

More and more we can ask just what did the Conservatives really conserve when they had political power for so long? What errors did they correct? Did they produce a State of Welfare sufficiently good to prevent what happened to our country after the fatal economic collapse of 1929? Did they prevent the taking of power by the Liberals and Progressives of both parties which gave us the 30 years of New, Fair and Middle-of-the-road Deals that followed from 1932 to the present? On the other hand, what has happened since the shift of power to the Liberals and Progressives? Have they exposed a single basic wrong in the operation of our system? Have they ended a single basic evil? In spite of billions for relief and charity, no one can say they have. The most that can be said is that they sought, by planning, to give Social Security, more unemployment compensation, more health and welfare measures, more public aid to education, more old age benefits.

Given a true scientific economic understanding, and working from the present background and general viewpoints of both the Conservatives and the Liberal and Progressive thinkers, the leaders of both these groups would ultimately achieve, not the destruction of the system itself, but a far greater working perfection of the Free Enterprise Economy. And this increased perfection would give the people of the world just what they most need, a truly amazing example of a Freedom-way Economy that would then attract the people of the world; for it would give all people, not the prison-like security of the Marxist or Welfare State system, but a finer, individually provided security and freedom too. Such a system can be made so overwhelmingly good compared to what any "planned economy" under political domination of the State could give, that Communism would be buried by the competition — and in peace.

## THE NEW WEST GERMAN BUILDING LAND TAX

By ERICH ZINCKE

**L**AST Autumn the Federal Building Law came into force. Its aim is to regulate building and town planning according to the constitutional rights and the present law situation.

One of its main parts, which was discussed most and is of the highest general interest, concerns building land. The law provides:

1. The official land prices fixed in 1936 are annulled.
2. As soon as a street is completed, the site owner must pay his share of the service-cost, whether or not he has a house of the site.
3. For sites, which are already fully serviced but not used, taxes will be increased. The present rate is 5 per mill (of the value assessed in 1936). It is to be raised now to 20 per mill; after two years to 25 per mill; and after two further years to 30 per mill.

The aim of these measures is to increase the supply of building land to be offered on the market. Unduly high price demands are to be prevented by having a board of independent experts judge the value of the lands offered.

The market price of single sites will be supplemented by authorised values for entire areas, which are to be published. These are meant to act as price mirrors and to influence price levels.

### COMMENTS

When the law was under discussion the adherents of the free market policy in everything asserted that after abolishing the obsolete price freeze land prices would regulate themselves soon and come to a reasonable standstill.

The housing minister, however, and the majority of the Bundestag were sceptical and did something to influ-

ence prices. Thus they came to the two other points. The third point represents a genuine land value taxation, though not a general one. It is restricted to sites already fully serviced, i.e. to vacant sites within the town and its building margin.

Not included are the lands that are within the planning sphere of the town, as long as they are agriculturally used. Thus the profit that results when they are turned into building land is not touched at all, though this is the crucial moment when land prices grow so enormously, that they become a social danger. At present the estate owner whose lands have come into the planning sphere — or whoever owns them after him — can still sell them at any price he thinks appropriate.

### THE EFFECTS

The abolition of the obsolete fixed price for land had an immediate effect. Prices rose tremendously and have not yet come to a standstill. And the two other measures seemed to have no influence at all. So last month there was a hot debate in the Bundestag about land prices. The housing minister was furiously attacked, because his law had the effect of raising land prices instead of lowering them. He admitted that up to now there was no satisfactory result, but that he trusted that the effect would come as soon as the land valuation boards were established and working in all communities. So he asked the Bundestag to give the law time to show its power. And he promised that if it should not prove efficient enough in its present shape, it would be considerably sharpened. And he was given that chance.

So there is hope. If the law proves efficient at least in some places, it may lead the way to a full success.