

Incentives Without Handouts

HOW can industry be promoted other than by handouts of public money? This was the subject before the Canadian Senate in July when a bill received from the House of Commons was read and debated with regard to providing incentives for the development of new industry in the slow growth regions of Canada in order to create new employment opportunities and set in motion the process of self sustaining growth.

The legislation provides for incentives large enough to draw manufacturing and processing industries into areas where they are most needed and can accomplish the most good. The minimum scale of incentives would be 25 percent of the capital cost, plus \$5,000 for each job created in a new plant or in a plant expanding to produce new products. As much as \$12,000 would be provided for new jobs created by an industry using an average amount of capital. A question was raised as to whether checks should be placed on the minister in charge of distributing these incentives, but full authority in the dispensation was held to be necessary.

The Honorable A. W. Roebuck, distinguished Senator of long standing, very fit in mind and body, whose 92nd birthday was celebrated recently, addressed his colleagues as follows in reference to this bill:

"Honorable senators, I am very pleased indeed to find government sources thinking of incentives to industry. This incentive will cost us a good deal of money, but perhaps it will be worth while if it does actually bring about greater activity by existing industry or create industries that are still non-existent.

"I would like to know whether any effort has been made to induce the provincial governments to take part in incentive measures or whether it is all left to the Dominion Government. For

instance, in their taxation system at present, provincial governments are very strong on discouragements to industry, and in two ways. So soon as an industry builds a new building, they jump on it with both feet, by increasing its taxes and penalizing it in every way possible for almost every good action taken.

"On the other hand, if an industrialist wishes to use some of the natural resources of the country—which of course any manufacturing industry must use—every possible tax incentive will be given to the owner of the resource to keep it out of use instead of driving it into use by high taxation.

"These are not small considerations; they are very potent influences. I would like to know whether the department has even discussed such matters with the provincial government, in order that the province may join in these incentives to industry by not taxing industry in proportion to its good work, as at present, and untaxing monopoly in proportion to its monopolization. These are things that would be brought about without great public expenditures but rather just common sense applied to both industry and taxation."

More light on that particular problem is promised at the next reading of the bill.

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Across the Atlantic, in Iran, there was talk also about "implementing projects" in the Capital city of Tehran. In this case there is a need for more housing, and the Majlis deputies have called on the government to initiate legislative action to prevent people who own vacant land within the municipal area from holding on to it merely as a "commercial commodity to be cashed at higher profits." It was not morally right, they said, for some people to hold numerous plots vacant and un-built "merely for business purposes."

Such persons the deputies referred to as land sharks who made large profits out of land price fluctuations. They demanded increased taxation, time limits for constructions to be built, or taking over such land for conversion into parks, sports fields or for other public services within provisions of the law.

This item was clipped from the Tehran Journal by Ilse Stillwell, formerly a member of the staff at HGS headquarters in New York. She now lives in Iran where her husband is with an oil company. Both are studying Farsi and enjoying the life of the international community.



TIME FOR PLAIN TALK

This is a hopeful news item about the editor of the Willimantic (Conn.) Daily Chronicle, E. Malcolm Stannard; but it is also a cheerful tribute to his mother, Ethel Lyman Stannard, who has been a sturdy fighter for justice for many years. Now at nearly eighty she is still standing staunchly for the equal rights of man to the land (HGN June, p. 5). She has written many letters to local newspapers at various times when critical issues were at stake, and her incisive understanding of the principles of Henry George has made her logic irrefutable. Now she pleads that "Connecticut is in a mess." She does not expect much more from the extra session of the legislature than she does from the special tax force which a Democratic majority has proposed, with an appropriation of \$150,000, for a study of "new tax approaches."

E. Malcolm Stannard wrote a series of four strong editorials early this year supporting LVT (HGN May, p. 8) urging upon the General Assembly a complete alteration and revision of the tax system. On May 28th he published another warning "Time for Plain Talk" in which he again urged abandonment of a tax system "that blights the sound operation of government and the economy of the state." Copies of this were delivered to every member of the legislature at Hartford and were commented on widely.

"Something new must be found, a restoration of adequacy in our tax system rather than 'reform' of collapsed theory," he wrote. "To protect speculation we are throwing away our most reasonable tax resource. It cannot go on. The medieval concept of taxing ruinously when property is used, but largely withholding taxation when property is held out of use, no longer fits our age . . . We shall never reclaim blighted structures in city slums until we quit penalizing people for improvements they make on property . . . Governments can only be operated as a fool's paradise as long as the taxpayers are fools—and ours are not."

In an article on "Bonuses for Blight" in New York Magazine, Peter Blake holds that the principal cause of New York's physical decay is the "insane manner in which welfare is administered," but admits that greedy real estate speculators do contribute to ugliness, blight and disintegration. Since many productive residents move to the suburbs and cannot be taxed, the city must tax those who can afford to pay and who cannot escape—those who build new buildings. So naturally the real estate investor does nothing to improve his property.

He concludes with suggestions regarding taxation which he says could have spectacular results, and notes that in Australia, New Zealand and Canada, real estate taxation practice has been changed recently in several cities, so that owners who improve their properties are rewarded by lower real estate taxes, and those who don't are penalized by higher assessments. "This one rather simple reversal in public policy has just about wiped out slums in the cities in which it was tried," he said.