

TOWN PLANNING AND LAND VALUES

Message from an Eminent American Authority

Mr Harold S. Buttenheim, Editor of the *American City*, has written as follows to the British journal *Garden Cities and Town Planning*, June-July, 1932 :—

Dear Mr Hare,—Your editorial comments on "The Search for a Philosophy of Housing" interests me. When you discuss more in detail the problem of housing and the land and the relationship of taxation to that problem, I wonder in just what direction your philosophy will point. If I remember correctly, you are not very favourably inclined toward the idea of land-value taxation. The more I study the housing problem, however, the more firmly I am convinced of the fundamental importance of some of the Henry George ideas. In this connection I wonder if you happened to see the brief comment which I submitted at the International Housing Association in Berlin last June.—Yours sincerely, HAROLD S. BUTTENHEIM, Editor, *American City*.

MR BUTTENHEIM'S VIEWS

No country of America or Europe has yet succeeded in solving the housing problem for the masses of the people. Private enterprise, without public support, has everywhere failed. Government aid, through subsidies, loans, or tax abatements, has merely ameliorated, here and there, conditions which are a disgrace to our twentieth century civilization. . . . To consider palliatives is worth while, but to dig down to the foundation of the problem is our most important task.

There are two principal reasons why the workers in every country are inadequately housed. The first is that good housing is more costly than it ought to be. The second is that wages are lower than they ought to be. The most fundamental objection to subsidized housing, in my opinion, is that such housing is really subsidizing low wages. Our problem can be solved partly by bringing housing costs down. It can be solved much more fully by bringing wages up. To this second and more important phase of the problem housing reformers have given too little consideration.

Assuming that we do not wish to follow Russia's lead and adopt land nationalization and State socialism, we must find some new incentive for wage increases which will affect all employers—the generous and the wise, and the selfish and the ignorant alike.

When there are more men than jobs, wages are low ; when there are more jobs than men, wages are high. If land, both rural and urban, were used to the best advantage of society, there would be more jobs than men. In such use of the land Russia now has a tremendous advantage over the rest of the world. But there is an alternative to land nationalization which retains the advantages of private ownership, while encouraging the best use of the land and securing for the community the values which the community itself creates. That method is land-value taxation. Speaking for America, I believe that the most fundamental economic reform which we could adopt would be the gradual removal of municipal and county taxation from personal property, machinery, buildings and other results of human labour, and the transfer of such taxation to the community-created land values.

The result would be not less, but more, private initiative and enterprise than at present. Land owners would have an added incentive to put their land to profitable use. Our enterprises would operate more effectively than ever, for they would be relieved of the tribute now levied by those land owners who have neither created nor improved that portion of the earth's surface to which they have title.

Land-value taxation ought to be coupled, of course, with effective laws for site planning and for the zoning of all of the land within the city. By this means improper, or too intensive, use of the land would be prevented ; for the local authority would determine for each district the kinds of structures to be allowed, and the maximum coverage and cubage of buildings regarded as socially desirable. Assess-

ments for taxation would then be based on the land rents derivable from such maximum use. Open spaces which the community desired to retain would be zoned as such, and would pay only a nominal tax ; but if more intensive use were subsequently permitted, there would be an immediate re-assessment for taxation, based on the higher sale or rental value thus given to the land.

Such a system of taxation would be a tremendous stimulus to industry, to proper land utilization, to the improvement of housing conditions, and to the raising of real wages. It cannot be brought about next month or next year. But when palliatives merely palliate, fundamentals become of fundamental importance. Is the International Housing Association ready to accept the challenge ?

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