

Mr. Roth's neatest suggestion is for solving the problem of frontagers — people with meters outside their homes. Let them rent the meters at the market rate from the local authority, "hood" them whenever they want to stop others using the meter, and collect for themselves any money deposited when the meter is unhooded.

Mr. Roth's Paper is a fascinating piece of economic analysis and a convincing demonstration of the superiority of the free-market pricing mechanism over any form of arbitrary control, even if many people might find the remedy hard to swallow.

Light on the City

THE CITY OF LONDON is still regarded as anything from an unrivalled national asset to a sinister conclave of the high priests of finance. So says Arthur Seldon in the preface to *The City in the World Economy*,* by William M. Clarke, Financial and Industrial Editor of *The Times*.

It is a safe bet that very few people have even a sketchy understanding of the workings of the City. Its ancient traditions, customs and rites, some of them of a distinctly restrictive nature, give it an air of mystery, even unreality, that few would trouble to penetrate. However, recent criticisms of the City have shown its members that such an important institution should not be so unknown to the general public, and Mr. Clarke's admirable survey is an attempt to dispel much of the ignorance and prejudice that surrounds it.

The book is divided into two parts. Part I consists of a description of the main City markets — commodity, insurance, shipping, banking, etc. — and of their operation in the face of growing economic discrimination by foreign governments.

London still remains the world's largest international insurance and banking centre, but these activities, as well as shipping, are being increasingly affected by economic nationalism, particularly by the governments of newly-independent countries. In addition, there is a threat to commodity markets from giant sized industries that have tried to fix their prices direct with main consumers.

In Part II Mr. Clarke discusses international monetary relationships, the role of sterling in international trade and the City's contribution to economic growth and the balance of payments. Mr. Clarke puts the City's invisible earnings for 1963 at £185 million — a very high figure. He outlines the way in which changing world circumstances — the inflation of the currency during the first world war, the return to the gold standard at pre-war parity and its subsequent abandonment, the growth of the sterling area, the exchange control regulations of 1939, the formation of the International Monetary Fund, the ups and downs of the relative financial strengths of Europe and the U.S.A. — have caused the City to change its tactics and operations to suit, and always to come out on top.

**The City in the World Economy* by W. M. Clarke. Institute of Economic Affairs, 42s.

Farmers' Plea for Land Tax Exemption

By PETER RHODES

ONE OF the symptoms of an expanding economic system is an increasing rate of conversion of agricultural land to urban uses. In California in particular, where an influx of something like 700,000 people a year is forecast, the speed of land-use intensification is very great indeed. In such a situation, the farmers with holdings close to urban centres soon feel the cold wind of change. Where partially land-based taxes are the rule, it is not long before attempts are made to give agriculture concessions.

It is reported by *The Christian Science Monitor* that in the dormitory community of Walnut Creek, some thirty miles from San Francisco, one farmer with a 450 acre estate is now surrounded on three sides by urban development. For many years his tax bill stood at about \$3,000 a year. Recent revaluations, although not fully in line with residential land values, have brought this man's tax burden up to \$20,000. If the valuations were made on strict residential value his bill would double again and his farming business would collapse. Local farmers have been urging tax exemption of a special kind. They urge that farm assessments should be based on agricultural values but that those who sell at a later date should be charged retrospectively for past tax favours if they convert their land to urban uses.

Part of the strength of the farmers' case is the fact that much of the close-in land is of great agricultural productive capacity. It is estimated that the two million acres of Grade I soil in California could be eroded by urban conversion within fifty years. Good agricultural soil represents only about eight per cent of all California's vacant land and the farmers think that there is a case for channelling urban development on to inferior land. Californian specialist fruit growing would be more difficult on marginal agricultural land.

This sort of situation presents problems for the land economist. On the one hand, the farmer's claim has seeds of justification. On the other the need for close-in urban land is equally great, since if inferior land is used the cost of community services like water, drainage and transportation systems will be greater. Moreover, urban centres would become fragmented as population increases. Some agricultural specialists like Professor Mason Gaffney have argued that sophisticated farm techniques and technological innovation have always tended to increase agricultural productivity. Soil conservation is no longer a strong argument for holding on to agricultural land on urban fringes.

It is clear that politicians and legislators face a dilemma, with possible loss of agricultural votes. In this situation some hard value judgements need to be made. While

(Continued on inside back cover)

September 1965 Term Classes

HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

HEADQUARTERS: 177 Vauxhall Bridge Road, S.W.1.

Course	Opening Night	Tutor
Basic	Tuesday 21 Sept.	J. V. Kemp
Basic	Tuesday 21 Sept.	R. C. Grinham
Current Economic Theories	Tuesday 21 Sept.	J. N. Walker
Basic	Thursday 23 Sept.	W. Thompson
Current Economic Theories	Thursday 23 Sept.	R. Banks

HORNCHURCH: Crompton House 1A Westland Ave.

Basic	Tuesday 21 Sept.	K. Baynes
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ORPINGTON: Central Library, The Priory, Church Hill

Basic	Wednesday 22 Sept.	R. O'Regan
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WELLING: Public Library, Bellegrove Road

Basic	Wednesday 22 Sept.	S. A. Mills
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SOUTHGATE: St. Andrews Church School, Chase Road, N.14

Basic	Wednesday 22 Sept.	P. R. Miller
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POOLE: Central Library, South Road

Basic	Tuesday 28 Sept.	C. J. Willis
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CARDIFF: 19 Newport Road, Cardiff

Basic	Thursday 7 Oct.	Dr. F. Jones E. Buck F. R. Giggs
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DUNDEE: 39 Dock Street, Dundee

Basic	Friday 8 Oct	J. L. Geddes
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GLASGOW: Christian Institute, Bothwell Street

Basic	Friday 8 Oct.	Dr. W. Good
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United Committee for the Taxation of Land Values

The United Committee exists to promote the taxation of land values in lieu of other taxes.

A tax on land values is not a tax on land, but on the value of land. Thus it would not fall on all land but only on land that had value and on that not in proportion to the use made of it but in proportion to its realisable use. It would thus be a tax not on the use or improvement of land but on the ownership of land, taking only what would otherwise go to the owner as owner.

In assessments under the taxation of land values all value created by individual use or improvement of land would be excluded; the only value taken into consideration would be the value attaching to the bare land by reason of situation, fertility, mineral content or other natural attributes. Thus the farmer would have no more taxes to pay on his land than the person who held a similar piece of land out of use. And the man who on a city plot erected a building would be taxed no more than he who held a similar plot vacant.

The taxation of land values, in short, would call upon men to contribute to the national exchequer not in proportion to what they produced or accumulated but in proportion to the value of the natural advantages they held. It would compel them to pay just as much for holding land idle or under-used as for putting it to the fullest use.

By taking for public purposes that value which attaches to land by reason of its natural or acquired attributes, it would make the holding of land unprofitable to the owner as owner, and profitable only to the user as user. Under the system of land-value taxation more land would become available to labour and capital, thus ensuring the maximum progress of society.

FARMERS' PLEA FOR LAND TAX EXEMPTION

(Continued from page 110)

it would appear from their attitude towards retrospective taxes that the farmers' intentions are not just speculative, clearly there is a case for most careful examination. Land tax exemptions are generally unsound and concessions need the closest scrutiny, with emphasis placed on ultimate total advantage to the community. The application of land-based taxes will always present problems. It remains to be seen how the Californians choose to handle this one.