

## A CORRESPONDENT'S VIEWS AND A REPLY

The November issue of LAND & LIBERTY contained an article entitled "Some of Your Questions Answered." It was written in response to certain enquiries about the taxation of land values received from a correspondent who has since written again offering the following observations:

The most important question is the contribution L.V.T. might be expected to make to the cost of government. You rightly point out that we have insufficient data to measure either the annual value of land or net Government expenditure. Surely your most useful function at the present time, when it looks like being a live political issue again, would be to promote an investigation to establish the facts? Much damage is done to your cause by sweeping statements about the defects of the present system and the Utopia which L.V.T. would usher in.

Frankly, I do not believe that in this year 1954, the electorate in this country will accept that the absence of L.V.T. stifles enterprise (no doubt it *hampers* and *discourages* it) and that its introduction would lead to a resurgence of creative energy. The cost of land and high taxation are only two of the many barriers to enterprise to-day. The most important is the advance of large scale manufacture and the difficulty for the small man of accumulating or borrowing enough capital to assail the giants of industry. If you can show (which you have not yet done) that a system of L.V.T. would relieve taxation *substantially* so that capital is easier to acquire, then there may be more future for this argument.

Electorally, however, its best appeal will be that with its aid taxation can be lightened from the poorest section of the community. But to produce illustrations of its effect, I am afraid you must take Government expenditure as it is, rather than what it might be in the Golden Age when poverty has been abolished and the Welfare Services have withered away.

In conclusion I must say I appreciate the very great trouble you went to in answering my original questions. I am glad you have considered them worthy of a wider reply. But I must admit to you that I am still rather antagonized by what I must call the clichés of L.V.T. propaganda. You have developed a "jargon" of fulmination, generalization and prophecy which is paralleled in recent times only by that of the Communist Party.

### The Editor Replies

There is not a lot for us to differ about. You appreciate the lack of sufficient data on which to base comparisons between the assessable *true* value of land and the needs of public revenue. In other countries where they do have valuation we are better placed. But then, with your admission that the lack of such data is a disability you seem to censure us because we do not "establish the facts." Which facts? Surely on your reading of LAND & LIBERTY you will find a whole armoury of facts of all kinds that bear on the economic, social and moral difference between levying taxes on the work of man's hands and levying them upon the value of land apart from improvements.

When you say that "much damage" is done by this or that attitude or mode of expression, you must have a huge portfolio of evidence, otherwise that word "much" amounts to absurd exaggeration. Take out of that portfolio only just one of those "sweeping statements" and let us both examine it.

What the present electorate of this country will or will not accept is not in point. If any one, advancing some new thought or some protest against wrong or some call for better political or civic behaviour, was to stop and ask himself "will they listen," he might as well fold up his tents.

The matter you raise here comes into the general controversy and the question to you yourself is whether you accept the contention that the operation of L.V.T., displacing the many fiscal punitives and barriers to "creative energy," would make a vast difference. Apparently not with much conviction, for you go on to refer to the "most important" phenomenon of large scale manufacture and the difficulties of the small man getting command of necessary capital. Very well, if that shall be your main effort in your public life—namely to overcome *that* state of affairs, what is your solution? As you think it out, how near will you come to seeing that bad taxation has almost everything to do with it? The tariffs protecting the "big business," the rates and taxes on houses and buildings of all kinds, the purchase tax, the whole gamut of indirect taxation that particularly hits the small man, the high rents that are definitely caused by the difficulty of getting even standing room because of high-priced land—these are but a few of the barriers that stifle enterprise, particularly as they affect the "small man."

The adoption of Land Value Taxation instead of the taxes now burdening trade and industry would very substantially ease that access to capital and lighten the burdens on those who have to work to earn a living. That has been stressed repeatedly. Altogether apart from that, you have to see how the much greater liberation would come through the *economic* effect of bringing into use land that is now withheld.

You can overcome that stated "antagonism" of yours if you will be specific. Rummage through that portfolio of yours, the results of a "chiel among ye taking notes" and give me just one or two examples of the "clichés" of our propaganda, of the "jargon of fulmination, generalization and prophecy" that you liken to the outbursts of the Communists! We should be indebted for such a corrective and would take useful advantage thereof. There is a challenge to you. Read carefully the January issue of LAND & LIBERTY. Look for what is lacking in the way of fact or argument. Look for extravagances that you think are hurtful to the cause we ourselves are trying to promote. And then perhaps this "conversation" can be resumed.

### Savings Made Possible

Another correspondent, Mr. Harry Levett, Johannesburg, writes: With reference to Question 1 and the reply thereto on the front page of your November issue, I think an important point on the question whether a full tax on site values would compare with present expenditure by government is that in fact less revenue would be required under the full tax on site values.

To-day governments seek their revenues in a variety of ways and virtually each method of raising revenue requires a separate department; the total revenue a government budgets for must include the costs of the various revenue assessing and collecting departments. Thus the present total expenditure of the government includes the cost of the revenue collecting departments.

Should a government get the greater part or all of its revenue from one source, such as site values, a number of existing government tax assessment and collection departments could be abolished; thus the revenue which would be necessary to maintain beneficial services on the existing scale would be smaller.

For example, in small figures, if the government now gets £100 total revenue from £20 each from five departments, each department costing £5 to maintain, the net revenue is £75 available for beneficial services. Under site value rating, therefore, with only one assessment and collection department costing say £10, the gross revenue need only be £85 to give a net revenue of £75 as before. This aspect of the matter is important, because it frequently happens that opponents of land value taxation, ignoring the economy, assert that the revenue would be insufficient under the 'single tax' to meet current govern-

ment expenditure. They deliberately ignore the saving in the abolition of what would then be unnecessary government departments.

There is also another point. If the whole (or even the bulk) of governmental revenue was derived from land value taxation, there would be considerable saving by government, by employer, and by employee, in paper, time, and filing space, now occupied in completing various returns, reports, and forms, of all sorts, now required by assorted government departments.

The savings in these two directions are, of course, additional to the saving in government expenditure on various items such as subsidized food, grants in aid, etc., etc., which would be unnecessary if the taxpayer and consumer had, as they would have under full land value taxation, a bigger "free income" and a higher standard of living.

## BOOMING LAND VALUES IN THE UNITED STATES

An American Estate Agent writes to Land & Liberty

Upon reading your editorial on "Meeting the Cost of Government" in your December issue I was amazed by the lack of knowledge of current land values shown by MR. COLIN CLARK; and also by your editorial writer.

Mr. Clark's statement that land values are not rising in the United States with the fall in the value of money is so ridiculous as to hardly need answering. As a real estate broker I can assure him that there is not a real estate man in the entire country who will agree with that amazing remark. It is true in New York, and in many other cities, that the *assessments* on land may have decreased but it should be remembered that such assessments usually vary from 1/5th to 1/20th of true value depending on the honesty and efficiency of the assessors, and the political power of the land owner. Although hundreds of thousands of residents of the borough of Manhattan in New York City are moving to Brooklyn (which is also in New York City) thus shifting land values somewhat, the erection of the United Nations buildings alone caused the increase in Manhattan land values of many hundreds of millions of dollars. I do not think that Mr. Clark will find a real estate expert in all New York who will not admit that Manhattan property values have increased in the past ten years. Property tax assessments are a different thing. There has never been an honest assessment in New York City—and some observers doubt that there ever will be.

The statement of Mr. Clark that "As transport improves the cities become more separated out, the relative importance of land values tends to increase," is even more amazing. I live in Los Angeles which is (1) by far the most "separated out" city in the world; (2) the city with the most automobiles in the world; (3) the city in the world most known for decentralization and for the erection of department stores and office buildings in outlying regions. And yet Los Angeles land values are increasing faster and higher than in any other city in the world. This is obvious to even the most casual observers. Downtown property values are at least holding their own, because new millions can be poured downtown faster, while values in the outlying districts are going up by the billion, due to our billion-dollar-freeways.

I wish to quote from a recent speech by HARRISON R. BAKER, member of the California State Highway Commission, before members of the Los Angeles Home Builders

Institute: "As a result of Los Angeles area freeway construction, property values are now measured in minutes, not in miles. Subdividers are keenly aware of the value of rapid transit freeways to their developments . . . The developers of the 3,261 residential subdivisions in the Los Angeles area from 1945 to 1952 have been largely responsible for the fine planning of the freeways . . ."

These freeways are pouring into downtown Los Angeles hundreds of thousands of people who would otherwise work and shop in the outlying parts of the city. Land values have hit such a peak that many experts expect a recession. But any observer claiming that land values have decreased due to the "separating out" would be submitted to a mental examination.

In your article the remark was made that "National expenditures on armaments, for instance, could be doubled without raising our land values one iota." Consider, however, facts such as these:

(1) In Los Angeles area, a new airport was purchased by our air force, whereupon real estate boomed tremendously. As reporter Matt Weinstock of the *Daily News* stated: "As a result the real estate business has burgeoned in Lancaster, 11 miles from Palmdale. One subdivider sold 32 lots in two days. One piece of property was sold again while it was still in escrow on the original sale. And in one week the price tripled on 160 acres of land 11 miles from Lancaster." (This is all semi-desert land.)

(2) In South Carolina politicians snapped up leases on important land sites just one day before the Atomic Energy Commission announced that it would erect a plant near Aiken, South Carolina, thus making millions.

(3) A steel company starts a defence plant in Morristown, Pennsylvania, and we read about this small town: "Desirable land has jumped in price to \$1,500 an acre from \$300 two years ago. The big steel mill corporation had to shell out around \$5 million for its 3,800 acres. Much of the land had grown choice asparagus, broccoli, spinach, cabbage, potatoes and horse radish. The top per acre price was the equivalent of \$70,000 per acre. Big food and department store chains are searching for sites in and around town." (See *Wall Street Journal* of March 1, 1951.)

(4) A statement by a salesman of Paradise Valley, a desert subdivision near Los Angeles: "From my experi-