letters

I am sure that everyone reading the **Land&Liberty**, editor's letter in the Autumn 2009 edition will agree with the statement: "Fiscal reform that returns community-created value to the exchequer is the way forward." You were good enough to print my review of 'The Spirit Level' in the last edition. However, quite properly, you omitted my final paragraph because this was technically not part of the review but included my proposals for actions needed to deal with the necessary fiscal reform. It reads:

"There is no silver bullet. We must support those struggling to deal with the downstream problems created by our unequal society but, most importantly, tackle the upstream solutions which are available. In consequence, we should be prepared to pursue issues at the basic level by improving the unsatisfactory fiscal and monetary system. Let us therefore support a high pay commission, recognise the need to eliminate tax havens, tax avoidance and evasion, press for a Tobin tax, and insist on effective regulation of the banking sector and the separation of retail from investment banks. Indeed, strong support is developing for the introduction of an annual land value tax to reduce taxes on labour and enterprise and thus ensure a return to equality, avoid further economic crises and provide the funds for investment in new green economies. Let us all strive together to protect our future."

What I would like is a debate among your readership on this issue. Do readers agree there is no silver bullet in the current economic climate? Do they accept that there are measures other than LVT that need to be implemented? Do they agree that political pragmatism is necessary to go alongside the principles espoused by the Henry George Foundation? I hope some readers will join the debate.

John Lipetz

More Economics Tutors Needed

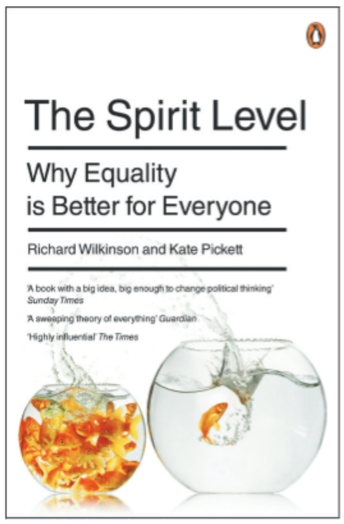
Alongside the spring edition of Land and Liberty, the Editor encouraged me to send out a letter of invitation to HGF members to consider teaching Georgist Economics at the University of the Third Age U3A.

Five people responded to the call and it looks as though at least two new courses may get started in the autumn. You will recall that the basic idea was for potential tutors to join their local U3A (i.e. The University of the Third Age), and offer to teach Economics. In particular to teach the economics as propounded by Henry George. This approach has the advantage that the local U3A will publicise the course and arrange the enrolment of students as well as provide the necessary accommodation. Time was of the essence if we were to get the publicity embedded in the U3A's annual course brochures for the September term.

Five people may sound rather a thin response, but it is a start, and we can learn from the experience. If the planned courses in West Molseley and Epsom come to fruition, then, together with the courses in Guildford and Woking, which I already tutor, we will have doubled our impact.

There are 761 U3A's in the UK with nearly ¼ million members so it is a rich field for us to 'plough'. So please begin now to think about the idea of becoming a U3A economics tutor next year.

It is worth remembering that Henry George did not just tell us to 'tax the value of land', he also gave us a structured set of ideas about how societies work economically. In doing so, he explained why slumps and booms occur, why there are high levels of unemployment, and the true nature of unearned income. In addition he showed us how to live in a free society without limiting



the equal freedom of others. Since George's day we have learned, through the work of professor Tideman and others, just how inefficient and wasteful are the economies of nations who reject these ideas.

It seems to me that many Georgists have a gut feeling that adopting land value taxation would have powerful social effects. For example, there would be less crime, happier and better educated people, with better health and more mutual trust. All these things and more besides have now been shown to be factually true. I strongly recommend that you either read "The Spirit Level", reviewed in **L&L** (1227) or go to www.equalitytrust.com on the web.

Teaching such material can be very rewarding. But we must get on with it, time may be shorter than we realise. Why? Well, part of the reason seems to be that land values have been rising (on average) at about 4% p.a. while wages have been rising at 2% p.a This will lead to an imbalance with more and more people living off rent and less and less creating the real wealth of which rent is a part. Clearly, a pathway to self-destruction.

Ray Ward

Mansion Tax—a Step in the Wrong Direction

For 150 years the Land Value Tax movement has proclaimed that one of the main benefits of the system is that improvements are not taxed. I therefore find it difficult to comprehend why the Liberal Democrats think that a Mansion Tax is a good idea, let alone a 'crude form of Land Value Tax' as suggested by John Howell in his letter in the Spring issue.

Such thinking only serves to confuse the essential message and undermine the principle of collecting the annual rent for public revenue.

Furthermore, the idea that the MT tax can be used to increase the personal income tax threshold and put £700 in the pockets of the lowest earners only serves to compound the error. Surely we are all familiar with Churchill's account of what happened to rents when the toll-bar on a bridge over the Thames was lifted. Sooner or later the State handout will be absorbed in higher rents and house prices.

A system of Land Value Tax will be benefit all citizens—rich and poor alike.

A 'bricks and mortar' Mansion Tax will only serve to antagonise the wealthy and give false hopes to the poor. It will neither help our cause nor advance the fundamental tax shift that Georgists all over the world are striving for.

Michael Hawes
Newark, England

In your issue for Spring 2010 John Howell (p.18) praises Vince Cable's Mansion Tax: "MT is to be an annual tax based on the market value of large single-family domestic properties." These are properties valued (how? by whom?) at more than £2 million.

In the same issue David Triggs (p. 10) laments people's failure to "see the difference between land value and the value of buildings".

But surely the Mansion Tax commits just this fundamental error by being based on the value of "properties"; ie, land and buildings. The resulting confusion is likely to do considerable damage to our cause.

In the same magazine there is Ray Ward's brochure Facing the Roadblock. On pp. 3-4 of that brochure Mr Ward warns us that "…we are not sure how the sums work out and until we can show clearly that they would benefit, comfortable retired people living in their own homes will see us as cranks trying to upset their apple carts. So again we need to do the research."

I couldn't agree more.

Robert Ilson
London, England

Community Chest

Delighted to see your article on Monopoly (L&L 1227). How is it that people do not see the connection with cutthroat capitalism, as the game closes with a sofa of glum people who have lost everything and a capitalist with a fistful of the earth's resources? I have a copy dated 1909, the year of the People's Budget with Lloyd George on the picture on the box. I have used it often to illustrate Henry George when I have given a talk and am willing to lend for that purpose.

Alan Laurie

Lars Rindsig's View from the Right

The other day I saw someone selling an American pulp paperback on the internet. The title pertained to 12 Chinese men in a boat who "hadn't seen a woman in six weeks" and a woman they were about to do unspeakable deeds to. Add to that, judging by the back cover blurb, plenty of fist-fighting and an all-caps warning "NOT FOR THE TIMID READER!", you get an inkling of what you're in for. Not high art—but, I expect, a representative example of the 'Yellow Peril' theme seen in American (and Western European) culture in the decades before that. Indeed, Henry George expressed some equally less-than refined views on Chinese immigration himself.

Today we don't hate the Chinese. We don't even hate the Communist oppressors who run the country and their murderous disrespect for human rights or human lives. We don't fear China—instead we buy Chinese goods and go to China on exotic holidays. Or, well, we did, back when we could afford it—before the bust.

But for some time now, the evil, conniving 'Chinaman' of the pulp literature of yore has been able to, one imagines, enjoy a bit of a belly-laugh while slave girls braided his jet-black hair: Western debt to China is of rather unimaginable proportions and the Chinese economy has thrived. So maybe we should be scared of the Chinese?

As L&L emphasised in our autumn 2007 issue, in which we predicted the current economic crisis, the economies of the Far East would live through the exact same process of bubble and burst as Western countries have.

Over the last couple of years, property prices in China have sky-rocketed. Two years ago, the average price of a flat in central Beijing was £225/sq.ft. Today it is £635. That's nice if you're selling—and it's a particularly lovely topic to discuss over dinner with friends if you're a bit middle-class. Average house prices are up 73.5% since 2009, and the property market constitutes a major part of the Chinese GDP. An unhealthily large part, even—because, as they say, what goes up must come down.

Because with the Beijing minimum wage being around £89 a month, you don't—not really—have to be a world-class economist to figure out that most people are beginning to simply not be able to afford the prices asked. And we know what happens then: properties aren't selling; prices go down; economy goes bust. We've seen that before.

The Chinese government has tried to avoid an impending crisis. Its measures include mandatory down-payments of 30% of the sale price. (It's 50% if it's your second home, and 100% if it's your third, based on the assumption that by then you're probably using the property for speculative purposes). Of course, sound economics has never exactly been the hallmark of the Communist Party of China but it's a fair go. But since it is estimated that between 30 and 50% of properties in the centres of major Chinese cities are empty and only used for speculative purposes (or put into different figures, 90% of all properties sold since mid-2009), some heavy-duty economic change is required.

No such change is likely. Not in China, and not in the West. And, sadly, that means that in 16 years it will be 'told you so' all over again—with ever more tragic consequences.