

A Plan for a National Land Policy

By J. RUPERT MASON

THE bottleneck of land speculation which is preventing the production of the "guns and butter" necessary for National Defense and civilians, is proving such a tough problem, that there is just a possibility that one or more of our leaders in government or industry may take the bit in their teeth. There are already indications that our leaders are awakening to the magnitude of the problem.

President Roosevelt's recent remarks about our "Cliveden set" is a straw, not without much deeper significance than the press let on. Mrs. Roosevelt has recently broadcast that special privilege must go. Henry Ford has frequently urged, through the press, that idle land be taxed more heavily than land in use. John Carmody has resigned as head of Federal Works Agency and Nathan Straus has resigned as head of U. S. Housing Authority; in both cases it is said that land speculators were after their scalps because they would not submit to certain schemes. Vice-President Wallace has said, "Sometimes I think land speculation is a plague more terrible than drought and insect pests, and almost as bad as war itself."

Secretary of Agriculture Wickard devotes many pages in his 1941 Report to "land speculation" and "taxation of land values," and points out clearly how to deal with the problem. Secretary of the Interior Ickes, in his 1941 Report, tells of the new office for "Land Utilization" (created by Order No. 1466, issued April 15, 1940), with the "over-all view of administering and developing the natural resources of the nation at the highest possible level of efficiency and economy."

While our leaders are casting about for an orderly land policy, they might ponder the example already set by Boulder City, Nevada. In 1928 the Congress (in 45 Stat. 1057) entrusted the Department of the Interior with the duty of holding the title to all land in Boulder City, alongside the great Boulder Dam, and charging ground rent to those wishing business or home locations in that little city. It was believed at the time by Congress that Boulder City would virtually cease to exist when the workmen engaged to build this great project finished that job. Because of this fact, and also the fact that it was not suspected that any real estate boomers could find people willing to "buy" any lots in such an obviously temporary community, no lobby thought the measure of enough importance to oppose it.

But Dr. Elwood Mead, the then Commissioner of the Bureau of Reclamation and the man who had the land tenure provision inserted in this statute, must have had a very definite idea in mind when he advocated it. A short time before he

had been called for consultation by the Government of Australia in connection with their reclamation schemes and while in Australia it was on Dr. Mead's suggestion largely, if not wholly, that their new capital city of Canberra adopted the policy of land tenure which our Congress enacted in the case of Boulder City, Nevada. The law permitted leases for not over ten years, when first enacted. But despite this fact, virtually all of the houses, store buildings, hotels, movies, etc., in this model city are privately owned. The fact that homeseekers could not get longer than a ten-year lease did not deter them at all. At the end of the first ten years, instead of amending the law to permit persons to "buy" land, in the usual way, the Congress re-affirmed the policy as in the act from the beginning, and permitted renewal of old leases, and new leases for not to exceed fifty-four years, subject to periodical adjustments.

This land tenure policy has enabled the community to keep out gambling, which is wide open in nearby Las Vegas. There are no billboards, hot dog stands or anything of the sort to offend in this truly "spotless town."

Persons desiring to build, for any purpose permitted, deal directly with the City Manager, and pick out the location desired, as one selects seats at a theater ticket window. No "ransom" has to be paid any speculator.

Boulder City has attracted many persons of culture and means, because of the added fact that Nevada has no income, sales or inheritance taxes, and Boulder City is proving a mecca for the seekers of security.

On February 3, 1942, President Roosevelt sent a new bill to the Congress (H.R. 6522): "An act to prevent speculation in lands in the Columbia Basin prospectively irrigable by reason of the construction of the Grand Coulee Dam project and to aid actual settlers in securing such lands at the fair appraised value thereof as arid land, and for other purposes."

This Act is the product of five years' study by some sixty groups of federal, state, railroad, Chamber of Commerce and real estate groups, which President Roosevelt had urged in 1937 to draft legislation that would absolutely prevent speculation in the more than one million acres in this project. The Act, as now drafted, would permit the Secretary of the Interior to acquire the title to land now in the hands of private persons or companies, and after the government acquires the title, to "sell or lease" it to homeseekers, etc. There are some safeguards, during the first ten years, but the bill does not now really "prevent" speculation in these lands. Every person interested in effectively checking land speculation is

earnestly urged to write at once to his Representative or Senator in Washington for a copy of H.R. 6522, which has been referred to the Committee on Irrigation and Reclamation, and also to write the Chairman of that Committee his views, if he is unable to attend any of the Hearings, and ask to be sent a copy of the Hearings.

The policy adopted in H.R. 6522 is of far greater importance than may at first appear. This because the federal government is engaged in a similar great project in California, the "Central Valley project," and there are, and doubtless will be, many more in other parts of the nation, which will likely follow the pattern established in H.R. 6522.

With the precedent of Boulder City and its land tenure policy having been twice approved by the Congress, it is proper to ask your Congressman why H.R. 6522 should not contain the same policy and principles. By taking an active interest in this pending law, the opportunity so many have been hoping for may be gratified. Here is "action" on a silver platter.

Australian Letters

From A. G. HUIE

[The first of these two letters was received by us in the latter part of February, its delivery having been somewhat delayed. It was post-marked December 6, 1941—the day before Pearl Harbor and the Japanese offensive in the Pacific. The second letter was received by us shortly before going to press, having been mailed in February—when it seemed clear that danger to Australia was imminent.—ED.]

I.

THE NEW FEDERAL LABOR GOVERNMENT

AFTER a lapse of nine years we have a Labor Government in office again. As the party upset the previous administration by an attack upon the budget proposals, its first task was to recast the financial proposals for 1941-42. Its chief efforts were to lighten tax burdens upon lower incomes and to increase them on higher. It increased the very high total of the Fadden budget by \$22,636,000. It raised the income tax minimum.

It provided for an immediate increase in pay for the members of the fighting forces and an increase in old age and invalid pensions. To get more revenue it made several proposals. Estates of deceased persons are taxed pretty heavily, as both Federal and State Governments come in for a share. Shrewd property owners have long used their wits to secure their possessions for their dependents or to dispose of their property as they thought fit before death.

The Federal Treasurer now provides for a pretty stiff "Gift Tax" on amounts from \$2,000 upwards. There are cer-

tain exemptions for gifts to charitable institutions, etc. Property owners and their legal advisers will be set a new problem as to how to avoid this attempt to appropriate a substantial portion of their possessions. There will be a higher income tax exemption, no increase in the tax up to \$6,000 and then steep increases. Correspondents have been writing to the press pointing out that in some cases taxes will exceed the entire income. An effort, however, is being made to limit depreciations to eighteen shillings in the pound.

As Mr. Chifley, the new Labor Treasurer, proposed to spend more than his predecessors and to tax less, he has to borrow more. It is hard to say what will eventually happen to the mountain of debt being built up on account of the war. It may come to repudiation, or partial repudiation, through inability to pay. From our point of view the best and safest plan would be to make the economic rent of land provide the interest. That would do much to liberate industry and insure the efficient use of all valuable land.

The Treasurer is also imposing a super Land Tax of 20 per cent on land values of \$80,000 and upwards. It is estimated to produce \$2,000,000. Our Federal Land Tax is a very clear example of the wrong way of doing things. There is an exemption of \$20,000. Seeing that a reasonable estimate of land values is \$800 per head of the population, it will be seen that the exemption is absurd. The proper purpose of a tax on land values is to get a portion of the economic rent of land as public revenue. As this rent is made and maintained by the community and rightly a public value, exemptions are unjust and illogical.

Further, the tax is graduated as values increase above the \$20,000 minimum. The original idea of the Labor Government which brought in this tax was to promote the subdivision of large areas in the country. It has failed to achieve this object. The Minister admitted that 75 per cent of the tax was paid by city property owners. Much of this land is very fully used and incapable of subdivision. The Treasurer has also increased a number of excise taxes. While he claimed to give the poorer wage earners exemption from income tax, he put it on them in higher living costs through increased taxes upon commodities.

THE GOVERNMENT AND THE BANKS

Formerly banking in this country was in the hands of several private banks. They had a very severe lesson in 1891 at the time of the banking crisis brought on through lavish loan expenditure by Governments and land speculation. The banks profited by their experience and have since been more cautious. A Labor Government, with its itch for socializing, established the Commonwealth Bank in 1911. Its main purpose was to be a central bank, but to some extent it competes for business with the private banks.

The right to issue notes was taken away from the private