

direction, when the same body which is encouraging them to do just that, is at the same time increasing the money supply at a rate *much greater* than the present level of wage settlements and so pumping excess demand into the economy, which must lead to ever higher prices?

## **Dear Food Policy**

S. W. Alexander in an address to the Industrial Forum September 12

**W**HATEVER is done, by subsidisation or other devices, to increase home production of food, cannot succeed in producing more than fifty per cent of the food required. Since the war we have expended on one form of subsidisation or another more than £6,000,000,000 to increase production. This has come out of the pockets of taxpayers directly or indirectly by increasing the volume of paper money in circulation. Moreover, this subsidisation and special care for the landowners (not the tenant farmers who have had to pay increasingly higher rents) has been based on the assumption that in the inter-war years there was a total depression in farming. Nothing is further from the truth. There was in the inter-war years a farming revolution. It was founded on the tremendous development of tractor farming on the American continent. That development resulted in huge grain crops and low prices for the grains, reflected particularly in East Anglia where large areas of land went out of arable production. But the low prices for the grains brought cheap feeding stuffs for animals. Animal husbandry was by far the most important section of British agriculture. Between 1923 and 1939 cattle population increased by 1,108,000 head or 14 per cent; sheep by 5,802,000 head or 27 per cent; pigs 1,401,000 head or 45 per cent and poultry 21,982,000 or 63 per cent.

It is sometimes contended that we need to have more land in cultivation as a reserve in the event of war. The answer is that one of the best reserves we had before the first war was the fertility in our soil. The policy of protection has resulted in the mining of our soil. Fertility has been reduced by excessive cultivation and some months ago it was reported that around 200,000 acres in the Midlands would produce greatly reduced crops because of the use of heavy machinery and of intensive cultivation.

Our present (and recent) rulers have adopted a dear food policy. They have gone back to policies of the Corn Laws when food was taxed and hunger and misery spread throughout the land. The situation was relieved by the efforts of Richard Cobden, John Bright and ultimately by a great Tory Prime Minister,

Sir Robert Peel, who repealed the Corn Laws. We are now back to the Corn Laws and we shall need the inspiration of men of the quality of Cobden and Peel to bring back justice and well-being to our people. Tories say that they are a free enterprise party. They cannot justify that claim so long as by one restrictionist device or another they prevent the people from using their money to buy their food from the cheapest market wherever it may be.

## **Counterproductive Taxation**

M. Gaffney, *The American Journal of Economics and Sociology*

**A** CRITIC of the pork barrel once defined an engineer as a man who tells you the very best way to do something that shouldn't be done at all. The same might be said for the art of assessing buildings. The city of Milwaukee illustrates the tragedy of good assessment applied to the wrong base. For years Tax Commissioner Thomas Byrne was one of the best: honest and true, capable and respected. And did Milwaukee then flourish? The record shows that it did little but grow older under this exemplary regime. A heavy tax on capital is not much more attractive to investors by virtue of being levied accurately.

When taxes on buildings are increased, a city increases the danger that it may stifle renewal. Newark, Boston, and in lesser measures Milwaukee, each with real tax rates over four per cent, serve as cases in point.

When buildings are taxed, the tax on a parcel of real estate depends on the use to which the owner puts it. If the tax is high enough to matter, it biases owners against the heavier-taxed use. It biases them against supplying new floor space and shelter, and in favour of billboards, gas stations, junkyards, open storage, parking lots, baronial estates, obsolescence, speculation, and dilapidation. In general it favours old over new and ranks high among factors that retard urban renewal. It tends to restrict supply and maintain rents paid by the poor, thus shifting some tax to the poor and putting what regressive element there may be in the property tax.

Taxing buildings raises the spectre of inter-urban competition and puts a ceiling on feasible property tax rates, limiting the revenues it can raise. Capital has loose feet. Land, on the other hand, has only square feet; you can tax the very all out of land and not one square foot will get up and walk out of town - not one.

So to help the unrepresented, it makes more sense to raise land than buildings assessments, at least to the point where true market value is reached.