

8279

S. E. S. NEWS-LETTER

Internal Communications Medium of  
THE SCHOOL OF ECONOMIC SCIENCE  
and Social Philosophy  
411 Blackthorn Road N.E. (Ph. 274-8842)

February, 1974

URBAN DYNAMICS  
SIMULATION GAME

An opportunity to run and take part in the  
myriad decisions of running a city.

A fascinating way to get an overall view of  
what takes place within a city parliament, play all  
the rolls from Joe Citizen to Lord Mayor. And  
reap the repercussions of how well they do the job  
High unemployment or low city debt. Come on out  
and see how well you will do.

It is a long game (up to six hours) and require  
a lot of people (up to 40). Best bring a lunch.

Edmonton: Sunday, Feb. 24, 1 P.M.  
Kinsmen Field House. Kinsmen Park

Calgary: Sunday, March 3, 1 P.M.  
Central YMCA, Sir Geo. William Rm.

School of Economic Science  
411 Blackthorn Road N.E.  
Calgary, Alberta

As you slide down the banister of life, may  
the splinters never point your way.

10

11

12

13

14

15

16

17

18

19

20

We are met in an hour of tremendous opportunity. "You who shall liberate the land," said Mr. Cobden, "will do more for your country than we have done in the liberation of its commerce." ⑥

Mr. Churchill served as Prime Minister of England during the Second World War. His courageous and determined leadership throughout this dangerous period earned him world-wide acclaim, and he was knighted in April, 1953 as a token of the affection and gratitude of his countrymen.

ONE of the reasons for the rarity of statesmanship is that, in a world increasingly rushed to death, the long range waits on the immediate. What is urgent takes priority over what is merely important, so that what is important will be attended to only when it becomes urgent, which may be too late.

- Louis J. Halle

\* \* \*

**Holding Action .** In the Middle East there is a legend about a spindly little sparrow lying on its back in the road. A horseman comes by, dismounts, and asks the sparrow what on earth he is doing lying there upside down like that. "I heard the heavens are going to fall today," said the sparrow.

"Oh!" said the horseman. "And I suppose your puny little legs can hold up the heavens?"

"One does what one can," said the sparrow. "One does what one can."

-William A. Jenkins in English Journal



ON  
HUMAN RIGHTS  
by  
Winston Churchill

Extracts From a Speech  
Delivered at Edinburgh

IT is quite true that land monopoly is not the only monopoly which exists, but it is by far the greatest of monopolies—it is a perpetual monopoly, and it is the mother of all other forms of monopoly. It is quite true that unearned increments in land are not the only form of unearned or undeserved profit which individuals are able to secure; but it is the principal form of unearned increment which is derived from processes which are not merely not beneficial, but which are positively detrimental to the general public.

Land, which is a necessity of human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position—land, I say, differs from all other forms of property in these primary and fundamental conditions.

Nothing is more amusing than to watch the efforts of our monopolist opponents to prove that other forms of property and increment are exactly the same and are similar in all respects to the unearned

increment in land.

THEY talk to us of the increased profits of a doctor or a lawyer from the growth of population in the towns in which they live. They talk to us of the profits of a railway through a greater degree of wealth and activity in the districts through which it runs. They tell us of the profits which are derived from a rise in stocks and shares, and even of those which are sometimes derived from the sale of pictures and works of art, and they ask us—as if it were the only complaint—"Ought not all these other forms to be taxed, too?"

But see how misleading and false all these analogies are. The windfalls which people with artistic gifts are able from time to time to derive from the sale of a picture—from a Vandyke or a Holbein—may here and there be very considerable. But pictures do not get in anybody's way. They do not lay a toll on anybody's labour; they do not touch enterprise and production at any point; they do not affect any of those creative processes upon which the material well-being of millions depends.

If a rise in stocks and shares confers profits on the fortunate holders far beyond what they expect or indeed deserved, nevertheless that profit has not been reaped by withholding from the community the land which it needs, but, on the contrary, apart from mere gambling, it has been reaped by supplying industry with the capital without which it could not be carried on.

If the railway makes greater profits, it is usually because it carries more goods and more passengers. If a doctor or a lawyer enjoys a better practice,

is a fair offer or not—we say to the land monopolist: "This property of yours might be put to immediate use with general advantage. It is at this minute saleable in the market at 10 times the value at which it is rated. If you choose to keep it idle in the expectation of still further unearned increment, then at least you shall be taxed at the true selling value in the meanwhile."

EVERY nation in the world has its own way of doing things, its own successes and its own failures. All over Europe we see systems of land tenure which economically, socially, and politically are far superior to ours; but the benefits that those countries derive from their improved land systems are largely swept away, or at any rate neutralised, by grinding tariffs on the necessaries of life and the materials of manufacture.

In this country we have long enjoyed the blessings of Free Trade and of untaxed bread and meat, but against these inestimable benefits we have the evils of an unreformed and vicious land system. In no great country in the new world or the old have the working people yet secured the double advantage of Free Trade and Free Land together, by which I mean a commercial system and a land system from which, so far as possible, all forms of monopoly have been rigorously excluded.

SIXTY years ago our system of national taxation was effectually reformed, and immense and undisputed advantages accrued therefrom to all classes; the richest as well as the poorest. The system of local taxation today is just as vicious and wasteful, just as great an impediment to enterprise and progress, just as harsh a burden upon the poor, as the thousand taxes and Corn Law sliding scales of the "hungry forties."

of the land monopolist, I am dealing more with the process than with the individual landowner. I have no wish to hold any class up to public disapprobation. I do not think that the man who makes money by unearned increment in land is morally a worse man than anyone else who gathers his profit where he finds it in this hard world under the law and according to common usage. It is not the individual I attack, it is the system. It is not the man who is bad, it is the law which is bad. It is not the man who is blameworthy for doing what the law allows and what other men do; it is the State which would be blameworthy were it not to endeavour to reform the law and correct the practice. We do not want to punish the landlord. We want to alter the law.

Take the case to which I have already referred, of the man who keeps a large plot in or near a growing town idle for years, while it is "ripening"—that is to say, while it is rising in price through the exertions of the surrounding community and the need of that community for more room to live. Take that case. I daresay you have formed your own opinion upon it. Mr. Balfour, Lord Lansdowne, and the Conservative Party generally, think that that is an admirable arrangement. They speak of the profits of the land monopolist, as if they were the fruits of thrift and industry and a pleasing example for the poorer classes to imitate.

WE do not take that view of the process. We think it is a dog-in-the-manger game. We see the evil, we see the imposture upon the public, and we see the consequences in crowded slums, in hampered commerce, in distorted or restricted development, and in congested centres of population, and we say here and now to the land monopolist who is holding up his land—and the pity is, it was not said before—you shall judge for yourselves whether it

it is because the doctor attends more patients and more exacting patients, and because the lawyer pleads more suits in the courts and more important suits. At every stage the doctor or the lawyer is giving service in return for his fees, and if the service is too poor or the fees are too high, other doctors and other lawyers can come freely into competition. There is constant service, there is constant competition; there is no monopoly, there is no injury to the public interest, there is no impediment to the general progress.

Fancy comparing these healthy processes with the enrichment which comes to the landlord who happens to own a plot of land on the outskirts or at the centre of one of our great cities, who watches the busy population around him making the city larger, richer, more convenient, more famous every day, and all the while sits still and does nothing.

ROADS are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, water is brought from reservoirs a hundred miles off in the mountains—and all the while the landlord sits still. Every one of those improvements is effected by the labour and cost of other people. Many of the most important are effected at the cost of the municipality and of the ratepayers. To not one of those improvements does the land monopolist, as a land monopolist, contribute, and yet by every one of them the value of his land is sensibly enhanced. He renders no service to the community, he contributes nothing to the general welfare; he contributes nothing even to the process from which his own enrichment is derived.

If the land were occupied by shops or by dwell-

ings, the municipality at least would secure the rates upon them in aid of the general fund; but the land may be unoccupied, undeveloped, it may be what is called "ripening"—ripening at the expense of the whole city, of the whole country for the un-earned increment of its owner. Roads perhaps have to be diverted to avoid this forbidden area. The merchant going to his office, the artisan going to his work, have to make a detour or pay a tram fare to avoid it. The citizens are losing their chance of developing the land, the city is losing its rates, the State is losing its taxes which would have accrued if the natural development had taken place; and that share has to be replaced at the expense of the other ratepayers and taxpayers; and the nation as a whole is losing in the competition of the world—the hard and growing competition of the world—both in time and money. And all the while the land monopolist has only to sit still and watch complacently his property multiplying in value, sometimes manifold, without either effort or contribution on his part. And that is justice!

BUT let us follow the process a little further. The population of the city grows, and grows still larger year by year, the congestion in the poorer quarters becomes acute, rents and rates rise hand in hand, and thousands of families are crowded into one-roomed tenements. There are 120,000 persons living in one-roomed tenements in Glasgow alone at the present time. At last the land becomes ripe for sale—that means that the price is too tempting to be resisted any longer. And then, and not until then, it is sold by the yard or by the inch at 10 times, or 20 times, or even 50 times its agricultural value, on which alone hitherto it has been rated for the public service.

on top of the other, are able to charge them more for the privilege of living there.

Some years ago in London there was a toll-bar on a bridge across the Thames, and all the working people who lived on the south side of the river had to pay a daily toll of one penny for going and returning from their work. The spectacle of these poor people thus mulcted of so large a proportion of their earnings appealed to the public conscience, an agitation was set on foot, municipal authorities were roused, and at the cost of the ratepayers, the bridge was freed and the toll removed. All those people who used the bridge were saved 6d. a week. Within a very short period from that time the rents on the south side of the river were found to have advanced by about 6d. a week, or the amount of the toll which had been remitted.

AND a friend of mine was telling me the other day that, in the parish of Southwark, about £350 a year, roughly speaking, was given away in doles of bread by charitable people in connection with one of the churches, and, as a consequence of this, the competition for small houses, but more particularly for single-roomed tenements, is, we are told, so great that rents are considerably higher than in the neighbouring district.

All goes back to the land, and the landowner, who, in many cases, in most cases, is a worthy person utterly unconscious of the character of the methods by which he is enriched, is enabled with resistless strength to absorb to himself a share of almost every public and every private benefit, however important or however pitiful those benefits may be.

I HOPE you will understand that, when I speak

workman. The railway company wishing to build a new line finds that the price of land which yesterday was only rated at its agricultural value has risen to a prohibitive figure the moment it was known that the new line was projected, and either the railway is not built, or, if it is, is built only on terms which largely transfer to the landowner the profits which are due to the shareholders and the advantages which should have accrued to the travelling public.

It does not matter where you look or what examples you select, you will see that every form of enterprise, every step in material progress, is only undertaken after the land monopolist has skimmed the cream off for himself, and everywhere today the man or the public body that wishes to put land to its highest use is forced to pay a preliminary fine in land values to the man who is putting it to an inferior use, and in some cases to no use at all. All comes back to the land value, and its owner for the time being is able to levy his toll upon all other forms of wealth and upon every form of industry.

A PORTION, in some cases the whole, of every benefit which is laboriously acquired by the community is represented in the land value, and finds its way automatically into the landlord's pocket. If there is a rise in wages, rents are able to move forward, because the workers can afford to pay a little more. If the opening of a new railway or a new tramway, or the institution of an improved service of workmen's trains, or a lowering of fares, or of a new invention, or any other public convenience affords a benefit to the workers, in any particular district, it becomes easier for them to live, and therefore the landlord, and the ground landlord, one

The greater the population around the land, the greater the injury which they have sustained by its protracted denial; the more inconvenience which has been caused to everybody, the more serious the loss in economic strength and activity, the larger will be the profit of the landlord when the sale is finally accomplished. In fact, you may say that the unearned increment on the land is on all fours with the profit gathered by one of those American speculators who engineer a corner in corn, or meat, or cotton, or some other vital commodity, and that the unearned increment in land is reaped by the land monopolist in exact proportion, not to the service, but to the disservice done. It is monopoly which is the keynote, and where monopoly prevails, the greater the injury to society the greater the reward of the monopolist will be.

SEE how this evil process strikes at every form of industrial activity. The municipality, wishing for broader streets, better houses, more healthy, decent, scientifically planned towns, is made to pay, and is made to pay in exact proportion, or to a very great extent in proportion, as it has exerted itself in the past to make improvements. The more it has improved the town, the more it has increased the land value, and the more it will have to pay for any land it may wish to acquire.

The manufacturer proposing to start a new industry, proposing to erect a great factory offering employment to thousands of hands, is made to pay such a price for his land that the purchase price hangs round the neck of his whole business, hampering his competitive power in every market, clogging him far more than any foreign tariff in his export competition, and the land values strike down through the profits of the manufacturer on to the wages of the

(con'd on p. 10)

UNTAXING IMPROVEMENTS IN ALBERTA

Amending the Act

At the present time, provincial law in Alberta does not allow municipalities to untax improvements. For some time our school graduates have been attempting to get the Municipal Taxation Act amended so that this practice could be followed by municipalities on an optional basis. The small change in wording necessary to accomplish this end is outlined below.

Clause 12, of Section 36 of the Municipal Taxation Act (Chapter 54) of the Statutes of Alberta 1967 currently states:

Notwithstanding the provisions of this or any other act,

- (a) the council of a municipality or the board of a collecting school district by by-law,
- (b) the Minister, in the case of an improvement district, by order may exempt from taxation all or such percentage of the assessment of improvements described in Sub-clause (iii) of Clause 12 of Section 2,

as is considered advisable.

*proposed deletion*

This means that the only exemptions allowed under the Act are restricted to "machinery, equipment, appliances, etc." (See complete Clause 12 of Section 2 opposite)

We would like the Act broadened to include those things listed in Sub-clauses (i) and (ii)—namely, buildings and structures and things affixed to buildings and structures, so that, should a municipality request it, taxation would remain on the only thing not mentioned — land.

- "improvement" means
- Clause 12 of Section 2
- (i) a building or structure erected or placed upon, in, over or under land, whether or not it is so affixed as to become transferred without special mention by a transfer of the land;
  - (ii) anything affixed to or integrated in a building or structure affixed to the land that would without special mention be transferred by a transfer of the land, and
  - (iii) machinery, equipment, appliances, working tanks and other things including the support-ing foundations and footings; but excluding buildings and excluding tanks used exclusively for storage purposes, that form an integral part of an operational unit designed for or used in
    - (a) processing or manufacturing, or
    - (b) the production of natural resources or the transmission of natural resources by pipe line, whether or not the machinery, equipment, appliances, working tanks or other things are so affixed as to become transferred without special mention by a transfer of the land;

The amendment to broaden the Act could be made by simply deleting the words

"Sub-clause (iii) of"

so that the Act would give the appropriate governing body authority to exempt all improvements, "as is considered advisable."

Simple, isn't it?