

- * The land-value tax requires no payment of compensation and so no fund has to be created for that purpose.



- * With increases in building output which have been demonstrated consistently to follow the introduction of LVT, the excess profit would be taken out of slums.
- * Freedom of choice would be widened for a far greater number of people as effective purchasing ability would rise with lower prices.
- * The tax itself would provide a revolving fund for community improvement and give local representative government more freedom to exercise local initiative.
- * Land-value taxation is good for the builder, the developer, the architect, the estate agent and the public, because it increases the velocity of construction.

There are also many other benefits too numerous to list here. The fact remains that LVT has been and always will be the only satisfactory answer to the land price and housing shortage problems. This has been recognised by all leading economists who have looked at it closely. The trouble is that the politicians would rather heap failure upon failure or continue to suffer all the problems of the *status quo* rather than accept the inevitable truth that there is only one way out.

At the moment the pendulum has been swinging under Conservative rule, with a strong bias towards the land-owners of all classes, rather than the community as a whole. When the tide next turns, and it will probably turn at the next election, it looks as if something on the lines of Jenkins' Juggernaut will again trundle laboriously on to the legislative stage. Great Britain, with the growing population on its tiny islands, cannot survive another severe failure. Continental Europe, with its greater land mass and competitive edge will offer far greater advantages to innovators at lower costs of initial investment. If the next opportunity to act positively is lost so will be the country's chances of economic growth and survival in the remainder of the century.

MORE THAN EXPECTED

AN ESTATE of 424 acres in the Cotswolds, Poulton Priory, was sold at auction in November for £520,000, representing £1,226 an acre, reports the *Daily Telegraph*, November 15.

A price of £350,000 to £400,000 (£825 to £994 per acre) had been expected.

Perfectly Simple

T. O. EVANS

TELEVISION interviewer introducing Mr. Ivor Packet.

Interviewer: Now Mr. Packet, what our viewers are interested in is just how you became a millionaire - I mean how did you make all your money without moving outside this delightful seaside town?

Mr. Packet: I didn't exactly make my money - it was given to me by the good people of this town.

Interviewer: Really? You mean they got up a subscription or something?

Packet: Not quite. It was voted to me by the rate-payers' representatives on the Town Council in various stages.

Interviewer: But what for? Did you perform some great service to the town - rather like the Pied Piper did?

Packet: Nothing like that. I was more sure of my money than the Pied Piper was - besides I gave no service whatsoever.

Interviewer: But you must have been some kind of hero—town councils don't just vote money away for nothing.

Packet: Don't they? Well, I must admit to lack of understanding of economics on the part of the councillors - that is they *thought* their investment would pay dividends.

Interviewer: You mean they entrusted you with money to invest?

Packet: Not at all - I only got it indirectly. You see, many of our councillors were and still are a rather jealous lot. They kept envying the larger and more prosperous seaside towns - very few visitors came our way in the old days. So they first voted to spend £20,000 on publicity to attract holiday-makers from home and abroad.

Interviewer: And was it successful?

Packet: Fairly. It brought new people and trade improved quite a bit.

Interviewer: And then what?

Packet: Well, then they voted another £10,000 for publicity, and, realising that they would have to live up to the claims they were making in their brochures they voted another £10,000 for improvements on the promenade. Later they borrowed heavily to finance a new pier and theatre. This was followed up by more publicity and so it went on.

Interviewer: And I imagine the local trades people were delighted.

Packet: Oh yes - at first. Everyone kept saying how

prosperous we had become with new shops, new roads, new swimming pools, dance halls, restaurants etc. Yet somehow the people generally and many traders were no better off than before.

Interviewer: But surely, the working people must have had more jobs and, with the increased demand for labour, higher wages?

Packet: Not really. You see the increased prosperity attracted labour from other towns and it also attracted capital, and what with the fierce competition and higher rates to pay for the continual improvements, they were not much better off - except in the short run.

Interviewer: Yes, I suppose that's the hard facts of economic life - we see it around us all the time, but I don't see what this has to do with your making your fortune, unless you were the owner of the publicity firm or perhaps a developer?

Packet: No, neither. As a matter of fact the publicity firm went broke - they underestimated their costs.

Interviewer: And the developers?

Packet: Oh, they didn't do all that well - two of them burnt their fingers - you can still see the empty buildings on the south shore, at the far end.

Interviewer: Yes, I've seen them, but why build way out there?

Packet: Couldn't afford to pay the higher land prices nearer to the centre of things.

Interviewer: Yes I suppose so. But to get back to this fortune that you say the people have voted to you - how did that happen?...

Packet: I've told you.

Interviewer: But that money was spent on improvements in the town and on publicity - roads, schools, swimming baths, etc.

Packet: Exactly - but you see I own most of the land around here - always have - and the final result of all this prosperity was to push up land rents and land prices. I got it all in the end. People out there are still struggling to make ends meet - labour and capital alike, and increased rates and taxes don't help much.

Interviewer: It's a wonder the people don't turn on you.

Packet: Not at all. I shall probably finish up with a knighthood and my statue in the town centre - as I said, the councillors and the people simply don't understand economics.

Interviewer: I suppose you're a bit nervous about betterment levies coming in again, or land nationalisation?

Packet: Well, not really. Betterment levies would affect new development permissions it's true, but I would still have my present rents coming in - pretty high you know.

Interviewer: I know!

Packet: And as for land nationalisation, I would get ample compensation and draw interest on Government bonds instead of drawing rents - not much difference really.

Interviewer: So you're not really bothered by all this talk of land reform?

Packet: Well (by the way, is that mike still on?).

Interviewer: I'll switch it off if you like - there.

Packet: Thanks. Strictly between you and me, one thing *does* worry me.

Interviewer: What's that?

Packet: Land-value taxation - it would fall on all my rents and lower the selling prices of all my land, but I'm relying on the general ignorance of economics to prevent that.

Taxpayer's Land-Price Burden

ONTARIO taxpayers have just paid slightly more than half a million dollars for a 100-acre farm which James H. Teefy of Pickering sold six years ago for \$70,000 - an increase of 600 per cent, reported the *Toronto Star* recently.

The purchase, says the report, is among the first of hundreds of similar transactions which will cost federal and provincial taxpayers about \$172 million over the next two years, as the two levels of government acquire land for the proposed airport and adjoining townsite in Pickering, Markham and Uxbridge.

On June 2, 1966, farmer Teefy sold his 100-acre farm on Pickering Township's third concession to Gerardo Fiorini and Armando Boccia for \$70,000.

On August 31 1972, the syndicate that eventually acquired it sold its interest to "Her Majesty the Queen in the right of the Province of Ontario" for \$500,500 cash.

In terms of price per acre, the cost of this particular land has moved from \$700 an acre - an economic price for farmland - to \$5,000 an acre, a price bound to be reflected in the cost of housing and other facilities throughout the area, says the report.

A *Toronto Star* survey of many transactions in the area shows a recurring picture of speculation, inflation and population pressure working together to force prices to levels that would have been unbelievable only a few years ago.

But many are private companies, the directors of which are lawyers and legal secretaries. Many use the same offices and appear to be related. It is impossible legally to find out who the true owners are.

These companies tend to trade parcels back and forth among themselves, often with a modest amount of cash and enormous mortgages with comparatively small payments.