

S.E.S. NEWS-letter

Internal Communications Medium of

THE SCHOOL OF ECONOMIC SCIENCE
AND SOCIAL PHILOSOPHY

#402, 535 - 13 Ave. S.W., Ph. 262-4135
CALGARY 3, ALBERTA, CANADA

February, 1972

CALGARY MONTHLY MEETING

- Date: Friday, February 11, 1972 (Second Friday of the month)
- Time: 8:00 P.M.
- Place: Central YMCA, 332 - 6th Avenue S.W.
- Topic:
1. "Pumps and Sources of Public Revenue"
A talk by Noah D. Alper, President of
Public Revenue Education Council of St. Louis,
Missouri. (On tape 9 mins. 30 secs.)
 2. Meet Adele. Informal conversation with Calgary's
newest school member, Adele Buckalter who has
recently moved from New York city to take up
residence in Calgary. (See below)
 3. Roundtable workshop on "The Rights of the Individual
in Society" (See attached worksheet for information.)

Adele Buckalter, practically a lifetime resident of New York city, first came to Calgary in the summer of 1970 to attend the annual North American conference of Schools of Economic Science and affiliated schools. She saw the stampede, visited Banff and Jasper and journeyed on out to the coast. She must have seen something she liked because when it came time to retire she told all her friends: "I flew to revisit Calgary (Oct. 71) where I had spent a week or two the summer before. Having been so taken with the sparkling air, the blue skies and the view of the nearby snow-capped Rockies, I decided that this would be a fine place to make my home. Finding a little doll of a bungalow, I purchased it without any hesitation. I will be at home at 628 Acadia Dr. S.E., Calgary 30. (Phone 271-3231). A special welcome awaits you." And so saying (and doing) she became a Calgarian.

Adele, a graduate of Vassar, and with very broad and diverse interests, taught at the New York school and is willing to organize some advanced studies in Calgary. What advanced inquiry would you like to pursue with her?

Advance Notice of Future Events

- March 10 - Monthly Meeting - Topic: Workshop on "The Rights of Society" and talk by Perry Prentice, retired Vice-President of Time, Inc. on "Abuses of Private Property in Land" (On tape, 16 mins).
- April 14 - Monthly Meeting - Topic: Marketing Boards in Canada
- May 5 - - Graduation Banquet (Time & Place to be announced)
- Annual General Meeting of the School
- July 5-9 - Annual North America School conference in San Francisco
Delegates and speakers from throughout the United States and Canada will participate. More details to follow.

RESEARCH PAPER NO. 2

Accompanying this Newsletter, all paid up members of the school, will find enclosed a copy of "A Study of the Untaxing of Improvements in Edmonton, Alberta". This study was prepared by Paul Bolton and 1,000 copies were printed for the school. A certain number of these will be distributed complimentary to elected and appointed officials, assessors, editors, newspaper reporters, etc. Copies are available at \$1.00 each to help us defray some of the costs of printing. Our sincere thanks to members who have contributed generously. It is your continued support that makes this and many other projects possible. Distribution is being looked after by Gerry Shaw. Please direct your enquiries to him at 242-4291.

ARTHUR WENTWORTH ROEBUCK

- by Ernest J. Farmer

It was really on January 27th, 1970 that Canada lost one of its ablest and best citizens. Until that day Arthur Wentworth Roebuck, Q.C., at the age of 91, had been considered the hardest-working member of the Canadian Senate, often spending ten hours a day in his office or in committee rooms. But then a stroke ended abruptly his active life, although he lingered under nursing care until November 17, 1971.

Arthur Roebuck inherited a superb constitution and a mind capable of deep, precise, rapid and independent thought. His great-grandfather, Dr. John Roebuck, aided James Watt in developing the steam engine. His grandfather, John A Roebuck, M.P., aided in the preparation of Lord Durham's celebrated report, which led to the establishment of responsible government in Canada. One of his grandmothers was among the United Empire Loyalists who received honorary land grants from the Upper Canada Government.

While still in his teens, he read and studied "Progress and Poverty", with other works by Henry George. It furnished him with a directive in developing his powers of logical reasoning, his understanding of social conditions and economic principles and of exact and effective use of language.

(Sen. Roebuck was the patron of The School of Economic Science and Social Philosophy.)

WORKSHEET - S.E.S. Monthly Meeting, February 11, 1972

N.B. Please bring this with you to the discussion.

AN INQUIRY INTO THE RIGHTS OF THE INDIVIDUAL IN SOCIETY

1. The Right to Life. It is generally conceded by scientists that life starts at conception. And indeed, once life starts, the process is irreversible. The foetus grows until it leaves the womb about 9 months later. In reality, this means that at the time of birth the person has already experienced 9 months of "life", and three months after birth is one year old, from a biological point of view.

The question for us to consider is this: Does anyone have the right to stop life in the 2nd month when they don't have the same right in the 11th month?

And if it is alright to stop life in the 2nd or 3rd month, why not in the 6th or 7th month?

And if it is alright to stop life in the 7th month in the womb, is it alright to stop life in the 7th month out of the womb if the person is born premature?

Some people say that in the first few months of "life" the foetus doesn't know it is alive and therefore it is okay to terminate the life. But very few of us can remember anything that happened before we were 3 years A.W. (After Womb), so maybe infanticide up to that age would not be depriving the individual of his rights. No memory - no rights! Right?

2. The Right to Abort. We have espoused the principle that the individual has the right to own his own body and the right to own all the fruits of his exertion (the work of his body). If we wish to have part of our nose cut away for cosmetic reasons, nobody objects. If we want to have a face lift or a bust lift, we go right ahead without asking permission of society. Indeed many people are born with extra fingers and toes which the doctor promptly whittles ~~back~~ down to fives (even if we had decided to count in dozens). And nothing is said. The question: Does a woman have the right to rid herself of a part of her body when it is in the form of a "small person"? Does the man have the right to object since half of the child is his?

3. The Right to Death. Many people who are sick and bedridden would take their own lives if they could just get out of the damn bed, elude the nurses and find the right means. The Question: Should a person be allowed to die at a time of their own choosing? Should a law be written that would compel doctors to comply with "death by request" of the individual?

(over)

4. The Right to Strike Against Society. In many, or most, instances of a strike in private industry, one company may stop producing but the general public has other sources to draw on. In the case of a strike by public employees the work force is in a monopoly position and the public is left without any alternative supply of these services.
The question: In these circumstances (a monopoly) should the right to strike be withdrawn from public employees?

5. The Right to Seclusion. Much has been written recently about the hermit out at Lake Chestermere who simply wanted to get away from society and be left alone. And yet the news media discovered him and insisted in giving him unwanted publicity. Howard Hughes has sought the same kind of seclusion.
The question: Does the individual have the right to bar others from taking his picture, recording his voice or in any other way reporting on his actions and activities? What about published rumors?

6. The Right to Privacy. The computers have made it possible now for large credit granting organizations to keep a little "black-book" on every person in the country regardless of whether the person has ever asked for credit or not. The amount of detail now recorded is very pervasive and is growing every day. Fortunes are being made in the trafficking of this information and complete lists are for sale under dozens of cross filed categories.
The question: Does the individual have the right to demand that his name be removed from these computerized files? Does he have the right to check these files for errors? Does he have the right to get unclassified, de-pigeon holed, and un-computerized? Why not?

'CITY SHOULD LEASE ITS LOTS TO STOP SPECULATION'

By Robert O. Cochrane, Member
of the School of Economic Science.
Edmonton Journal, Dec. 9, 1971

The article about the Mill Woods development project in The Journal Nov. 23 is a classic example of the consequences that result when a government, even with the noblest intentions, attempts to interfere with the system of private ownership of land.

Land speculation is an integral part of the present system of land ownership. Land values will increase with the growth of the community and so the speculator (usually a land developer) can buy land near the city and hold it out of use for a period of years in the hope of a profit.

In fact, on the face of this planet, there is no surer way to make money, particularly in a rapidly expanding city like Edmonton.

Beyond Reach

The speculative value of land puts the price of a building lot beyond the comfortable reach of most prospective homeowners. Therefore, the city fathers decided that if they bought land at the outskirts of the city at a price equal to or less than the speculative price and then held onto it for a few years, they could resell it to the prospective homeowners at a price much lower than the speculative price at the time. By doing so, they would encourage the building of new homes in the city and perhaps drive the speculative price of land in general to a lower level.

This is a great idea but it has one major flaw. In addition to a discount on the initial price of the land, the buyer gets an added bonus, with many

thanks to the city. If a buyer is lucky enough to obtain a lot from the city, he can almost immediately resell it at the speculative price, and in the Mill Woods case almost double his original investment with a very minimal effort on his part. To get money for a deal like this, a man should not hesitate to mortgage his car, his wife or his soul in accordance with his priorities.

Prevention

What can the city do to prevent this? I see five possible solutions. First, the city can use coercion. For instance, if the builders don't play fair this time, then the city won't play with them again. This practice is not likely to be effective, and the individual buyer is not subject to pressures like these.

Second, the city could try to prevent resale by putting a rider on the sales contract. But the chief commissioner is right when he says, "Once the buyer has the title, there is no legal way to prevent resale."

Thirdly, a leasing system similar to that used in Ontario could be applied. Then the buyer would have to wait five years before he could sell the land, and it would cost him a small sum to hold on to it. However, he could build a shack on the land,

rent it out to pay the lease costs and the land tax, and then sell the land after five years for three or four times his original investment.

Fourth, the city could sell the land at the speculative price. At least the profits would go into the city coffers instead of the bank accounts of those privileged individuals who were able to obtain the land.

Fifth, the city could lease the land to the prospective homeowners. This lease system would be similar in principle to the present land tax system. For the privilege of using the land, the lease-holder would be obliged to pay the city an annual sum (the economic rent) which would be a proportion (specified by the city) of the assessed value of the land excluding the value of the improvements (the buildings). To the homeowners, the advantages are twofold. First, he does not have to finance the initial speculative cost of the land. After all, he does not need to own the land as long as he has security of tenure, and his tenure will be guaranteed by paying the rent. Second, the rent is not going into the pocket of a land developer but is paid to the city, which uses it to provide services demanded by the homeowners. To the city, the rent is a certain source of income which will increase automatically as the land value can be readily assessed and the rent can be collected through the organization of the present land tax system. There is no need for a new bureaucracy.

Distributed

Initially, the land would be distributed equitably by a process of inviting bids on the land. The bidder who was prepared to pay the highest rent would get the opportunity to use the land. Naturally, the most valuable land will

command the highest rent, so that the prospective homeowner would seek land in an area where the rent was within his means. The rent would increase with time as a fixed proportion of the assessed value of the land excluding all improvements. The actual proportion would have to be specified by the city, but should be high enough so that the leaseholder cannot profitably sublease the land.

This proposal is not entirely the fantasy of an idealist. For many years, the province has very successfully used a similar system of leasing in the allocation of Crown land for oil and gas exploration. In fact, the concept could be universally applied to all types of land by a simple extension of the existing land tax system, although the idea of taxing improvements such as buildings must be dropped.

Tax Increased

In practice, the amount of land tax could be gradually increased until it reached the value of the economic rent. In addition to the relatively narrow application presented above, many other benefits to the economy and to the individual can be derived from such a system.

Only the vested interests of the land developers and the speculators would be adversely affected — but society has given them a free ride for long enough.

If you, as a citizen, don't want to pay an exorbitant price to a land developer for a building lot or any parcel of land, and if you object to paying an unjust tax on the buildings and other improvements on your land in addition to land tax so the government can afford to provide the services you demand, then the land lease system proposed is a constructive alternative. Think about it! After all it's up to you. *

EXCERPTS FROM AN ARTICLE IN "DER STERN"

by Dr. H.J. Vogel, Lord- Mayor of Munich, Germany

Did you ever hear of a man who became rich through water speculation?
Hardly.

Land speculation on the other hand, is generally accepted, and land is being considered a commodity, as any other consumer commodity. This is wrong and leads to very expensive consequences. Land is not a commodity as any other — it cannot be produced and the amount of land available is fixed, it is an essential to production, to the very existence of every person. Thus, landowners have a monopoly position and use it to drive prices of land into the astronomical range of figures.

For instance: An increase in land prices of 2036% was recorded in Munich during the decade 1950 - 1960. In reverse, the Deutschmark of 1950 would be worth only 5 pennies in terms of today's purchasing power for land. (100 pennies = 1 mark)

The appreciation of land value in West Germany since 1945 is being assessed at 100 billion Deutschmark (Approximately 400 million dollars). It must be noted that landowners have contributed nothing towards this increase in land prices. Part of this increase is due to the needs of communities for construction of roads, sewers, canals and schools, etc.

By way of rezoning farm land to residential lots the landowners "made" approximately \$15,000,000,000 during the 1960 - 1969 period.

During the same period the Federal government, provinces and municipalities combined spent a total of \$11.5 billions for low rental housing. It must be noted that there is an acute shortage of low rental housing and that many couples have to wait months or years before suitable housing becomes available to them.

The profit of a small group was much higher than was spent on low rental housing for 6.7 million people! To make matters worse, the system favors landowners in that they receive tax reductions on capital invested in land. Money made on land speculation is tax-free as well. The cities suffer most, for they are the ones who have to spend an ever-increasing percentage of their budget on the acquisition of land.

The trend to use land in city centres for the most profitable purpose has the effect that housing, cultural centres and historical sites are being replaced by commercial buildings. What to do?

1. Taxation of 100% of value appreciation of land.
2. Society should collect any appreciation of land value arising out of re-zoning of land.
3. The right of municipalities to purchase land at a value which would be determined through the percentage of taxation, rather than market value.

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(Translated from the original German by a member of the school)

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