builder, the landlord, and the owner-occupier. Among remedies he suggests are leasehold reform, that insurance companies should issue policies covering major repairs, that building societies might increase loans to one hundred per cent, or even 105 per cent., to cover removal expenses — pointing out that "they might lose out on an occasional deal, but they must know as well as insurance companies and croupiers that they do not need to win every time in order to make a profit," — and even the nationalisation of building societies.

As regards Schedule A tax, Mr. Alderson states that the owner-occupier asks, with some self-righteousness, "why he should be taxed on income represented by his house, when he is not taxed on income represented by his other capital goods such as a cigarette lighter and his car." (You are urged to resist the temptation to challenge an implied definition of capital with which you may not agree, or the main point may be lost.) "The explanation," says Mr. Alderson, "is that the income they represent is negligible. Matches are cheap, and petrol for a car costs about the same as train fares (which must be regarded as the alternative, since few people would hire a car for seven days a week, year in, year out). Suppose, however, that someone invented an atomic car that needed no refuelling for fifty years. The Inland Revenue would immediately want to tax the income it represented — and no doubt it would have the sympathy and support of the majority of owner-occupiers who had to make do with internal combustion engines." No doubt at all, more's the pity, but even if you accept the logic, a more fundamental reason than this must be sought. Sour grapes never made sound law.

Mr. Alderson says that, "in the place of subsidised rents, rent control, and the abolition of Schedule A, the State should give allowances, tied to expenditure on housing, according to a scale that decreases with higher income and increases with the number of dependants," and then, with theoretically sound reasoning, presents the suggested scheme in detail. Unfortunately, this chapter is heavy with the threat of the inevitable amount of yet more form filling, and the costly employment of innumerable civil servants necessary to run the scheme. Moreover, it comes after, and not before, his excellent chapter entitled "The Property 'Racket'," in which he comes down handsomely in favour of a "land tax". Still, one is left with a strong impression that he favours it most out of all the proposed remedies, for he pleads the case as eloquently as any Georgeist.

Thus, criticising our present rating system, he says: "Rates cannot even be defended as an effective means of encouraging the profitable use of scarce land. Rateable value does not bear a proportional relationship to the value of the land on which the property stands, but to the value both of the land and the property itself. If property is improved, its rateable value goes up. This is to say that if a better use is made of the land on which the property stands, higher rates must be paid. To this extent the rating system discourages the better use of land. It is even true that rates do not have to be paid on a property if it is standing empty, which is encouragement to sheer waste."

He maintains that a capital gains tax on real estate, to be really effective, would need to be levied whether or not property was sold, and then proceeds skilfully to prove it:

"Our single capital gains levy can be converted into a continuing tax equivalent to the interest on it. In short, our capital gains tax ceases to look like a capital gains tax at all, and looks more like the rates . . . If planning permission has been granted for an office block of a certain size to be built on a site (and a reasonable time allowed for building), the tax would be imposed as though it had been built . . . To summarize, the tax would depend only on the demand for land, on the use of land made before planning powers were assumed, and on planning permission. We may as well call it a land tax."

Indeed, we may, the real problem being to persuade the powers that be that although in some quarters it occupies the 'four-letter word' bracket, it is not really as dirty as it sounds, and would seem even less so if it were given an airing.

"If one argues from the premise that private property in land is as inviolate as private property in toothbrushes, then it follows as the night the day that a land tax is unjust. But there are few who do argue from this premise today. For everyone else it is the lack of a land tax which is unjust."

So say all of us, and on that profound note we leave you with the recommendation that you read this book. You will be delighted to find out how much we have not mentioned.

Debits and Credits

By E. P. MIDDLETON

THE CITY, by Paul Ferris (Pelican Books, 4s.)

AS WITH a number of institutions, there are two main points of view regarding the City — the golden square mile at the heart of London — that of those who are in it, and that of those outside it. To the former, of course, it *is* an "institution," one of the greatest by every test: historical, geographical, economic and financial; it is, also, at one and the same time a centre of power and a power regulator and therefore an influence for great good in this unstable world. To those on the outside, on the other hand, it is certainly a power centre, but whether its influence is for good or evil is a matter of considerable doubt, not to say scepticism.

The truth, as usual, lies somewhere between these extremes. Undoubtedly, this great concentration of headquarters, exchanges and clearing houses for financial transactions, unique in the world, is a power house which those in control of it may utilise for either good or ill purposes. On the whole, it would seem from events, it has been mostly an influence for good, for which the credit must be given to the remarkable mechanism which has been built up over the years by which control is exercised and potential dangers avoided; which really is to say the remarkable tradition which has been established by a body of men, themselves remarkable, with an ethical code and a stability that has earned the respect of the civilised world.

Like the trained, and first rate, reporter he is, Ferris does not omit to present the opposing points of view with which I began this review. But, like a reporter, he refrains from offering a conclusive opinion. In the process, he quotes, for instance, Professor Titmuss of the London School of Economics (from his book *The Irresponsible Society*) on the dangerous concentration of power in fewer and fewer hands — without offering a hint, any more than does the professor, that he is aware of the real basis of that power. To both of them, apparently, the power is in the manipulation of money. Only once in *The City* (in the chapters dealing so intimately and so entertainingly with take-overs and mergers) is there any reference to the foundation on which the monopoly power inherent in these devices rests, and then only in the obliquest way by speaking of property values.

The fortunes represented by the colossal share issues by which these transactions are financed — as, for instance, in the great Clore campaign to take over Watneys Breweries, involving an offer of £20,000,000 — are clearly enough based on the rent potential of the "properties" concerned. Ferris says, "the Watney Board was aware of this particular goldmine," meaning the under-valued "assets" in land. Watneys turned Clore's offer down as "preposterous." But Ferris says nothing to indicate that he is aware himself of anything wrong or even unusual in this traffic in "land values." He is, of course, the impartial observer, the reporter taking notes. The opinion is for those who both run and read.

After reading *The City*, one is given to reflect on how long the system described could retain its present character and attraction for those who operate it, once the privilege of capitalising the rent of land was removed and, with it, the inhibiting effects of taxation on all commercial, industrial and financial activities. It seems obvious that, while the incentive behind the great fortunes being made in "property" deals would have disappeared, the enjoyment of legitimate business profits, intact from the depredations of the taxation authorities, would more than compensate. And gilt-edged stocks would then truly reflect the credit of a healthy economy and no longer earn the terrible indictment implicit in the term "gilt-edged" which Paul Ferris says is current among the victims of currency inflation.

These criticisms apart, *The City* is full of valuable information: on how the various mechanisms work, the stock market, insurance, bill broking, merchant banking; the history of London as a world financial centre; the Common Council of the Corporation of London; the office of Lord Mayor and the fascinating Livery Companies. It is a mine of intensely interesting and wittily written material for the student. The chapter on Lloyds alone is worth the price of the book. One cannot but agree, however, with one of the few comments Paul Ferris permits himself, on the advantages of buying a company with a loss with which to offset your own taxable profits: "It all sounds a litte crazy. Finance has a very special air of cloud-cuckoo land." A result, of course, of the crazy economics on which our whole system is based.

E. P. MIDDLETON

WRITES FROM AUSTRALIA

Subsidies— Tariffs— Controls

NINETEEN SIXTY-THREE is the 175th Anniversary of the Founding of Australia. This is then an appropriate time to appraise the "state of the nation"; to examine what it is we have to celebrate in this 175th year of "growth".

There's plenty for us to get our teeth into. Population (10,705,121) increased by a million migrants since the end of World War II; sheep population: 157,714,000, wool clip worth £A338.5 million; the "Great Australian Car", the makers of which are now a wholly-owned American private company who made a profit of £A15 million last year; the phenomenal growth of Australian secondary industries (under the umbrella of a sturdy policy of protective tariffs); and the fact that (almost) every Australian family now possesses at least one car, many thousands two or more. Saturation point is about reached in the home-installation of refrigerators, washing machines and television — at any rate in the cities. To these accomplishments we can now add unemployment, currently running at around the 100,000 mark.

A look at the major issues preoccupying press and politicians at this time discloses a number of things. There is, for instance, the argument about the sale of wheat to Communist China. One of our more picturesque politicians, Sir Wilfred Kent Hughes, has been saying it should be stopped, because, allegedly, China is using the wheat not to feed its peasants, but to feed its armies and is even re-selling a lot of it to Albania. Wheat farmers, on the other hand, enjoying a subsidised guaranteed price, have very strong views to the contrary — especially wheat men like Mr. G. F. Smart, of Western Australia, who has just harvested the largest crop ever grown on one property in Australia: half a million bushels, worth £A235,000. A more balanced and impartial view has been expressed by a leader-writer, who points out the dangers of dependence on China for the sale of this crop, the acreage of which