

An Odd Approach

Clouds Over Wall Street by Max M. Schulmann,
New York: Exposition Press Inc., \$4.00.

WHEN THE ENGLISH reader has made every allowance for American style, he will still regard this book as off-beat. Its lines of argument are odd, its method of presenting them is odd, and its detailed conclusion is very odd indeed. This is a pity, because the author's underlying thought is sound in that he is attacking land monopoly and proposing to extirpate it by land-value taxation.

To begin at the beginning, which is the best part of the book, the author first describes the 1929 Wall Street panic. By concentrating on what actually happened, and not at that point introducing reasons why, he gains the confidence of the reader, who will probably go along with the author in his gradually unfolded belief that the slump was linked with the Florida real estate boom; also in his wider theory that the high price and inaccessibility of land, force labour and capital to be idle. There may be room for disagreement about the exact way in which this idleness is caused—whether all kinds of production are affected simultaneously, or whether, as the author strongly argues, the construction industry plays a key part—but there will probably be broad acceptance of the general chain of events which leads from land speculation (the Florida boom inflated land prices elsewhere) to unemployment, stagnation, falling production, falling market values, and panic selling.

One of the most important points made by Mr. Schulmann is that once capital is being withdrawn from an overvalued market, any subordinate or incidental event may act to trigger off the panic. A single bankruptcy may "cause" a panic, but it can do so only if the prevailing conditions are unhealthy to start with. These conditions—the whole chain of events from a boom in land values to falling stock market values—are the real cause, just as land enclosure was the real cause of the misery accompanying the industrial revolution in Britain, though the actions of capitalists may appear to be immediately responsible.

For those who look on the rising price of land as the cause of slumps, this book may seem at first sight to be an exciting one, since it relates speculation in land to the most famous of modern depressions and one which is conventionally talked about in terms mainly of over-speculation in shares. Disappointingly, however, only part of the book deals with depressions. The remainder covers slums and general aspects of land tenure and capitalism, and these are not handled with the same skill. Mr. Schulmann's approach is not to follow a single line of reasoning right through, but rather to present a series of small arguments, gradually infusing his ideas about land into more general statements but without collating them into a clear and compelling logical sequence. Hav-

ing digests before each part of the book is not a good idea—it merely accentuates the repetitiveness, that, unfortunately, already exists—and it is difficult, when lost in the intricacies of the relationship between feudalism and capitalism, to clear the author of the charge of irrelevance in places. In fairness, it must be said that the title *Clouds Over Wall Street* was not Mr. Schulmann's original choice, which was *Capitalistic Revolt*, a much less attractive but also less misleading description of the book.

The author is woolly about land value and seeks to divide it into two kinds, only one of which he wants to tax. As a result what he quaintly calls the "Lex Americana" provides for a most extraordinary form of land-value taxation. It is almost a relief in these circumstances to find that he is very anxious not to be supposed a single taxer—labour and capital, he says, must contribute their share. He does not ask how much under-employment of labour and capital stems from the burden of taxation on them. If depressions and slums are to be ended and free enterprise given its head, it is necessary not only to tax land value to the full but also to untax labour and capital. A partial measure of land-value taxation only is not enough. **A.J.C.**

Germany's Land Problem

DR LAURITZ LAURITZEN, the German Minister for Housing and Town development, in a new publication*, has outlined his ideas about the problems that confront him. Here are a few catch-words:

"The building of dwelling units scarcely keeps pace with growing population in the areas of concentration; building permits are retrogressive; the building of subsidised dwelling units will remain indispensable; the building of dwelling units is a social and a political task of decisive importance; town and village renewal is a new task required by modern exigencies, it means bringing order into the areas of concentration; the 'law for promoting town development' is an essential requirement; a new legal concept of the rights of landed property is necessary."

The Federal Housing Minister must have our agreement when he claims that our housing and town development should accord with the dignity of human nature, that the tasks of town development can be fulfilled only if rising real estate prices are not effectively opposed, and that a new orientation of our land policy is necessary. We can further agree with him that for this purpose the proposals made in the "law for promoting town development" are insufficient.

The Minister wants to elaborate new concepts and definitions of a modern legal nature concerning landed

**Aspects of Housing and Town Planning Problems* by Lauritz Lauritzen. The German Union for Housing, Town and Country Planning Ltd., Cologne, 1967. DM 3.50.

property, in order to shape the juridical instrument so that private and public planning and building may work without delay and without endless lawsuits. This is to be welcomed.

The Herbert-Wichmann-Verlag is about to publish a series of practicable proposals in the same vein, which, I hope, will serve as a basis for general discussion.

Gustav Bohnsack

Windfalls for New Cities —An Architects View

EIGHTEEN YEARS of study and writing about urban development convince me that every effort should be made to recapture unearned increments in land value.

Seldom in American history has there been such an era of publicly-financed construction—highways, water improvements, utility extension, as in the past fifteen years. Most of these public improvements bring about a rise in land values around them. Highways make once-remote lands accessible, and this promotes an immediate rise in land values. Public agencies buy land for a recreation or flood-control lake, and all lands around the site become desirable at once for higher-intensity use. The evidence is all around us.

The lucky owners of such lands are the benefactors of public investment. Most of them have done little or nothing to create the value, beyond the simple act of ownership.

As a member of Secretary Udall's Potomac Planning Task Force since 1965, I have seen this in many parts of the Potomac Basin—immediate rise in speculative activity, and a jump in land prices following Federal or State announcement of a new recreation or flood-control facility. And, finally, as Real Estate Editor and later Urban Affairs Editor of a large metropolitan newspaper I have written innumerable stories since 1947 of the "windfall effect" of public investments on privately-owned properties. I have seen it happen.

In my view, it is vital that a fair and equitable method be worked out to return to the public purse a larger share of these "windfall profits" inherent in unearned land values. Legislation should be prepared for introduction in Congress that will require—as a condition of all Federal grants to be listed below—that local property tax procedures be improved, so as to speed up the application of increased property assessments on land benefited by Federal facilities.

This requirement should be extended to land areas benefited by highways built with U.S. funds; to those benefited by Federal flood-control and multiple-purpose water-development projects; and those land benefited by Federal open-space and landscape grants programmes; and by Federally-assisted Urban Renewal programmes.

As a general rule, the assessment of those land values lags behind the speculative rise in land values, especially those caused by Federal projects such as dams, National Parks and Interstate Highways in rural counties and



other taxing districts, the time-lag is often quite long: years, rather than months. Many such district tax assessors are over-worked, or otherwise find it difficult to assess land in relation to the rising value caused by Federal investments in the close vicinity. A system of Federal grants should be developed so that a local taxing agency may be eligible for such a grant, the purpose being to speed up the re-assessment of lands benefited by a Federal facility. This may well require the various States to set up—with Federal funds assisting—training schools for tax assessors. This will vary with the locality, and with the need.

—Grady Clay, editor of *Architectural Quarterly*

A Smashing Idea

FLOURISHING Irish industry that will get the knock if and when Ireland ever enters a completely free trade area is the assembly, or rather the re-assembly, of motor cars. Most motor cars at the moment arrive in Ireland in what is known to the trade as C.K.D. condition. C.K.D. stands for "completely knocked down," and it means just exactly that; the cars are manufactured and part assembled in the country of origin, then taken down again and sent to Ireland, in bits, for re-assembly. Windscreens which arrive intact are smashed by men with sledge-hammers so that fresh windscreens of Irish glass can be fitted by Irish workers. Understandably enough, cars made in this way work out a good deal more expensive than cars finished on a conventional assembly line—one small British car assembled in Ireland costs about £50 more than the same car costs in Britain, notwithstanding the fact that the British price includes a purchase tax of another £100—and there is no doubt that the industry will collapse as soon as cars are allowed into Ireland without a tariff.

—From *The Irish Answer—An Anatomy of Ireland*
by Tony Gray, Heinemann. 42s.