

# Editorial Page of L A B O R

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## Small Farmers and City Folk Hit Hard by Speculative Land Booms

**F**OR MANY YEARS the Department of Agriculture has been publishing a series of "Yearbooks," written by scientists and others who have made special studies of problems concerning the nation's natural resources. For example, forests, topsoil and water.

Now the new 1958 Yearbook deals with the most fundamental resource of all—"Land." Among its many chapters is one of particular importance to workers, farmers and, indeed, all Americans. Written by M. Mason Gaffney, professor of agricultural economics at the University of Missouri, this chapter bears the title "Urban Expansion — Will It Ever Stop?"

Theme of the chapter is that, largely because of a speculative boom, prices of land in and around cities are exorbitantly high; that this causes economic and social evils which seriously affect everyone, and can be stopped only by taking steps to drive land prices down.

The chapter points out that some central city land—"common dirt"—is priced at as much as \$13 million an acre, and that this "value" is created by all the people in the city and the region around it.

Staggering figures are also given on the prices of other city land, including "slum sites held at fancy prices in expectation of future public demand."

Prices of land farther out from the cities are being boosted by the new superhighways, and are up to levels ranging from "several thousand dollars" to \$50,000 an acre, the chapter says.

In cities, the chapter says, the value of the land often exceeds the value of the buildings on it. Yet the "city fathers, to protect vested investments, discourage new buildings by overassessing them relative to old buildings, and by assessing undeveloped land at next to nothing."

As a result of the low taxes on vacant city land, the chapter says, it is held at such high prices that people are forced to move farther and farther out from the city in search for cheaper land. This has the following consequences, among others:

More and more good farm land is taken out of cultivation unnecessarily. "The smaller farmers succumb earliest" while "the large landowners hold out longest" and get the highest prices.

Most of the farm land bought by speculators lies idle for many years. In effect, the land in a wide belt around cities becomes "scorched earth." Meanwhile, "cities are not anywhere near using the land they already contain. They do not need to swallow so much good farm land."

The wider scattering of the cities, the chapter says, "forces heavier reliance on those hungry land gobblers—automobiles and trucks," which demand more and more land for "highways and parking space."

"Fragments" of the city, springing up in "fields and orchards," the chapter continues, "excite speculative hopes for the land around and between them, until urban price influence extends millions of acres beyond the city limits."

"Urban prices have a baleful influence on farming. The dirt farmer has struggle enough financing title

to lands for agriculture. Urban prices force him out of the market completely. Landholders near cities must be speculators as well as farmers. High-priced lands gravitate to those who have the financial power to wait."

The chapter points out how Federal tax laws, as well as local taxes, favor the land speculators and encourage their profiteering. As a result, "land gamblers bid up prices higher and higher." Meanwhile, the scattering of the cities forces the people who actually use the land to pay higher and higher costs for local government's schools, roads, long sewer and water lines, and other public needs.

There is only one remedy for all this—"bring land prices down fast." Gaffney does not tell how, but only one thorough way to do it has ever

been proposed. Many years ago, Henry George, "the prophet of San Francisco," urged that taxes be taken off buildings and other "improvements," and that taxes on land values be made heavier to discourage speculators. His advice has been partially followed in Pittsburgh and in such countries as New Zealand and Australia, with good results. In New Zealand, for example, reports say the Henry George tax system has wiped out slums in all cities except Auckland—the only New Zealand city which does not use that system.

Your congressman and senators have limited supplies of the "Land" Yearbook for free distribution. Or a copy can be obtained by sending \$2.25 to the Superintendent of Public Documents, Government Printing Office, Washington 25, D. C.

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