

GRAHAM Hallett addresses himself to town planning students and others interested in the theories and policies of state intervention in the land market.

Mr. Hallett is Senior Lecturer in Economics at University College, Cardiff and in the foreword to this book he states that he has attempted to bring together simple economic theory, empirical data and a little history in such a way as to illuminate some current issues in urban policy. As he found it difficult to recommend to his students one comprehensive book on urban economics he decided to write one himself.

I found the results of his labour very interesting. The book is certainly comprehensive, very carefully researched and contains much thought-provoking material presented in a lucid style.

In 270 pages, the author takes his readers from Ricardo to the Community Land Act and covers the property market, redevelopment versus rehabilitation, booms, slumps, trends and land value surveys. He then goes on to deal with compensation and betterment, the problem of the inner cities, methods of urban renewal and public land acquisition. Each chapter concludes with a short summary of the main points covered and this approach should be most helpful to students revising for examinations. The book also has a very useful index.

Mr. Hallett takes a critical look at price controls, rent controls and planning legislation. Looking at the emotional subject of speculation, the author points out that there is a lack of evidence to reach firm conclusions and that many builders have their own 'land banks' which they develop according to market demands. However, Mr. Hallett writes that there is in general a sound case for imposing some kind of tax on vacant urban land.

Under the heading of 'Taxation of rises in land values' Mr. Hallett states that there are three possible types of tax:

- Site value taxation;
- A tax on realised gains; and
- A tax on development value irrespective of whether gains are realised or not.

"Under site value taxation", he writes, "an annual tax is levied on the basis of the value of the site if it were not covered by a building . . . One advantage of site value taxation is that, not being levied merely when development occurs, it does not discourage development. Excessive

An Elegant Tax

REVIEW

Graham Hallett,
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claims have often been made for the system but it is unfortunate that it has never been seriously considered in the many British post-War experiments." And later he confirms that a tax on site values has theoretical advantages. He points out that site value taxes exist in Denmark, Australia and New Zealand with satisfactory if not startlingly beneficial results.

Although Mr. Hallett's assessment of the merits of site value taxes may lack positive enthusiasm it is pleasing to see that the site value system is supported. At least students are introduced to the concept and, if interested, can pursue further studies of the subject.

Following consideration of the arguments for land nationalisation, which he rejects, he suggests that there is in principle no reason why a market economy should not operate perfectly well under a system in which the state was the universal ground landlord with leases of around 100 years. Such a system now operates in Hong Kong. The problem with such a system in Britain would be that of compensation to existing owners. For my money, site value taxation is a far more elegant and sophisticated approach as it can be introduced at a fairly low rate initially and then increased progressively.

There is much in Mr. Hallett's book that is worth praising, and I am sure it is just what students studying urban land economics require. Although I could fault the drafting of three or four sentences in the book I would not hesitate in recommending it. Unfortunately the price is hard on the student's pocket and a cheaper paperback version would be welcome.

Chicago: cont. from P.25

envisages the bridging of some streets with hanging garden platforms high enough and sufficiently widely spaced to continue to admit light and air to the streets far below.

This is all opened up to the public with political hoop-la, which points out how useful this development will be to the city as a whole and how many jobs it will provide when this land is put to better use. And so it will, indeed, as each politician bows in glory and seeks to upstage his competitors in an effort to garner the larger share of the credit.

Credit? For what? The new State Constitution provides that at any time the local politicians gather their wits together, they can offer even better tax advantages to everybody. All the County Board has to do is to pass a resolution declaring that building

values are to be taxed at the rate of only 40 per cent of the taxes on land—that is to say, land values will be taxed at 2½ times the rate of the taxes on buildings—and new buildings and new jobs will as a result sprout not only in the Loop, but in the rest of the City and County as well. Why wait?

Is it not time for the Chicago and Cook County politicians, from Mayor Byrne down, to give up this pretence of lordly largesse and permanently open up to the public the treatment now offered only temporarily and to politically well-connected builders? There would be glory enough for all.

And there would be more than that. One of the very low-key aims of this project, one rarely openly mentioned, is to augment the continuing effort to bring into the centre of the city the more expensive apart-

ments and condominiums which normally cannot be afforded by Chicago's blacks. This, it is hoped, will help recover for the whites a larger share of the central city's evening streets. These are now chiefly occupied by the generally less affluent and often even unemployed blacks after nightfall, as the whites—wisely or foolishly—tend to find their recreation elsewhere in fear of becoming a statistic. (The leading cause of death among the 50% unemployed Chicago teenage male blacks is violence).

A measure like land value taxation, by providing additional jobs and higher incomes for the residents of the city as a whole, would do more for the blacks, and for the whites, and for amicable relations between the two, than the greatest special privilege for the most handsome and well-considered North Loop development. Speed the day.