

bering that safeguards could be present in the form of state inspection relating to standards for buildings, teachers, advertising, etc.

With publicity and expert help and guidance, parents would begin to learn to choose competently, and the challenge thus presented would be a stage in the development of their own education. Some parents would choose more wisely than others at first, but experts can validly help here by providing information and advice. The framework of the system would tend to encourage wise choice, whereas the present system usurps, and extension of state control would usurp, the functions of parents and engenders apathy and indifference. In fact the state system positively discourages the participation and interest in education of just that class of parent the system is designed to help.

Competition and the market system generally would be as beneficial to a school system as it is to other commodities. For instance, under competition it is likely that the pay and prospects of teachers would be more in keeping with their real worth to the community. But the real value of the system of vouchers and competing schools would be to the children, who with the likely tendency to small classes and less specialisation, could be sure of an education where their individual capacities would be stretched to the proper degree. Parents, prompted to take more interest, and to participate in their child-

ren's education, would not only be helping to improve the school system, but would have the spur to become better parents.

There has been little argument so far about vouchers; in fact, as one educationist points out, there has been a conspiracy of silence on the matter. What is needed now is a large-scale public debate so that comparisons can be made between the fashionable nationalisation ideas and the freer voucher system.

On one point we can be sure: if it is considered necessary to have a state controlled system, it will be a sad indictment of government educational policies over the last hundred years. They will be judged to have failed in educating children to a maturity where they are able, as adults and parents, to think for themselves. The voucher system, however, does offer hope to society, that as individuals, we shall not be for ever dependent on the state, and that we may become cultured as well as educated persons.

The Institute of Economic Affairs has been instrumental in bringing the voucher system to the public attention. Whatever the rights and wrongs of the voucher system it is refreshing to find educationists challenging and questioning ideas, slogans, and practices that are fashionable and taken for granted. The publications of the Institute have given established authority in the field of education a knock, which I for one applaud.

## The Future of Cities and the Land Problem

P. R. HUDSON

"San Francisco's Bay Area Rapid Transit project will give land owners a windfall profit of more than \$800 million."

**T**HE FUTURE INVESTMENT in reshaping America's cities will probably run into trillions of dollars before the end of the century. Within the next generation, if the population projections are correct, it will be necessary to almost completely rebuild the major cities at twice their present size.

These staggering facts emerged from a high-level round table conference of thirty-three specialists in the land development field, organised by the National League of Cities, the American Institute of Architects, Luce magazines and the Lincoln Foundation. Described by New York's mayor as the "Who's Who of Urban Development," the list of participants included town planners, architects, planning commissioners, economists, tax specialists, transport leaders, administrators, government officials and developers. The conference lasted three days and dealt with every aspect of town and city development in an attempt to answer the question: What kind of city do we want?

The published report of the proceedings fills a forty-eight page supplement of *Nation's Cities*, April, 1967. In it are to be found more amazing facts. Between now and the year 2000:—

- \* \$1,800 billion will be required for housing.
- \* \$1,000 billion will be needed for commercial, industrial and utility construction.
- \* \$1,000 billion will be needed for new community facilities.

At a scale more readily grasped, New York will require sixty-one college campuses for 1.3 million more students, one hundred more hospitals, or 45,000 beds.

The pressures on the nation's cities will be built up by a population of more than 250 million urban residents. Among the vitally important problems to be solved are these:

- \* Pollution. At the moment it costs as much (\$500 million) each year to clear up the soot and garbage as it

would to put smoke control devices on all New York City's chimneys and incinerators.

- \* Traffic. Providing additional capacity on the New York approach roads to Manhattan is currently costing \$21,000 a vehicle. Motorists may park free of charge where land costs \$100 a square foot.
- \* Land misuse. A recently developed out-of-town shopping centre occupies 450 acres. With careful planning only one hundred acres would have been taken.
- \* Slums. A third of Manhattan's population lives in railway slums condemned before 1900.
- \* Land speculation. San Francisco's Bay Area Rapid Transit project will give land owners a windfall profit of more than \$800 million just to absorb ten per cent of the present automobile trips.
- \* Land prices. Slum clearance in Manhattan is costing an average of \$486,000 per acre for acquisition alone.
- \* Servicing costs. Each family added to New York State population requires \$16,850 tax money to support local service costs and enable home sites to be sold at \$8,000.
- \* Urban racial ghettos. The flights of middle income people to the cheaper land units of the suburbs has led to a rapid change in social balance in urban areas. Washington has a 63 per cent non-white population, Detroit 39 per cent, St. Louis 37 per cent, Chicago and Philadelphia 30 per cent each.
- \* Local Government boundaries. Tax responsibility is divided between local, county, state and federal authorities, with a proliferation of special tax districts and *ad hoc* authorities for bridges, schools, parks, fire cover, sewage, hospitals and water supply. In many instances the various agencies are working against each other.

All these problems were fully covered by the experts attending the conference. Although differences of opinion were voiced across the table, there was unanimous agreement that the scale and scope of today's difficulties could be small compared with those of the future unless drastic and urgent action were taken within the next few years.

Numerous useful ideas were discussed at length and many speakers subscribed to the following views:

- \* Political boundaries should be reviewed.
- \* New land planning agencies should be set up.
- \* Central government should take financial responsibility for national services that demand more than local resources.
- \* The profit motive should be harnessed to spur renewal by increasing taxes on land and decreasing taxes on improvements.
- \* Anti-social activities of pollution and speculation should be rendered unprofitable by taxation policies related to values and costs.
- \* Motorists and road users should bear the full economic cost of facilities provided and any surpluses ought to be invested in mass transit systems.
- \* Expanding cities should be guided into cluster pat-

terns of satellite townships radiating from administrative and financial centres.

- \* The right and freedom of individual choice must be protected and nurtured to encourage maximum co-operation and investment expansion.

Whatever reforms of local, state, or national government emerge from the current questioning and re-thinking that is going on in the United States at the moment, it is vitally important for the future of the country that the main purpose of cities is not forgotten by planners. "The purpose of cities," says the report, "remains unchanged and unchangeable—the same today as in the stage coach age, the railroad age and the canal boat age—to bring people and business together for ease and variety of access and contact."

The report leaves little doubt that traditional property tax systems run directly counter to the expansion, renewal and improvement of cities. "No matter who makes the investment, the land owner cashes in on it," states the report. "When New York extended the subway beyond Spuyten Duyvil, land prices in Riverdale zoomed upwards. When taxpayers spent \$350 million to bridge the Narrows to Staten Island, land owners there got a much bigger \$350 million windfall. Spending 800 million tax-payer dollars for the Bay area rapid transit will almost certainly enrich land owners around its stations by at least an equal amount."

Among the speakers who castigated improvement-based property taxes, Prof. Mason Gaffney, who has recently completed research on behalf of the Urban Land Institute, claimed that "Today's property tax practice is slowing down the replacement of obsolete structures by twenty to thirty years." This statement was reinforced by the findings of Dr. Netzer, who found that "the present property tax tends to discourage investment in new construction and rehabilitation . . . Heavy taxation of land values would substantially increase the holding costs of land and thus encourage more intensive utilisation." The question of how anyone can expect private enterprise to provide good housing for low and even middle-class families without enormous subsidies while land costs are so high, was answered by the statement: "If we want to check the land price that threatens to price good new houses out of the market it is foolish to subsidise that inflation by assessing and taxing land lightly and then penalising the home buyer who has just paid too much for his land by taxing him on his house."

The very wide range of problems covered by the conference is common to most large urban areas in the western world, and the full report deserves a wide reading. It is to be hoped that the trends in thought generated by such a group of respected experts might be followed by re-thinking at the local, state and national government levels. No one pretends that every urban disease can be cured by changes in property tax administration, but few who have thought the issues out should dispute that land value taxes could do a power of good to alleviate many of our crucial problems.