

EXPROPRIATION PROBLEMS

John Fisher

Expropriation of property is a necessity if our society is to function efficiently. However, when such action is taken (as recently in Woodstock), battle lines are usually drawn, and even after the main fight is over, lawyer's fees, hard feelings, ill-health and other bad effects continue to disrupt lives.

On our farm in Kent County we have had personal experience with the process of expropriation when two acres of our best land was taken for a road. In most cases (as in our own) the key issue is price. Since the Federation of Agriculture is concerned with just expropriation I wish to outline some misconceptions and the solutions to some of the thorny problems that apply to all land.

Most farmers are quite aware that the source of their income is the product of their labour on the God given natural resources (all the material universe except man and his products), This income we call wealth. The city worker sometimes loses sight of the fact that nothing can be produced without (1) his labour and (2) the natural resources as described above.

The wealth people produce can of course be increased several times over by using capital. Demand makes wealth have value. As a matter of justice, each individual is entitled to the wealth he creates. The farmer's income or wealth may take the form of barns, cattle, crops or tilled land (as opposed to untilled or otherwise unimproved land).

However, the natural resources also have a value apart from the efforts of individuals. Offers of \$1,000 an acre were made for building sites on our own farm before expropriation took place. This value arose, not because we created these sites (they had been there since the beginning of time) but because of the

presence and activity of the community, and for that matter of the whole country. Land has a value independent of that of the wealth people produce upon it.

To sum up: -- the community by its presence and activity gives rental value to land; therefore, the rent of land belongs to the community and not to the landowners. Labour and capital by their combined efforts produce the goods of the community -- known as wealth. This wealth belongs to the producers. Justice requires that the government, representing the community, collect the rent of land for community purposes and abolish the taxation of wealth.

The Ontario Assessors' Manual states that land should be assessed at its "market value". If this was effected and the source of taxation was shifted from wealth, such as houses, incomes, etc. to land values -- vacant or undeveloped land (i. e., slums, car lots, etc.) would become a burden and owners would have to put it to a more profitable use, or sell it to someone who could and would. When this happens, production increases and jobs are created. Idle farm land now held for speculation would be forced into production. Ribbon developments, satellite towns and subdivisions would tend to use land as it was needed and not leave gaps of undeveloped land around builtup areas.

Land value taxation would lower prices of farms which were formerly held on speculation, awaiting government or private development. Actually, under land value taxation (if carried far enough) the price of land would tend to be the annual taxes. As an example, the land on the farm previously mentioned is taxed at \$4 an acre. However, if the same mill rate was used on the market value of the expropriated land (assuming that it is \$1,000) the latter would have been taxed at \$60 an acre. Higher taxes on land values would cut down unearned incomes from community created values. Investments in land would yield no profits. Only labour on land would yield profits.

When it became necessary for the community to expropriate

under land value taxation the procedure would be as follows: --

Unimproved land could be acquired with little or no cost by the government concerned.

Compensation for improvements such as buildings, fences and crops, as well as for inconvenience would still have to be negotiated by government and owners, but the task would be cut in half.

By undertaxing land, governments encourage people to speculate in land. Speculation causes inflation because land is limited. The demand for land can only make prices go higher. Articles of wealth cannot be monopolized in a free economy because as soon as large profits are made more goods are put into production. Since all our wealth originates in natural resources, inflation at this point is always reflected through the whole economy.

Many "farmers" and "businessmen" have become rich (intentionally or unintentionally) on unearned incomes through speculation. When governments do not use their justified source of income they are forced to dip into the incomes that people have worked hard to earn.

If all taxes were collected from land values and all taxes removed from buildings, etc., most farmers would get a tax break. It is true some would pay more but if our present inflationary trend continues the next depression will be upon us before anyone can do anything about it.

For the sake of justice let us correct our tax system and expropriation procedures.

-- From a letter to the local headquarters of the Federation of Agriculture. (Ed. - A month after sending this letter Mr. Fisher had received no reply.) ■

CRITICISM IS SOMETHING ONE CAN AVOID BY SAYING NOTHING, DOING NOTHING and BEING NOTHING.