

town are closed with fine, new buildings; urban sprawl and encroachment on the countryside is halted; roads are cheaper to build and widen; home ownership is brought within reach of many who today look to Councils to provide them with a roof; young men find it easier to buy or rent a farm or small-holding.

Council spending is slashed because (1) land for schools, roads, etc. is cheaper; (2) expensive services are no longer provided for non-revenue-yielding sites; (3) many services are self-financing, increasing rate revenue by more than their cost; (4) housing subsidies and slum clearance payments are drastically curtailed.

No longer is society divided into rate-privileged and rate-exploited groups. The reduced cost of local government is shared fairly. Equity and harmony prevail.

Hundreds of local authorities have demanded land-value rating. Recently ratepayers', residents' and tenants' associations have lent their support. In July the non-party National Union of Ratepayers' Associations called for "a further enquiry into the practicability and desirability of meeting local expenditure by a rate on site values".

The People's League should endorse that reasonable request.

Plain Talk to Businessmen

By ROBERT DE FREMERY

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A speech given last month at the Commonwealth Club of California.

ANYONE who has studied the subject of taxation cannot help but recognise the disastrous effect that most forms of taxation have upon a free enterprise system. And the deeper he goes into the subject, the more aware he becomes of one kind of tax that not only has no harmful effect upon productive activity, but actually has a beneficial effect. *House & Home*—the leading magazine for the construction industry—has pointed this out several times in the past few years. As each community grows, the rental value of its land, as distinguished from improvements, grows with it. And as public funds are spent for streets, highways, irrigation projects, schools, and the maintenance of law and order, the value of the land benefited by these public improvements is maintained and increased. So what is more logical than for each community to recover as much of this publicly-created value as possible—thus making it unnecessary to levy taxes on privately created values such as homes, factories, machinery, earned income, and all the wealth produced by those not on a public payroll?

Consider what happens when we do not make full use of this natural source of public revenue,

1. Citizens are encouraged to speculate in land—thus diverting savings from more productive uses and causing the price of land to climb beyond the reach of those who would like to use it.

2. Local state and Federal governments are forced to levy taxes on our homes, our incomes and our purchases. Public revenue must come from somewhere. If it does not come from the publicly created value of land, then it must come from privately created values.

3. Public spending becomes uncontrollable because of the influence of lobbies favouring public works that will benefit certain landholdings at the expense of those who pay income, sales, and gasoline taxes.

4. Slums grow in the centres of cities—a direct result of under-taxing valuable land while taxing those who improve their land.

It is significant that years ago at one of the annual meetings of the American Economic Association, the subject of land-value taxation was thoroughly discussed and an overwhelming majority of those present agreed to the following points:

1. The site value of land is a creation of the community, not a creation of the landholder.

2. A tax levied on the site value of land cannot be shifted or recovered from the tenant by raising his rent.

3. A tax levied on the site value of land is burdenless. The community, in taxing site values, is merely recovering a value it has created.

Recently Dr. Glenn Hoover, Past President of the Pacific Coast Economic Association, stated that most economists today would agree on these points.

Opponents of land-value taxation are very prone to hurl the word, "confiscation" at those who favour securing as much public revenue as possible from the publicly-created rental value of land. But obviously all taxation is confiscation. And the type of confiscation we should abhor is the confiscation of *privately*-created values that ought to remain in private hands as a spur to the creation of more wealth. But the only way we can really protect *privately*-created values and keep them free of taxes is to confine taxation as much as possible to the *publicly*-created value of land.

This Club could do a wonderful thing if it helped even a little to stir up public interest in the subject of land-value taxation.