

Vancouver has re-imposed taxation on improvements so that it is now levied against 50 per cent. of improvements-value, although still against 100 per cent. of the (assessed) land value of each property. But if the assessed land-values are not kept up-to-date so as to correspond as they should with the true market value, the land-value tax system becomes undermined. And that is what is happening in Vancouver for the benefit of the mere land-monopolist and to the injury of the genuine land-improver. It is good to see the Vancouver daily *News-Herald* calling attention to these matters in its leading article of June 22 (clipping sent by Mr. John Wilson, of Glasgow, visiting that city during his Canadian business tour). The *News-Herald* writes:—

"PUT MORE PRESSURE ON VACANT LAND"

"Experience in the tax sale lands department at the city hall during recent years, suggests that an upward revision of all land, particularly vacant land, assessments is overdue.

"In 1947, 447 parcels were sold at \$44,070 in excess of assessed value or 122 per cent. of official appraisal. In 1948, 575 parcels were sold at an excess of \$67,031, or 125 per cent. of official appraisal. In 1949, 229 parcels were sold at an excess of \$56,133, or 141.2 per cent. of official appraisal. This year, 265 parcels have been sold at an excess of \$87,587, or 169.4 per cent. of official appraisal.

"There is no reason to suppose that tax sale lands have increased in value at a faster rate than privately owned lands. The causes operating to increase the value of the one have also been operating to increase the value of the other.

"Moreover, public policy requires a shift of taxation from homes and buildings which are servicing the public to vacant lands which are being withheld from public service. The greater the tax pressure on vacant lands, the more available they will become for home building at lower prices; and the less money that has to be spent to acquire building sites, the more money is liberated for actual building operations.

"It is not necessary to go into theoretical discussion about the merits or demerits of land value taxation. There is a shortage of houses, and the houses available are priced out of the popular market. Higher taxation on building sites will tend to reduce their price and force them on to the market. Higher taxation on homes tends to increase their price and force them off the market. In these circumstances, there should be an immediate all-round increase in the appraisal of lands, which will automatically give tax relief to homes and buildings."

[The cities and district municipalities in British Columbia which exempt more than half the value of improvements from taxation are 20 in number; and new Westminster and Prince George continue to exempt improvements entirely, their real-estate taxes being levied on the value of the land alone. Victoria and Fernie are exceptions by exempting less than half the value of improvements, Victoria exempting 35 per cent. and Fernie 45 per cent.

Explanation of the "tax-sale" is that, according to the law, when taxes fall into arrear and the landholder defaults, the land reverts to the public and is auctioned at sale. The proceeds go towards paying the municipality its due taxes, the vendor (*i.e.*, the defaulting taxpayer) receiving only whatever balance may remain. In other words, the tax is a first charge on the land, having priority over all other charges and thereby is rightly recognised the principle that *land values belong to the community.*]

ITALY'S TRAVESTY OF LAND REFORM—By our Rome Correspondent

Despite the opposition of landowners, the hesitation of the Government and its party supporters, and the doubts of their economic advisers, the Italian Land Reform Bill is ready at last. But for the revolutionary disturbances Italy might still be awaiting the promised measure. The future is likely to show how the large proprietors and other conservative forces can still impede its operation.

Official explanation for the delay is that Italian resources have all been required hitherto for repairing the damage and disruption of war, so that only now is it possible to provide the money necessary for land reform. The Georgeist method, which requires no financing by the State, was not considered. But other causes, in addition to finance and the obstruction of landowners, were responsible for the delay.

Liberal feeling is disturbed by the bureaucratic powers set up by this Bill. The Italian Liberal Party is as undecided on economic principles as its British counterpart, but some leading Italian Liberals, including President Einaudi, see that the machinery of this Bill entails arbitrary decisions that could lead to corruption and conflict.

The Bill enacts that where any estate exceeds a given area, or its "net income" exceeds a given annual sum, part of the land shall be taken from the present owner. For the purposes of the Bill, the country is divided into three zones. Zone A comprises the intensively cultivated part of Northern Italy; Zone B, the under-developed lands, or "Mezzogiorno," including the whole of Southern Italy; and Zone C is the remaining territory. In Zone A the owner can escape some part of the expropriation if

he undertakes greater investment on his property. The principal difference between Zone B and Zone C is the larger provision for State investment in the former. In Zones A and C the owners subject to expropriation must, in each province, form themselves into a corporation for the purpose of selling the expropriated parts of their estates, within a period of four years, to the beneficiaries under the Bill. Any such land unsold after that period will be confiscated by the regional authorities. The landowner is to receive a quarter of the compensation in cash, and three-quarters in State bonds; the new owner must pay the purchase price to the State over a period of thirty years.

Each beneficiary must be a landless agricultural labourer ("bracciante"), or owner of a dwarf estate. He cannot alienate his land until after fifteen years, but he can be dispossessed for bad cultivation. The State will help to establish farmers' co-operatives for the new owners.

A sum of £175 millions is to be provided over a period of ten years to finance the reform. It is estimated that 2,500,000 acres, at an average value of £32, are to be expropriated. This totals £80 millions, leaving £95 millions for investment. The present Bill is to be completed by other Bills, such as the "Sila Bill" for Calabria, and another to reform the leasehold system.

PRACTICAL DIFFICULTIES

The scope of the Bill is limited. Only some eight thousand owners are affected: 100 with estates over 6,000 acres; 400 with more than 1,200 acres; and

7,500 with more than 250 acres. The limit varies with zone, intensity of cultivation and "net income" according to cadastral survey. It is not clear how the authorities are to determine the degree of intensity of cultivation of every single estate or how inequity is to be avoided when estates in different zones are treated differently. Neither is it clear how the future investments of all these proprietors can be checked and controlled or what is to happen if the investments prove uneconomic—especially as during the four years of grace the present owners will be cultivating land they know they are going to have taken from them. In Italy, as elsewhere, the cadastral valuations are obsolete. Can they be a satisfactory basis for this reform? And can there be any guarantee that the new owners will work efficiently or that the newly-created land-committees will not abuse their power of dispossessing beneficiaries under the Bill?

There are objections of a more general kind. The preamble to the Bill states that 200,000 labouring families are to receive land within ten years. This is only a fifth of the landless peasants of Italy, or, if one includes the semi-agrarians holding less than twelve acres, the proportion is only a tenth of a land-hungry population which in ten years will have increased by ten to fifteen per cent.

THE FINANCIAL BURDEN

And what of the financial aspect? Apart from the £175 millions of this Bill, £600 millions are to be provided for development of the Mezzogiorno and there is besides the general investment programme of the Italian State. The first charge to provide these huge sums will fall on urban industry, already in a precarious situation. Although its wages are lower, owing to obsolete plant, the necessity of importing coal, oil and steel, and credit difficulties, the production costs of Italian industry are higher than those of its foreign competitors. When public revenue already absorbs over a third of the national income and social service contributions require about 40 per cent. of wages and salaries Italian industry can hardly bear increased taxation.

THE RADICAL CURE

Emancipation of the Italian peasantry and working people awaits far different measures than this Bill with its indefensible compensation proposals. The solution of the land problem in Italy, as elsewhere, requires the clear and definite recognition of the fact that the land belongs to the people: that is to say, that the rent of land, apart from the improvements attached to any landholding, be collected as public revenue for the common benefit with corresponding abolition of the taxes that fall upon the work of man's hands and the necessities of life. Land value taxation, collecting the rent of land and exempting all buildings and improvements, would also have the profound economic effect of encouraging and obliging all landholders to put their land to the good use of which it is capable, or allow others to do so. Land with-holding would cease and, without recourse to bureaucracy or arbitrary controls, the cause of landlessness and unemployment would be removed.

PROSPERITY ONLY THROUGH FREEDOM

This reform would of itself magnify productivity; but higher productivity requires more imports. Italy lacks many basic industrial materials. Italian statesmen, aware of this, support international schemes for economic integration. But they do not realise that higher productivity requires free land and free imports together, or that the present system of taxation makes the full

development of free trade impossible. Moreover, free trade in the full sense of the word includes the free movement of capital. From their present national income the Italian people cannot save enough to provide capital for higher productivity and, apart from Marshall Aid, scarcely any foreign capital comes to Italy. But with land-freedom and gradual reform of taxation—a stimulus to production, together with relief from burdens upon it—there would be every encouragement for foreigners to bring their capital to Italy. Thus, real land reform linked to a sound method of taxation, together with removal of restrictions, would bring together land, labour, capital and exchange in the circumstances most profitable to each and every inhabitant of Italy.

The inter-dependence of all economic factors does not present mankind with a complicated problem to solve. It is as natural as all the organs of the human body working in harmony, each according to the role for which it was designed. If one fails, the whole organism is imperilled. Freedom on any sector of economic life depends on freedom on every other sector, just as political freedom and economic freedom are inseparable.

THE SCHUMAN PLAN A GIGANTIC CARTEL

Speech by Lord Douglas

In the Foreign Affairs debate in the House of Lords on June 28, Lord Douglas of Barloch criticising the Schuman Plan said:—

"As I understand the documents which have been issued by the French Government, particularly the declaration of May 9, the object which they have in view in proposing the establishment of the high authority is to secure the pooling of the coal and steel production of all the countries which accede to the Plan. They go on to say that that production would be offered to the world without distinction or exception. However, in a later passage of the same declaration, that phrase appears to be somewhat modified because it there uses the words: '... on identical terms to the French and to the German markets, as well as to the markets of other member countries.'

"Therefore, if that is the intention, the products will not go on identical terms to the world but to those who participate in this undertaking. It is proposed also that measures should be taken for the equalisation and improvement of the living conditions of the workers engaged in the industry.

"In the working Document, as it is called, which has been issued by the French Government, it is reiterated that the purposes of the high authority are as set out in the original declaration of May 9. They are slightly amplified by the statement that it is intended that there shall be price protection of consumers without discrimination. But again it does not say in the document that that will apply, except to consumers in the member countries. It is said that there will be elimination of unfair trade practices and expansion of production and markets. In one of these documents it is also stated that there must be abolition of customs duties, of quotas, of differential transport rates and, in fact, of all the methods which have been so commonly adopted in the past as a means of discrimination between the nationals of one country and those of another.

"I agree that it is very necessary that something should be done in order to eliminate these discriminatory and