

Ontario Reassesses Property

The Canadian provincial government of Ontario has undertaken a reassessment program called Market Value Assessment which will re-evaluate all properties according to their full market value, expecting to complete the project by 1974-75.

Property assessment was taken over by the provincial government in 1970, and present rolls are said to contain many inconsistencies and inequities. The reassessment program will stress uniformity of all property assessment in the province. Consequently, assessment of many individual properties is expected to change — in some cases substantially.

Preliminary results of the program indicate a marked shift of the tax burden among various land uses. One of the results is likely to be a heavier percentage of municipal taxes borne by residential properties than they are now carrying.

This presents a problem that is amplified by comparison with Site-Value Assessment (land value taxation). Under the latter plan, the tax burden would shift in the opposite direction. That is, it would reduce the tax burden on home owners and increase it on other land uses.

In the view of the School of Economic Science (the Ontario School) property tax revision will become "a hot debatable issue in the coming months."

The Toronto Star reports "Frightening numbers of appeals are expected next year when the freeze comes off tax assessments." Property owners will receive notice next year of the figures on which their 1975 tax bite will be based.

Assessments have been frozen throughout Ontario since 1971. The new assessments will be the result of the re-evaluation program that puts them at market value. According to James B. Lawson, assessment review court chairman, when people see their assessments skyrocket, a flood of appeals can be expected.

Spring Term Successful

The 1973 Spring term was one of the more successful terms for the School as compared with the recent past, judging by attendance records and by comments from those who participated.

Of course, anyone who wants to play the "numbers game" can levy criticism. There were not hordes of people milling through the building on East 69th Street, nor were there fervent protestations of faith. Total enrollment was a modest 200, but the significant factor was that well over 50% of these may be said to have "completed" the courses. That is they attended an adequate number of sessions presumably to have benefitted from the instruction.

Among those attending the "Reform for Our Time" classes — the updated interpretation of Henry George's approach to the land question and land value taxation — two of every three enrollees completed the ten-week course. One of these classes in particular was taught by an architect and urban planner who was able to attract and hold the interest of a significant number of his colleagues as well as other professional people. In the more scholarly analysis of "Progress and Poverty" (12 sessions conducted under that title), about half the students completed.

More important than the numbers was the enthusiasm expressed by students for the subject matter and the instruction. Particularly interesting were the comments of students.

"The real meaning of Henry George," one student of "Progress and Poverty" remarked, "is in his role of a special philosopher. His 'economics' was only an adjunct of his social philosophy. George's idea was almost as old as the tax collector, but this was a means to an end and not an end in itself." Then he added pensively, "I realize it is a difficult task for the School to emphasize this aspect of the man, but it must be done if George's work is to survive, that is the true Henry George and not the caricature that has been offered to the public."

From the Clippers . . .

Every few days, the mail brings an envelope from somewhere in the country that contains clippings; newspaper clippings, magazine clippings, and often unidentifiable clippings. They all seem intent on substantiating what we already believe to be valid. Sometimes they are accompanied by a brief note, sometimes by a cryptic letter. Most often they are simply marked up and scratched with barely decipherable marginal notes. Because they seem to be motivated by a desire on the sender's part to share, we thought we would pass the more worthy ones on to our readers.

From Romola Swope Jacobsen; *The Oregonian*, January 15, 1973

Hardly any American had as much influence on Oregon as did George, who expounded his theories on the "single tax" on land . . . William S. U'Ren, father of the Oregon referendum and initiative system was deeply bitten with George's theories and proclaimed in his later years that all his efforts to revise Oregon government had been in order to enact the single tax.

Both U'Ren and George failed in their single tax goals, but both left their stamps on American government . . .

Mrs. Jacobsen comments: "Now I know why we moved from Fairhope, Alabama to Oregon!"

From Lancaster M. Greene; *The Wall Street Journal*, March 3, 1973

. . . Wilbur Mills . . . chairman of the House Ways and Means Committee . . . would not accept any bill that contains mandatory quotas on imports. That's the sort of across-the-board protectionism that is represented by the Burke-Hartke bill.

. . . Chairman Mills does not object to giving President Nixon the power to protect U.S. business against imports with quotas . . . the difference could turn out to be more apparent than real. Industries claiming injury from imports would press hard for quotas and there would be no similar pressure in defense of the broad national interest.

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The national interest is what especially concerns Ilse Mintz, senior staff member of the National Bureau of Economic Research and a retired Columbia University economist, in "U.S. Imports Quotas: Costs and Consequences" (American Enterprise Institute for Public Policy Research, Washington, D.C., 85 pages, \$3) . . .

"Industries suffering from import competition [Dr. Mintz writes] are typically those whose productivity is below (the U.S.) average and which pay the lowest wages, whereas the opposite is typically true of export industries. What the protectionist argument in fact suggests is that as much labor and capital as possible be kept in industries with low wages and productivity instead of letting such industries contract in favor of those where both factors are high even by U.S. standards." . . .

"No matter how rough [the] figures are," says the author, "they indicate clearly that quotas impose a heavy burden on consumers. . ."

Whether quotas are imposed across the board in a more selective way, the public should recognize that they are intolerable.

From Robert Sage; *U.S. News & World Report*, March 19, 1973

Farmers — thanks in part to their city cousins who are paying the highest prices ever for food — are enjoying a real taste of prosperity . . .

Dividing up the food dollar — Where the portions go:

Farmer:	33.4 cents
Retailer:	33.1 cents
Processor:	22.1 cents
Wholesaler:	6.1 cents
Transport'n:	5.3 cents

Nonfarm workers get a big share of each dollar spent for food. Of the total cost of processing and moving food from farm to supermarket, labor gets an estimated 50%.

Mr. Sage comments: "Note how they stress labor and yet do NOT mention LANDHOLDERS!" In Mr. Sage's opinion, "about 50% of these prices goes to the landholders." he adds, "Evidently the landholders don't exist. If they did, they'd be included in these figures."

In the News...

Computer Assessing

A pilot program to produce equitable and up-to-date property assessment has been undertaken by the Town of Ramapo in upstate New York. It involves the use of a computer to do not only the clerical work but the calculation of the assessments.

Every property in Ramapo will be assessed every year by the computer. This is expected to have the dual effect of keeping the tax rolls current and preventing the kind of disparities that are all too frequent under current systems of assessment.

Present figures on the rolls are almost a decade old. Moreover, the assessments are not a full market value. Although the computerized system will bring the assessments to a full market basis — from in some cases 30% or less of current market — taxes are not expected to increase uniformly because rates will be lowered. This assumes, too, that the town's budget will remain close to what it is today.

One result of the program, however, will be greater fairness in the collection of revenue. The computer can do many more calculations and can handle many more variables. In addition, the use of full market value makes it more difficult for variations and inequities to be hidden.

One of the further advantages claimed for the use of the computer is that it is a more economical method of assessment. Apparently, however, it has occurred to no one that assessing the land alone would be even more economical and would make inequities even more difficult to perpetrate.

Rising Value

A near doubling of the property base in the decade from 1961 to '71 was reported by the Commerce Department. The assessed value of property — that's land, improvements and personal property where taxed — was put at a whopping \$718 billion in 1971 as compared with only \$367 billion ten years earlier. Real estate — that's just land and buildings — was said to comprise some 80% of these totals, but was considered to have risen about 105% in the decade: \$553 billion in '71 vs. \$270 billion in '61.

What is most discouraging about the report was that property tax revenue as a proportion of all state and local revenues was actually smaller at the later date. The property tax accounted for 40% of non-

federal revenues in '71 as compared with 46% ten years earlier.

Unnatural Shortage

The nation's shortage of fuel — or at least shortage of fuel available in the marketplace — has caused considerable conversation and even some consternation.

One party to the conversations has been the fuel suppliers. Mobil has even taken to using advertising space to relay its message. The oil company refers to "the unnatural gas shortage." "The nation has drifted into a critical shortage of natural gas; the cleanest-burning major fuel and one of the most convenient," the company says, "Ironically, the shortage is man-made. Made by the U.S. government, in fact."

Citing the numerous instances of gas shortages, industrial curtailment that results from it and other inconveniences, Mobil says all this trouble is downright unnatural because there's plenty of natural gas available for the extraction.

The real trouble, according to the company, is that the federal government has been regulating the price of gas at the well since 1954. The consequence has been artificially low prices for this resource and resultant increased demand pressing against curtailed supply — curtailed because it is uneconomical to find and extract it at the price allowed.

Inasmuch as the producers appear willing to lease drilling sites on the outer continental shelf under the ocean, the company's position seems reasonable enough: "the federal government can proceed with outer continental shelf leases and can overhaul a system of price regulation that has boomeranged spectacularly, to the great detriment of the consumer."

How Much an Acre?

New York State is struggling to determine the average price of an acre of farm land within its borders. As all averages must be, this one is a discomfort to everyone. The farmers think it's too high and their city neighbors consider it too low. The figure for 1972 was \$344 an acre. Adjacent New Jersey, however, has an average acre value of farmland of \$1,409 (highest in the nation) and Connecticut of \$1,200. The problem of setting a figure is acknowledged to be a very tough one — maybe because they can find no way of separating the demand for land use and the demand for land speculation.

Zoning Scored as Liberal Hoax

Zoning is considered to be one of the great Liberal hoaxes of our generation by Bernard Siegan in a book titled "Land Use Without Zoning" (Heath & Co., Washington, D.C., \$10).

The author is a Chicago lawyer whose apparent annoyance with the inability of planners to achieve their beautiful dreams led him to a study of their habits and failures.

In a highly technical treatise, Mr. Siegan has analyzed two Texas cities: Houston, which has no zoning laws, and Dallas, which tries to plan its center city and suburbs through application of zoning regulations.

Houston and its suburbs, unfettered by zoning and the continuing altercations over "variances" are little different in appearance and convenience from those of Dallas and its environs. But there is a striking dissimilarity: rents are lower in Houston.

In Houston, the business district and the residential areas have developed as a consequence of market behavior and owe no debt to planners, zoning boards or courts. Although it is an industrial city, plants and offices are clustered along the major arteries, roads, rails and ship facilities. Residential areas are as neat and as comfortable as anywhere else.

Yet, Houston provides greater variety for fewer dollars than does Dallas without undercutting the value of its home sites. It would seem that without land use restrictions, the former city has had greater development without the costs involved in seeking political relief in order to achieve that development.

As in so much bureaucracy, the only ones to benefit from the operation are the bureaucrats themselves. The planners and the zoning officials plus whatever politicians can get into the act may make a good thing out of the program. But for the businessmen and the workers, the homeowners and the housewives there is only the added expense occasioned by the bureaucracy needed to make and administer the plans, the court actions that inevitably follow, and the impediments to production that must result.

Conference on the Property Tax

The problems and debates arising out of Ontario's new assessment program form an ideal backdrop for the School's conference this summer in Toronto — July 4th to 7th.

The Conference is action oriented, according to host Mal McCarthy, president of the School of Economic Science in Ontario. In addition to seminars and meetings with local tax and administrative officials, there will be the participation of several well-known economists and authorities on site value taxation.

You can still get a brochure and reservation blank by writing to School of Economic Science, 2304 Islington Avenue, Rexdale, Ontario.

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