

*U.S. News and World Report* of March 12 paints a graphic picture of conditions:

"In village after village . . . whole families of peasants are crowded into small adobe huts, living in almost unbelievable squalor. In most cases, they are without shoes or any other possessions to speak of, beyond the patchwork clothes on their backs.

"These peasants are without reliable sources of water and lack even rudimentary forms of sanitation. In the average village, there are no doctors.

"Disease is rampant. The stomachs of many of the children . . . are bloated from malnutrition and worms. On the mud floor in one hut, a little girl of 2 lies emaciated and dying in her mother's lap, as the mother waves one hand back and forth to keep the flies away. Men in a nearby village say that 11 of 13 babies born last year died before the year was over . . .

"For the most part, laws are laid down by individual landowners and enforced only by their private police. Often, for the privilege of remaining on a piece of land, peasants must work on the landowner's plantation several days a week without pay.

"If a peasant sells any of the produce from his own small plot, half of what he makes must go to the landowner. Additional money can be earned by working for the landlord for longer than the rent-paying period of each week, but it seldom amounts to more than 19 cents a day . . .

In times of drought and flooding, which hit Northeast Brazil at frequent intervals, the plight of the stricken peasants goes from serious to critical. There is widespread starvation together with outbreaks of epidemic diseases."

Just what type of land reform the U.S. is urging is not clear. However, when Secretary of the Treasury Douglas Dillon attended the recent Inter-American Conference in Bogota, Colombia, he suggested a tax reform which would "reduce the burden borne in some countries by lower income groups and transfer it to other groups" who should bear it. Specifically, he suggested a tax on the vast unused private land holdings, which he said would encourage the owners to make productive use of the land or sell it to the state at a reasonable figure, so that it would be resold on reasonable terms to landless families. — From April issue of *The Analyst* published monthly by the Henry George Schools in California.

## Land Speculation In France

By PIERRE LOCARDEL, Economic Editor  
in the Paris newspaper *FIGARO*

**H**OW to keep price of building land at a reasonable level? That is the difficult and important problem which the Economic Council, at government request are studying to examine today (May 2).

Much work by committees has reached definite conclusions summarised in a report and presented to the

general assembly of the Council by M. Marcel Durand, president of the co-operative building associations. He makes some clear suggestions on the importance of land speculation and its disadvantages. It transpires that since 1959 the price of building land has risen more than that of any other commodity. In Seine-et-Oise for example it has risen between 70 and 100 per cent in urban areas and between 150 and 200 — and even more — in non-urban areas. In the same period the cost of living has risen on the average by 32 or 33 per cent. Sites round a central point in Paris have risen from 6 to 1,000 New Francs per square metre in less than a dozen years.

This trend entails consequences injurious from many angles. It increases the final cost of building and checks the supply of dwellings. It also perverts the employment of savings. As the value of land rises automatically, due to the growth of population and general technical progress, and this increase of value runs no risk and incurs no taxation, it is obviously more profitable to invest in this increase than in genuine production. Moreover, the excessive cost of land tends to thrust public building further into the outskirts of urban areas, with all the personal difficulties this entails.

Regarding the physical and financial proportions of the problem. In 1959 the sum expended for land used for new building in Seine-et-Oise was about 1 to 1.2 milliards of N.F., or nearly 10 per cent of the total cost. The area of land required each year, on the basis of 300,000 houses at 50 per hectare, together with the necessary amount for schools, playing fields, green belts, cemeteries, etc., amounts to some 9,000 hectares. Is this a prohibitive figure, having regard to the resources.

M. Durand in his report to the Economic Council replies emphatically in the negative. In France there are 7 million hectares of waste or poorly used agricultural land, not to mention 11 millions of woods and forests. The difficulty is in fact confined to the interior and immediate neighbourhood of the great towns, where slightly less than half of the total building takes place. And these difficulties, according to M. Durand are artificially enhanced. Many suitable sites are "hoarded" in order to reap substantial profits on the increase in value. And too many sites are under-used with temporary or small and decayed buildings.

To remedy this situation the Economic Council intends to examine three propositions:

(1) The imposition of tax on the market value of all property having no building upon it; this tax to be collected by all local authorities who so desire. The object is to encourage the owners to offer the land for building.

(2) Adjustment of the terms of building licences in accordance with the proportion borne by the surface covered by the building and the area of the site. The object of this is to stop the excessive expense of increasing the density of building.

(3) Speeding up the renovation of urban building, replacing old small property by new multi-storey

buildings, thus enabling land to be left for green belts. The chairman rejected as ineffective regulations to freeze the price of land or control the selling price in relation to buying price, or control the accounts of building companies, or setting up a fund to lend capital equipment. A suggestion of Mr. Sauvy, to set up a government department with the monopoly of acquiring land in specific areas at the price previously paid, was also rejected.

(Translated by F. D. P.)

## Modern Alchemy In Australia

Reprinted from *Progress* (February)

**T**HE ancient alchemists sought for centuries a means to change base metals to gold. Their search was in vain. But we have discovered, and are demonstrating in a large part of Australia, an alchemy of more importance to ourselves and humanity than that vainly sought by these past philosophers.

This modern alchemy is the transformation of land previously held idle for a speculative rise in price into fine homes occupied by many families. A variant is the regeneration of decrepit slum and blighted areas.

These might well be that finer alchemy that Isaiah had in mind, (ch. 58, v. 12) when he said: "They shall build the old waste places; thou shalt raise up the foundations of many generations; and thou shalt be called the repairer of the breach, the restorer of paths to dwell in."

The 'elixir of life' that produces these results was found to be to shift rates or taxes from buildings and place them on the raw value of the land. The initial experiments in this country with the modern "philosopher's stone" were in Queensland in 1887 and have since extended to more than nine-tenths of the municipalised area of the continent.

They have been producing their transformation silently but surely ever since. Their leaven loosened the vice-grip of land monopoly which had enveloped this continent and restricted the opportunities for livelihood for a much larger population.

To the continuous operation of this regenerative force we owe the fact that our diffusion of wealth and living standards are among the best in the world. So natural and ever present are the effects of these conditions over most of the continent that we are not aware of the relation of cause and effect. There is no standard of comparison readily available to the ordinary citizen. Herein there is danger. We should recognise, remind ourselves, and blazon to others the reason for our better showing.

This difficulty of comparison applies to Queensland, New South Wales and most of Western Australia because the elixir has been operating there over almost the whole States for over 50 years.

But in Victoria more and more local government areas each year change to de-rate building and other improvements, and rate site-value instead. In some the change-over is complete, covering water and sewerage as well as normal municipal services. But these municipalities provide standards of comparison that may well be studied by people in all countries of the world. Here is our social laboratory where the results can be assessed.

The building permit figures published from time to time in our paper have shown that this change is followed almost invariably by a marked step-up in the level of building construction. This has been true of even the oldest and most decadent towns. It can be reckoned generally there will be about a doubling of value of building construction within two or three years.

In the last issue we dealt with Wonthaggi Borough, while below are the building permit comparisons for Ararat City, Benalla and Moe boroughs, which have also now had two years' experience of the regenerative influence of site value taxation. The figures speak for themselves.

### PERMITS FOR PRIVATE BUILDING CONSTRUCTION

Below are the summarised totals of private building permits (excluding Housing Commission activity) in three provincial municipalities which have just completed their second year since the change to levy local taxes on site-value only in lieu of the value of buildings and other improvements. The figures are supplied by the Land Values Research Group from permit records made available by the Commonwealth Statist. New private dwellings and alterations and additions are the most significant items. Commercial buildings vary greatly in value, and the numbers involved are relatively small.

U.C.V. means rating unimproved capital value (site-value).  
N.A.V. means rating annual rental value (land and buildings).

			Dwellings	Other Buildings	Additions Alterations	Total
		Nos.	£	£	£	£
<b>ARARAT CITY</b>						
1960	U.C.V.	40	134,905	59,950	23,911	218,766
1959	U.C.V.	34	111,858	67,500	31,804	211,162
1958	N.A.V.	28	87,580	47,500	7,224	142,304
1957	N.A.V.	25	77,785	20,600	16,729	115,115
<b>BENALLA BOROUGH</b>						
1960	U.C.V.	51	211,350	78,500	32,535	322,385
1959	U.C.V.	51	186,250	60,600	18,600	265,450
1958	N.A.V.	34	113,750	78,000	17,870	209,620
1957	N.A.V.	36	119,450	35,000	10,085	164,535
<b>MOE BOROUGH</b>						
1960	U.C.V.	73	247,796	128,734	40,040	416,570
1959	U.C.V.	62	194,039	51,105	37,036	282,180
1958	N.A.V.	65	174,299	108,450	27,210	309,959
1957	N.A.V.	53	141,680	13,500	31,041	186,221