax system that systematically and arbitrarily deprives the people of Scotland of the right to enjoy the quality of life for which they would be willing to work.

The annual loss of output in Scotland is about £37 bn. This estimate is derived from a study which calculates the losses stemming from the application of current taxation. The loss to Britain is estimated at about £430 billion in 1993 (see Box 1, page 4). This is the gain in output that people would enjoy if the government accepted the wisdom of the classical Scottish economists, Adam Smith and William Ogilvie. They explained that productive enterprise would not be distorted if government drew its revenue from the rent of land.

This policy not only promotes economic efficiency. It is a precondition for justice. For the rent of

land and natural resources is communally created. If society is to achieve the full benefits of public morality, that value must be treated as public revenue.

The tax-driven loss has not been specifically calculated for Scotland. That is an exercise which Gordon Brown's Treasury can now undertake. But on a *per capita* basis, we can conclude that Scotland's share of the annual loss is at least £37 bn. The actual figure, as we explain on page 3, is much higher.

The people of Scotland are entitled to answers before they go to the polls to elect the first Scottish Parliament in May. New Labour now has the political incentive to act. The Scottish Nationalists threaten to eclipse the government in Scotland. Premier Tony Blair has moved Helen Liddell, his hard-hitting Treasury Minister, to the Scottish Office with the brief to thwart the ambitions of the Nationalists. They want to take Scotland out of the Union. The future of the UK hangs on the answers which Helen Liddell can draw from her erstwhile boss, Gordon Brown, at the Treasury.

The people of Scotland are entitled to no less than the full benefits of sovereignty - of being able to determine their destinies. The quality of their lives ultimately depends not on whether the country is "independent", but on whether taxation is abusive or benign. An enlightened regime in Westminster could keep the kingdom intact, if the people of Scotland were convinced that the transformation of taxation would liberate them economically. Otherwise, they will be encouraged to demand the freedom to determine their own fiscal fate. And that means a sovereign Parliament in Edinburgh.