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## Let's Look at Canberra

By C. VILLALOBOS DOMINGUEZ

years (1), the rentals are revalued. Moreover, the lessee must begin to build within two years after receiving the lease, and must complete his improvement within three years. Here, then, seems to be an approach to what Henry George had in mind: land being 'owned' by the State but used and improved by private individuals, with the economic rent going into the public treasury to supply public needs."

H. Bronson Cowan in an article entitled: "Canberra—Australia's Unique Capital—A Federal city, where the public owns the land," published in "The American City" (July, 1940), wrote:

"The policy of not selling land as freehold has been strictly carried out. No difficulty has been experienced in inducing people to erect valuable buildings on leased lands. . . . Within the city area, the policy of the government has been to dispose of leaseholds for land by public auction (2). Under the leasing system all improvements placed upon the land revert to the Commonwealth Government at the expiration of the lease. If, before the lease expires, the lessee desires to surrender it, he may do so by paying all the rent due to date and surrendering all improvements on the land without compensation."

The area of the Canberra City District is about 26,900 acres. The area reserved for future developments comprises 12 square miles. The adjoining Federal Capital Territory covers 576,000 acres, or 900 square miles. . . . The design for the laying-out of the city was obtained as a result of an international competition held in 1912, which was won by Walter Burley Griffin, a Chicago architect. . . . The requirement that building must comply with specific standards has helped to beautify the city in that there are no unsightly houses or business edifices to detract from the appearance of whole neighborhoods. . . . One can travel for miles in a veritable enchanted land of lovely trees of many varieties, broad boulevards and flowering gardens. . . ."

"The population is small. It increased from 1,921 inhabitants in 1911 to 10,000 today (1940). As a result there has been a marked increase in land values. By retaining the freehold, as the Commonwealth has done, and granting long leases for business or residential areas, the profit on account of any rise in land values goes to the Crown, and an assured revenue on account of leaseholds is derived. The Government expects that, in course of time, the revenue derived from business and residential

(1) In 1936, the ordinance was amended, and reappraisements are now made every twenty years.  
(2) There is apparently an incongruity in not applying the auction procedure to rural lands.

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Canberra (accented on the first syllable) is a city in Federal Capital Territory, situated between Sydney and Melbourne in Australia, its corporate existence dating from May 9, 1927. It is the only capital city in the world in which there is no private ownership of land.

Harold S. Buttenheim, Editor of The American City, New York, offered the following comments:

To believers in the verbal inspiration of *Progress and Poverty*, the Canberra experiment must present a perplexing dilemma.

Henry George's fundamental solution for many of the problems of the world was "to make land common property." This objective could be achieved, he explained, either by community ownership of land titles or by community taxation of land rents. The author of *Progress and Poverty* preferred the latter method, but he stated definitely (on page 403) that by declaring all land public property and letting it out to the highest bidder in lots to suit, under such conditions as would securely guard private right to improvements, we should satisfy the law of justice and meet all economic requirements.

Must it be assumed, therefore, that if Henry George were able to address his followers today, he would deny the Canberra experiment as fundamentally unwise or unjust? Would he not, on the contrary, welcome this and other attempts to demonstrate the soundness of his basic principle that land rent should be used for the benefit of the entire community?

Among such attempts are:

1. Canberra in Australia, described in the accompanying article, where all the land is retained in public ownership, but where private development is encouraged on land leased from the government.

2. The garden cities of Letchworth and Welwyn in England, built by corporations financed by private capital which retain ownership of the land and lease it for private development—residential, commercial, or industrial—at its economic rent.

3. The three so-called "greenbelt" towns in the United States—Greenbelt, Maryland; Greenhills, Ohio; and Greendale, Wisconsin—built during the depression years of the 1930's by the Federal Government. The Congressional act which approved and financed these three projects requires that the properties shall ultimately be sold into private ownership. When such sales are made, I am one of many who hope that the local governments to be set up will either retain the land in public ownership, or will be authorized—by State legislation, if necessary—to protect future development by well-drawn planning and zoning ordinances and to derive their real estate revenues wholly from ground rents.

Henry George, if I read him correctly, was thinking primarily of the problems of existing cities when urging that individual landowners be allowed to retain, "if they still want to, possession of what they are pleased to call their land." But the Australian capital city and the English garden cities and the American greenbelt towns are planned communities, designed, as would never happen under unfettered individual initiative, to provide surroundings conducive to the good life under modern conditions. We need such experiments—and I, for one, hope that we shall have more of them.

**D**URING THE present century there have been taking place two groups of social experiments that, in my view, are of paramount importance to mankind:

1. The more or less extensive enlargement of governmental economic control in Russia, Italy, Germany, and all other countries;

2. The creation of the city of Canberra, in Australia, and the so-called "garden cities" of Letchworth and Welwyn, in England (now in the process of vigorous multiplication), based on the principle of common property in land, associated with trends toward the elimination of taxes, thus making true free enterprise possible and true individual freedom in general.

The first group of experiments has great significance in its negative results (unavoidable despotism); and the second in its positive results which contain great promise for the world at large. The latter group of experiments is closely related to the Georgist doctrine, from which these have been more or less directly derived, and which they interpret more or less closely.

The Canberra Plan, promulgated by a law of 1910 and an ordinance of July 23, 1924, on the basis that "no Crown lands in the territory shall be sold or disposed of for any estate of freehold," is summarized thus by George R. Geiger in his book *The Philosophy of Henry George*:

"The land policy of the capital territory is completely in terms of leases; there is no outright private ownership of land, all land being rented from the Government. Lots are leased at public sale (*sic*), the terms being twenty-five years for agricultural land ninety-nine years for urban land. The rent is set at five per cent of the capital unimproved value (*i.e.*, the approximate economic rent of land), and after a term of twenty years, thereafter every ten

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leases in the city area and from other assets in the Territory will be sufficient to pay off the interest on the expenditure and ultimately to redeem the capital outlay. . . ."

The more essential propositions of the Georgist doctrine are the complete collection of land rent by the community—for the equitable benefit of all the individuals composing the community and no taxes on buildings or other improvements. This community is, in the civilized world, known as a political society, which may be termed Municipal, Provincial, or National State. Generically we can thus say, not making any special specifications, that the Georgist doctrine consists in *collection of the rent of land by the community and the liberating of the economic activities of the individual.*

To collect the rent of land for the community, a method must be had for determining as accurately as is practicable the rental value of each parcel of ground at all times. This value is, in other words, the price that must be paid periodically for the *permission of occupancy and use of the parcel, not taking into account the improvements.*

The only natural, i. e., scientific method for determining the price of a thing is to submit it to free bidding, in order to ascertain what is the most that any purchaser wishes to pay. The level reached by this monetary offer is the true price of the thing, whether the thing be material or immaterial. Therefore, *the principle in the method practiced in Canberra, where the rent of each parcel is fixed at public auction, is the best possible for determining at any time the amount of land rents.*

This principle requires, if the land is to be leased by the State to the tenant, that the State be the *actual and formal owner of the land.* The *property of land must be nationalized, although the use will be private.*

This method is but confusedly practised in Canberra, Australia's capital city, inasmuch as the price submitted to the bidders is not plainly the price of the rent but the *capital value* (or *price of sale*) of the land—the amount of rent to be deducted afterward arithmetically, according to the legal rate of interest of capital. This roundabout procedure is absurd and confusing, because it is presumed that the land shall not be sold in any case. The amount of rent to be paid at the time of the auction, or within a short time thereafter, will be well established in this manner, anyhow; but the difficulties arise when we consider the cases of future revaluations.

Another and more important error in the Canberra system is, in my view, responsible for the relatively slow development of the city. That is the rule not to compensate the owners of the improvements when the lessee surrenders the lease before its expiration. It is easy to understand that this is a serious hindrance to the desire to become a tenant and to the making of large improvements upon the lot.

To mitigate this handicap, the periods of fixed rents have been prolonged to twenty years, the lessee having the unjust privilege of paying during the last years of the period a smaller rent than that which would be fair—

a clumsy way of resolving the problem by means of a second error without attaining satisfactory efficiency.

Another great error of the Canberra plan is the fixing of the term of the leasehold precisely at ninety-nine years. The good purpose in view, aside from the conventional feudal habit, is to give to the grantee (I find it very proper to consider the tenancy as a grant or *concession*) strong assurance of his permanence on the parcel and the enjoying of the improvements that he had freely established there. I do not know what the rules are in Canberra in cases of decrease; but the 99-year leasehold has no sense if not accompanied with a definite and proper method for liquidating the claims of heirs at the death of the concessionary and for determining who would enjoy the continuance of the occupation of the parcel, and *under what conditions.*

The term of five years established in Canberra for grants of rural lands is unjust and no less unjustifiably artificial than that on ninety-nine years fixed for urban lands. That measure overlooks the fact that the rural inhabitant has the same natural right and the same need for safe and free permanence upon the land as the urban inhabitant; the same rights, then, to stability, free rescission, and to be indemnified for improvements.

Moreover, I note that the accurate physical planning of the city has not been conceived as a whole with the rural area. A rural area must not be considered as an amorphous belt or environment of a city; but the city itself must, in general, be considered as an urban condensation of population derived from a populated rural area. This is essential for the prosperous vitality of both city and country. I think that the planning designed by the architect, Julio Villalobos, for a rural-urban colony in Balcarce (Argentina) gives a revolutionary pattern satisfying these requirements (3).

I have no information about progress in the extensive rural territory of Canberra. Apparently efforts for this have been postponed, with the limited view of making a lovely capital city for the Federal Administration, the well-being of its population, mostly bureaucratic to this day, I suppose, and arousing the admiration of tourists.

The Canberra plan is potentially splendid and fruitful, but the imperfections outlined here are sufficient to explain the rather slow growth of that bold enterprise. It deserves keen study and conscientious analysis. The endeavor to rebuild the Australian city of Darwin along the same lines as Canberra is very encouraging.

The similar experiments of the "garden-cities" Letchworth and Welwyn, near London, have attained no less substantial success, but their plans are inferior to those of Canberra in the essential point of ascertaining rents, which are not done on the basis of public auctions, but by conventional appraisals by a board of trustees. These plans are impaired also by the smallness of the rural "belts."

(3) Published in *Revista de Arquitectura*, June, 1946, Buenos Aires and an abstract in the *Housing and Planning* bulletin of the Pan American Union, March, 1947.

"It is an almost impossible matter," wrote H. Bronson Cowan in the February, 1947, *Henry George News*, "to determine the value of land in the City (Canberra). This is due to different reasons. There are no sales of land to act as a guide. Leases are entered into at different times and under varying conditions. The costs of administration have been shared in various ways with different Government departments, making it difficult to determine just what the actual municipal expenses have been."

Arthur W. Madsen, Editor of *Land & Liberty*, London, will give us a report soon on the much discussed Town and Country Bill. All writers quoted here are acquainted with Georgist principles and are well qualified to analyze techniques.

I think it very erroneous to plan a residential and industrial city in such a manner that its inhabitants are forced to receive the bulk of their foods and industrial raw materials from long distances, and to produce goods almost exclusively for distant markets (4), although it happens that this has been the general practice in the British Isles during the nineteenth century.

These beautiful and prosperous cities were created by private corporations and private funds (5), but at present it has been wisely resolved to create *seven* similar cities with public funds.

Letchworth, started in 1904, had about 22,000 inhabitants in 1946. Welwyn had its inception in 1920 and a population of about 18,000 in 1946. Of all British cities, it has the smallest death rate from tuberculosis and the highest rate of household consumption of electricity.

I note that Mr. H. Bronson Cowan stated, with reference to the Canberra Plan—in a letter published by the *Henry George News* (February, 1947)—that the nationalization of land has caused hopeless political troubles in some countries where the governments built houses for lease. This objection is irrelevant with regard to Canberra, where the houses are in general built and owned by the tenants of the land (also in the "garden-cities") and these tenant-owners have inviolable, unprejudiced right to permanent occupancy.

Far from rejecting the Canberra Plan, we Georgists should consider it the best materialized model for our practical plans. Any Georgist can imagine what striking effects might be produced by the formation in the United States of some little cities of the type we have considered, upon lands *expropriated at rural prices* by the Federal, state, or municipal governments (6), in which the settler would have his parcel without the need to buy it. It could easily open the way to making the nation anew, and creating a new society.

(4) I profit here by an excellent idea of Ralph Borsodi's and remember also the admirable lecture of Henry George in Paris on the future variance and limitations of international trade.

(5) See *Journal of the American Institute of Planners*, No. 1, 1947, Cambridge, Mass.

(6) I consider it doubtful that lands which reverted to public ownership because of arrears in taxes would be acceptable for this purpose. According to studies published in *Soils and Men—Year Book of Agriculture*, 1938, U. S. Dept. of Agriculture, these lands are for the most part of poor soil, depleted by erosion.