

A Great and Glorious City—Brazil's Opportunity

I cannot play upon any stringed instrument; but I can tell you how of a little village to make a great and glorious city.—THEMISTOCLES.

The Republic of the United States of Brazil consists of twenty States, five Territories and the Federal District (in Rio de Janeiro). It comprises an area of 3,289,440 square miles and has a population (1950) of 52,645,500.

The idea of transferring the Capital of Brazil from Rio de Janeiro to a new City to be built in the interior of the country has been under consideration for the past 60 years. It has now matured and is ready to be put into effect.

The chosen location, about 650 miles west of the Atlantic Coast and about the same distance north-west of Rio and due north of São Paulo, lies in the uplands of the State of Goyaz. The new Federal District, with the new Capital at its heart, covers approximately 2,260 square miles, enjoying a mild temperate climate, its ground rich in natural resources. It is virgin territory and is at present only sparsely populated. The future Capital has no official denomination as yet. The names of *Brasilia* and *Vera-Cruz* have been proposed, the latter being preferred for its historical appeal, since Vera-Cruz was the name given to Brazil when it was first occupied by the Portuguese in 1500.

The whole of the territory is being expropriated and the cost of extinguishing private rights in land is estimated at a sum of 200 million cruzeiros, equivalent to £500,000, a very small sum for such an immense area, and happily the result of wise precautions taken against the evil play of land speculation.

The field is thus clear to proceed with the establishment of the new City which could be, in parallel with Canberra in Australia, an example to the rest of the world—a city deriving its whole revenue from the economic rent of land, that is from the value of land created and maintained by the presence and activities of the community; a city financed without any taxation levied on buildings and improvements or on any work of man's hands and where indeed such taxation would be deliberately prohibited; a city where all industry would flourish because its fruits were neither mulcted by the tax-gatherer nor surrendered in rent to the private land monopolist.

On the one hand certain serious dangers attend; on the other hand a wonderful perspective is in sight of a "City on a Hill," if Congress will but legislate for its so easy possibility. The danger is this—that a great folly, catastrophic in the end, may be committed. The National Committee that was charged with elaborating the plans for the City did conceive at first (though perhaps its views have since been changed) that after the whole territory had been publicly acquired, the land should be resold in freehold to private individuals (whereby they would have title to the future increment in land values and whereby the City, deprived of that revenue which morally belongs to the public, would be obliged to throw taxation on the results of labour.) Such a scheme, as our informant, Mr. Americo Werneck, Jr., has written, "save for the probable excellence of a modern and well-planned city to start off with, is no better than the zonings made by private individuals and companies, so common on the outskirts of cities in new countries and often extremely pernicious to the public interest by the violent speculation they bring forth."

What then is the better plan and the obviously right plan? It is laid down in principle by the eminent Dr. Odilon Benevolo in the address on "The Social-economic Basis for



Map Specially Drawn By Stephen Martin

the Future Federal District," delivered by him in January last year before the Institute of Geography and Statistics under auspices of the National Colonisation Institute. Supporting him, Mr. Werneck addressed the same Institute on "How to Finance Construction of the Future Capital" and both these addresses now in print have been widely circulated.

The proposal by Dr. Benevolo is to establish in the future Federal District the system of *emphyteusis* as laid down by the great statesman Rivadavia of Argentina though he was fated in the revolutions of his day not to see it in operation. It is the system of perpetual leasehold to private landholders under which the annual rent-charge would be periodically adjusted to the value of the land, with exclusion in the Federal District of the improvements; and where that is introduced there would be no local taxation on buildings and improvements or on the earnings of industry.

Dr. Benevolo's proposal is to apply this system of *emphyteusis* so that, with revision of valuations taking place once every five years, 63 per cent of the economic rent of land would be collected into the public treasury, allowing the leaseholder (the private landholder) to retain 37 per cent of the rent. This fraction of the economic rent would establish a "market value" of the landholder's interest in the land value on which assessment a rent charge of 10 per cent per annum would be levied. Dr. Benevolo calculates on the basis of a 6 per cent rate of interest, the generally prevailing rate in Brazil; and without our going into the mathematics of the proposition, the rent charge of 10 per cent so computed and assessed, would derive the same revenue as a 3.7 per cent land-value tax on the full selling value of the land—that is the selling value it would have if the land were free from tax. It would be a very considerable step.

The proposition is set forth in a "land policy" statement of 24 clauses making provision for all that relates to valuation, collection, appeals, exemption of improvements, and the rights and duties of landholders as well as of the public authority. It is to be hoped that this policy will have favourable consideration by the Government and will commend itself to Congress. We await further news.

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