

non-military resolution of the conflicting claims over the islands.

WOULD IT be in the interests of the rest of Britain to transfer sovereignty after commercial negotiations? Given the failure to raise state revenues from ground rents to cover the costs of administering and defending the islands, the answer must be yes. However, if land value taxation were introduced the cost to the British taxpayer could be lessened. Apart from the dubious benefit of its helping the sun never to set on the Union Jack, Britain's only real interest in maintaining sovereignty over the Falklands is to protect the interests of the islanders.

Given that the likely commercial value of the islands is much greater for Argentina than it is for Britain, it is possible that the interests of the tenant farmers – the majority of the islands' indigenous population – would best be served by a generous financial offer to compensate them for resettlement in Britain or, if they chose to stay in the Falklands, to compensate them for loss of their traditional way of life under an Argentinian administration. Argentina would be called on to foot the bill, but she may well consider this price worth paying.

The main stumbling block could be the compensation the landowners might demand. They are in a position to exact a very high price that included the capitalised value of the higher rents that would accrue to their land for oil-related developments.

If a time did arrive when substantial mineral reserves are discovered and exploited, how could a system of land taxation be made to operate in favour of the community that created the land (and mineral) values? If the Falkland Islands (or Islas Malvinas) administration collected the rents and spent or distributed these revenues entirely on island facilities or to island residents, the islands would quickly attract immigration from less favoured parts of Argentina, assuring free immigration. In principle, this would eventually equalise the standards of living of the islanders and other Argentinians.

If, on the other hand, the Argentinian government collected the revenues and handed back to the islanders only a small portion of these revenues, spending the rest on community facilities in mainland Argentina,

there would be less immigration into the islands and the standard of living of the two communities would be equalised in a different way. In both cases, however, the overall standard of living of the two communities would be greater for having had the opportunity to exploit and share the benefits of the natural resource potential of the islands than is presently the case.

Unfortunately, there is no presumption that a system of land taxation would result from a transfer of sovereignty from Britain to Argentina. In such circumstances the islanders, whoever they may be and however else they may be governed, will in general suffer a common exploitation: the exploitation of the landless by the landed classes.

How exhilarating it would be, instead of going to war at such gruesome cost to both sides, Britain and Argentina could enter an economic competition to devise the fairest and most efficient solution to the land problem that lies at the heart of this dispute. It is only by resolving this issue that the interests of the inhabitants of the islands, of whatever nationality they be (and why not both Britons and Argentinians or any other nationality?), will be served.

FLAW IN THE GLC'S 'FAIR' FARES

HAMPSTEAD and Blackheath are among the most attractive parts of London. They were self-contained villages before the tidal wave of bricks and mortar swept over them in the nineteenth century, but their individuality and period charm still remain today. Both places boast many fine Georgian houses that are now enjoying protected status as listed historic buildings, whilst their designation as Conservation Areas is a guarantee that the local councils will apply stringent planning controls to keep out unwelcome intrusions. The two places are similar in other ways – Hampstead is close to the famous Heath, Blackheath adjoins

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Greenwich Park, and their distance from central London is similar. These amenities naturally affect property prices, for houses in both areas are highly sought after; but why does a house in Hampstead cost about £20,000 more than a comparable one in Blackheath?

Largely, of course, because, for good geographical reasons, the centre of London developed to the north of the Thames, and the river remains a great psychological barrier; but part of the explanation lies in the transport

system. Look at the map of the London Underground and compare the lines north and south of the river; South London sees very little of the Tube. True there are plenty of British Rail routes, but these provide a different kind of service, and the trains are much less frequent. Passengers from Blackheath need to know the timetable, whereas Hampstead travellers have only to turn up at the station, knowing that a train is sure to be along in a few minutes.

Blackheath residents tend to grumble about not being on the Tube but, in doing so, they forget an important point. If the Tube had been there before they arrived, their attractive period houses would have been much more expensive – and many people who live in Blackheath would not have been able to afford property there.

The transport divide between the north and south was the fatal flaw in the Greater London Council's "Fares Fair" policy which slashed fares on London Transport trains and buses last October and levied a supplementary rate to pay for it. It did little for South London commuters, who generally use British Rail services; they were faced with a 9% increase in fares in November on top of their extra rate demand. Thus it was the South London borough of Bromley which challenged the GLC's policy in a court action which ended in a decision by the Law Lords declaring the transport subsidy illegal. North of the

Suriname: Right-wing backlashed

THE COUP attempt by army officers in Suriname, the former Dutch colony in the Caribbean, was an inevitable reaction from the Right-wing, writes Ian Barron.

The ruling Left-wing junta came to power in February 1980 with the overthrow of the democratically-elected government of Henk Arron.

Discontent in this deep-seated. Land speculation had forced many small farmers off their land, housing was inadequate, the unemployed migrated to Holland by the thousand, and children died of malnutrition.

When Lt.-Col. Daysi Bouterse came to power, he declared 1981 the "Year of Land Policy and

Employment." A special unit was established in the office of the Garrison Commander, Maj. Roy Hord, to implement the new land policy, which was supposed to stop speculation and stimulate increased production through an improved use of land.¹

The Right-wing, however, does not understand the economic processes through which the under-utilisation of land leads to low wages, hunger and unemployment. This is illustrated by a statement by one of the leaders of the successful coup in Guatemala in March:

"Most outsiders know nothing about Guatemala. They talk about guerrillas

being the result of poverty. On the contrary, poverty is the result of guerrillas. Two-thirds of the farms in the western part of Guatemala have had to close. They talk about an unequal distribution of wealth when it is really an unequal production of wealth."²

The Right-wing backlash in Suriname failed, and on March 2 Bouterse announced that the coup leader, Sgt. Maj. Wilfred Hawker, had been shot at dawn.

1. Rickey Singh, 'The Shape of Suriname's Two-Year Revolution', *Caribbean Contact*, February 1982.
2. Jonathan Steele, 'US was "not aware" of plans for coup', *The Guardian*, 27 3 82.

● Cont. on P.54

Thames, in boroughs such as Barnet and Harrow (which, like Bromley, are Conservative run) there were fewer qualms about transport subsidies, no doubt because they were very much to the advantage of their electors.

The issue of subsidies for urban public transport can be summarised in a single question. Should those who use it pay directly or should it be laid on as a service paid for partly, or even wholly, from the public purse? The majority of urban transport authorities around the world receive financial support. In 1979, a survey showed that the proportion of revenue paid by the passengers themselves varied from about 75 per cent in London and Manchester to 52 per cent in Munich down to as little as 28 per cent in Rotterdam.

There are several arguments in favour of transport subsidies. Where volumes of traffic are too large for roads to handle, public transport must be provided in any case, and low fares ensure that the facilities are well used. This, in turn, makes it possible to adopt simple flat rate or zonal fares, and tickets can then be issued and checked automatically, by machine. Without the subsidy, short-distance fares are so high that passengers prefer to walk. Subsidies also influence the proportion of travelling done in private cars; small increases in road traffic have a critical effect on congestion, and the community at large incurs costs in the form of delays, noise, pollution, accidents and general nuisance. A policy of subsidy may be the cheaper solution if it encourages enough people to use public transport; everyone then benefits from the smoother flow of traffic. Unfortunately, this is very difficult to demonstrate, as travel habits develop over many years and short experiments prove very little.

On the other hand there are equally good arguments against transport subsidies. They mean that some people are paying for a service they do not use while others are using a service they do not fully pay for, and it makes matters worse when people in some areas are expected to pay for a service that is not even available to them. In London, transport subsidies act to the advantage of better-off owner-occupiers in the outer suburbs, and it is difficult to see how a council, whatever its political colour, can justify this. Subsidies can also perpetuate inefficiency and artificially low fares make it difficult to relate services to real demand. When passengers do not have to pay the

THE CASE of Earl of Lonsdale v H.M. Attorney General heard before Mr. Justice Slade on the 15 January 1982 in the Chancery Division calls attention to fundamental principles far beyond the facts of the case.

In 1969 the Crown purported to grant an oil company a licence to search and bore for oil and natural gas in the bed of the Irish Sea. But by a conveyance made in 1880 the Crown had granted to the predecessors in title of Lord Lonsdale its interest within certain tracts of land forming the sea bed adjacent to the Cumbrian Coast "All mines and minerals down to the bottom of the coal measures in and under those tracts of land." No doubt the situation was the well recognized arrangement when mines were sunk on dry land but the underground workings followed the seams (probably of coal) out under the sea bed.

The land owner's rights over his own land stopped at the high water mark, and the foreshore and sea bed were vested in the Crown.

The question to be decided was whether the oil and natural gas were within the definition "mines and minerals" and it became a matter of words and definitions. The decision was in favour of the Crown. One of the principles involved in that decision was that, contrary to the ordinary rule applicable to grants by the subject, grants by the Crown fell to be

true cost of travel they tend to make journeys they might otherwise have thought twice about. Cheap travel encourages people to take on long journeys to work, and the end result could be much unnecessary travelling and fuel consumption.

With strong arguments on both sides, the conclusion to be drawn is probably that a measure of subsidy is acceptable. Worldwide, there is a tendency for subsidies to fall in the range of 40 per cent to 50 per cent; this seems to be a prerequisite for well-used public transport facilities of good quality. The alternative seems to be fares set so high that few people use public transport, which then has to be pruned to suit the reduced demand; however, this approach is still loss-making, but with little to show for it in the way of service.

One aspect of the subsidy issue, however, usually escapes notice. High fares depress land values, so they are one of the expenses people allow for when they decide how much they can pay for a house in a particular place. The converse is equally true; low fares tend to enhance land values. With the cheap fares in London, com-

The Case of the Crown, the Earl and the seabed

construed in a manner most favourable to the Crown.

The decision is interesting especially because on the great landed estates it was and is common to except mines and minerals from the sale of freehold land and the granting of long leases. It will be interesting to see how the case will be applied to them, especially as the Crown would not be involved and the oil and gas and other minerals would belong either to the landed estate or the owner of the surface.

It is also a land mark in industrial history as being an example of the change from one fossil fuel to other fossil fuels as sources of energy. It leads on to the great international issues now and for years past aired in conferences on the Law of the Sea in the United Nations where questions

muters travelling into town from places like Highbury and Earl's Court were saving around £3 a week; four people sharing a flat would have been about £600 a year in pocket. Even after deducting the £40 a year in extra rates which the Greater London Council said that "Fares Fair" would have cost, they would still have been about £500 a year better off. As with all advantages of location, this would soon have been skimmed off by higher rents. Other rents which would have risen as a result of the London Transport fares subsidy would have been those of hotel rooms and shops in Central London, as more visitors came to spend their money.

In effect, subsidising public transport is much like building a road - in improving accessibility it enhances land values. Under our present tax system such increases in value are a windfall for the individual owners. How much fairer it would be if the rental value of land were a major source of public revenue. It would then be possible for the public to recoup the values it created by its investment in services such as transport.