

and discourse and understand, and not merely a trade school. While we are pushing our youngsters through the institutional ritual known as Education, we ought to remember a few lessons ourselves: that the threat of being left behind economically is not an educational problem, but an economic one, and needs to be studied from that point of view; that humanity has survived for millennia without degrees, and, given good economic conditions, has done its best work free of hidebound institutionalism; and that many of our greatest people have been self-educated or educated by their parents.

Little Wolfgang Amadeus learned music from Papa Mozart; Johnny Stuart learned just about everything from Father Mill; and young Robert was turned loose in Daddy Browning's library of six thousand volumes. "Voracious but undisciplined reading," says the college textbook. Good! Otherwise all that poetry might have been disciplined out of him.

Even more than in advanced societies, education

from parent to child is standard in primitive societies. In this way the most illiterate of peoples, the Arctic Eskimos and the Australian aborigines, have been able to survive for thousands of years in environments with which civilised man can scarcely cope with all his technology. And we civilised folk, after uprooting these people from their land and grabbing it, think to solve their problems by teaching them to read and write!

"A little learning is a dangerous thing," says the poet. Giving people an education that tantalizes them with the promise of a better life, and withholding the realization of it, is indeed a dangerous thing—both in developed and undeveloped economies. One of the results is the seething unrest the world is now undergoing. More education will only exacerbate the situation—unless we are prepared to follow through with finding the way to full and free economic opportunities for all people. If we can attain that, we need not agonize so much about education—it will take care of itself.

Land Planning and the Property Tax - (2)

MASON GAFNEY

(Chairman of the Department of Economics, University of Wisconsin, Milwaukee)



LET US ENUMERATE the ways that land-value taxation supports and presupposes good public planning.

(a) It gives planners a positive tool for influencing private land use where now they have largely powers to say "nay." When they designate an area for development, direct routes and utilities there, and zone it for its new use—up go land taxes, cash-squeezing the land owner into early attention to his new opportunities. Further, since high-use zoning is exploited quickly, there need be no great surplus of it scattered about, as today. It remains tight, and retains its power to shape land use. So also for advantageous locations along the public roads, which incidentally cost much more to produce than zoning, and if produced in surplus because half are unexploited, as today, require the most egregious waste of public capital.

Some, no doubt, will even regard land-value taxation as a form of tyranny by planners over land owners. But note the limits to the planner's powers. He does not direct a land owner to put his land to a specific use. Nor is there usually just one "highest and best" use of a given site, to which every landowner will be forced. Thriving cities are not characterised by mono-culture and monotony, but by variety, constant

change, and complementation. Whatever is the highest use in a neighbourhood, say elevator apartments, is supplied in abundance until the need for another one is no greater than the need for some complement like a grocery store or parking structure. Thus an equilibrium generally prevails at any time, which affords each land owner several options. Within limits he may "do his own thing."

So the land tax does not turn the planner into an overcentralised administrator or petty tyrant dictating specifics where he should be delegating authority. Rather, it sets a generalized performance standard, cutting off options beyond a certain degree of slothfulness and disregard for the public cost of giving land its latest value; but leaving wide latitude for individual discretion.

(b) The land-value tax gives public investment great leverage over private investment. Today it is the reverse. Within wide limits, public roads and regulated utilities and the mailman and school bus will follow you wherever you choose to locate. The regional planning commission uses traffic counts to plan bigger roads following the lead of private emigrés.

The land-value tax lets public planners take the initiative if they will. The city extends roads and sewers

a reasonable way and then raises taxes on the land. The cash squeeze conveys the message, "Bring me roofs to match my roadways."

We have seen that individual building in new neigh-



bourhoods needs synchronisation. Where the community of small independent entrepreneurs lacks synchronization it is hard put to compete with giant developers of integrated centres and whole towns, who control entire new communities centrally. To compete, the public needs a community synchronizer. This the land tax affords. The planner doesn't try to play every instrument in the orchestra, but the land tax lets him set the tempo.

But how this puts the conductor on his mettle! The man with the baton had better set the right beat, for everyone knows who he is. From an objective view of administration, of course, that is very good. To a profession still a stranger to the podium, it may give stage fright. There's no hiding place up there. Will you be ready when the great day comes?

(c) The land tax gives planners some leverage over tax assessors. Now, assessors are preoccupied assessing building value accurately—as though it made much difference. Then, they would assess site potential, the thing that planners play such a role in determining.

(d) Synchronised expansion lets planners plan for open space. Today, open space is a by-product of land speculation. It seems folly to plan public open space when private owners are supplying too much anyway. Result: in transition zones we get fenced open space that the public can pine for but cannot enter. This is institutionalised frustration, a staged tease that could only satisfy a generation of voyeurists. And like the tease show, it is transitory. When the land owner is ready for cash, the space is closed. By using tax pressure to assure early compact use of land between open spaces, the planner justifies the investment in open land and relieves the pressure to invade it.

With such power in hand, planners might even retain economists to measure the benefits and costs of open space. It is high time we introduced rational management and optimization into a topic now more freighted with hoarding neurosis, blithering alarmism, sloppy sentimentality, camouflaged race prejudice, roaring misanthropy, opinionated claptrap, opportunistic

tax-dodging and prostituted nature-worship than any twelve others I can think of.

(e) The land-value tax system helps to free planners from the constraint of "French equity." I allude to the concept of equity, characteristically French, that every man's share of land should be made equal, regardless of social cost; that the object of the institution of property is not good land use but distributive equity. In city planning that means what you do for Jacques' land you must also do for Pierre's, and all their cousins, at least within the charmed circle of property; and you'd better not do anything negative to anybody's land. We have some mystical welfare economists who write abstruse theories along those lines too, although I doubt they ever study the effects of *parcellement* on French farming, or the *liberum veto* on the survival of Poland.

Efficiency, of course, calls for neighbourhood specialisation, and differentiation, with high values for some and low for others. The land tax uses the fiscal and monetary mechanism to compensate the losers from the gains of the winners. Those who get the high unit values also get the high tax bills—not because of what they do for themselves, but for what the city planner does for them.

Equally important, the land tax gives city councils a chance, at least, to be honest. Lincoln Steffens once remarked that the troublemaker in the Garden of Eden was not Eve, nor yet the serpent—but the apple! Taxing land values serves wondrously to dehydrate the apples of unearned increment over which city councils dispose, and for which land developers vie when they contribute to campaigns, wine and dine councilmen, retain their law partners, bear them gifts and pressure their staff. Keying the land tax to the provision of value-creating public works rather tempers the land owner's appetite by having him pay for his apples. The planner can now put priorities in the capital budget with clearer conscience and less fear of pressure.

(f) Finally, the land tax system leads to demand for a greater variety of community facilities. That is because it gives people better mutual access. It reduces



autarky of individual land owners. It obviates vertical integration by individual firms. It increases interdependence and fosters more linkages of all kinds; social, commercial, industrial, political and cultural.