

error, this legacy from ancient Rome, down through the Norman Conquerors, the English Crown, the Founding Fathers, and on to the present is a concept which has shackled much of mankind with what Winston Churchill termed: "... the Land Monopoly, the Mother of all Monopolies."

These subtly accumulating injustices now culminate in agitation for a National Land Use Bill. The arguments marshalled in support of such a measure are impressive and accurate, in so far as they outline the evils of the present condition. However, the proposed solution is wrong, totally wrong. Such a measure would be more than a mere zoning act; in all probability it will be a long step towards land nationalization; a return to "Regal Grand Theft." Oh, to be sure it will not take on the trappings of the ancient royal land transactions; after all we are a democracy. In all respects the egalitarian form must prevail. But the substance? Well, that no doubt will be structured to persuade "the victims that they are being robbed for their own benefit." It is curious that we cannot learn, if not from our own experiences, then from others. We know that our land title system came from England. How are conditions there?

The June 15th, 1974 issue of *Forbes Magazine* reported that British real estate prices soared anywhere from 20 per cent to 100 per cent just between 1971 and 1973. Accompanying all of this has been the emergence of a proliferating bureaucracy, devoted to zoning and land planning of all sorts, just the sort of thing National Land Use Planning will bring to the U.S.

Planning councils empowered to grant development rights, building and zoning permissions have assumed enormously powerful roles in Britain. As these powers have grown so also has corruption, enormous speculative gain for favoured designees and an uncomfortable and outraged citizenry, many who, seeking relief, act out of a sense of frustration and call for land nationalization, a call that has come up in Britain before. In 1964 the Labour leadership, heeding the call, but fearful that outright nationalisation would alienate too many voters, tried the halfway house of the Land Commission, a bureaucratic monstrosity which succeeded, before its demise, in recruiting more than 10,000 civil servants and acquiring just over 2,000 acres of land! Now, with their new Community Land Act, which nationalises practically all building land, and their new 80 per cent development tax on values added by planning permission, they have just about brought everything to a standstill. The British condition is slightly different from ours. A difference which largely accounts for their more advanced state of disorder. Britain's property tax (rates) does not tax capital values, only rental values. Vacant parcels thus go untaxed and land speculators have no incentive to make land available.

If we decry the social disruptions, poverty and injustice that arise from unequal distribution of the land, how much more so should we now be concerned over proposals such as National Land Use Planning. This master plan zoning concept will further inhibit utilization of necessary resources; will further impede productivity; will further increase the conditions favouring poverty, injustice and expanded welfare. Individual liberty will decline as elitest state power will grow. This trend, these schemes, the socialization of the land advanced under the banner of the "general welfare" will move the nation further and further from the goal we seek.



NEW YORK ON THE BRINK

Robert Clancy

THE PAST several months have witnessed an unprecedented event: New York, the largest and leading city in the U.S.A., went bankrupt and was about to default on its debts. An appeal was made to the State government, thence to the Federal government and the ball kept bouncing back and forth.

How did it happen? How did the great, rich, bustling city come to such a pass? For the answer one must dig into the background. The present Mayor, Abraham Beame, reaped a harvest which he helped to sow because he served for many years as the city's Controller, and he has been severely criticized for the way he kept the city's books so that it was nearly impossible to tell what was going on.

Former Mayors John Lindsay and Robert Wagner have come in for blame, also former State Governor Nelson Rockefeller, for the escalation of New York's deficit financing.

In an earlier time New York operated on the spoils of the Tammany machine. Ward politicians took bribes and in turn took care of the poor in their neighbourhoods in exchange for votes. On the respectable level, the property tax was the basis of public finance.

A change took place in the administration of Fiorello La Guardia in the depression days of the 1930's. Honest La Guardia overturned the Tammany system and installed a New Deal bureaucracy—and as it turned out, the remedy was worse than the disease. New Yorkers got bigger and bigger bills to pay, and more and more taxes. (Interestingly, Chicago is still on a political system resembling New York's old system, and is financially in better shape.)

The next big development was the change in population. Up to the 1950's New York had absorbed numbers of newcomers who had been upwardly

mobile. But then the poor and the unemployed started moving in and found insufficient job and advancement possibilities; so welfare benefits were distributed to them by the city. As this increased, the middle classes started moving out to the suburbs and many businesses moved elsewhere. The sources of tax money were shrinking while expenditures for welfare and other public services were rising.

In the 1960's New York's municipal workers via their strong unions precipitated a series of crippling strikes, or made demands with the threat of a strike. Transit workers, sanitation men, policemen, firemen, teachers—hardly any service was unaffected—demanded higher salaries, costly fringe benefits and generous pension plans—and the city gave in each time. As Theodore H. White described it in *New York* magazine: "No one can publicly oppose the cry for More. Our entire social tradition insists on it. We are not the big, rough, tough city you think we are . . . We are the City of the Soft Touch . . . If you wanted it, our politicians gave it to you—More. Only now there is no more . . ."

To compound all this, the city manipulated its accounting practices so that no one knew how serious the problem was. It borrowed on security it did not have, it transferred expenses from one budget to another, it falsified its credit rating.

The kind of taxes New York levied were further calculated to bring on the crisis. The property tax was formerly the mainstay of city finances. Then a sales tax was imposed, increasing constantly, then an income tax, plus nuisance taxes and onerous business taxes, all calculated to further chase people and business away. Even the property tax was badly administered. As Robert Wood (President of the University of Massachusetts) wrote in *The Village Voice* on New York's plight: "Taxing mostly improvements of land and not land itself enriches the speculator and never recaptures the incremental value that city government investments and services bestow."

With all this, the city's budget has been mounting steadily. Through the 1930's the annual budget was less than \$500 millions. (After World War II it started to get into the billions, and for the current fiscal year the budget is above \$11 billions—more than the national budget of many countries.

And so—financial collapse. When the word got out, the city fathers could think of only one thing—run to Washington for help. New York State was approached, but it was only a temporary stop on the way, as the State itself was in deep trouble too. A righteous President and Secretary of the Treasury sternly turned down New York's pleas for help. The city got itself into the mess, let it get itself out and learn to live within its means. In principle sound enough, but it was a case of the pot calling the kettle black. The Federal government has a public debt approaching the trillion mark, and during President

Ford's and Secretary Simon's tenure, personnel and expenses have been steadily added to the budget.

Meanwhile New York was getting closer and closer to the brink of default. Week by week it was a question of whether it could meet its payroll and bills. Consolidated Edison said it might have to turn off the electricity. Appeals were made to the Federal government by business men, economists, even foreign governments, arguing that the repercussions of default would be incalculable. New York wore sackcloth and ashes, repented its sins and made stabs at economizing.

Finally, Federal help was offered in the form of an annual loan of \$2.3 billions for three years (to be repaid with interest at the end of each year). Default was thus temporarily averted, but New York has a long hard road ahead. The biggest problem—the one that undid New York—remains unsolved: What is to be done with the poor and the unemployed that our system cannot absorb? And when the city economizes by discharging thousands of its employees, what is to be done with them?

The current answer is that the Federal government must step in and take over city problems—and not just New York, as many cities and states are close to the same situation. The onward push toward a centrally controlled economy has been given another impetus. We are likely to find that here too, the remedy is worse than the disease.

Meanwhile, to get New York going again, a hefty increase in sales, nuisance and income taxes is being prepared for New Yorkers at both the State and City levels—the same kind of taxes that have already eroded the city. Our politicians seem unable to think of anything else.

By contrast, the proposal to tax land values offers a source of revenue that does not run away, it encourages improvements and jobs and so reduces unemployment, and it does not depend on big government handouts.

How far along the road to disaster must we travel before this simple remedy is recognized?

Say Cheese

IT takes 150 civil servants to administer the cheese subsidy, says Mr. Michael Latham M.P. (Con.). The subsidy payout (1975-76) is £61 million.

"The total benefit" he says, "is 2½p per person per week. These are all official Ministry figures."

