

Federal Loans and the Price of Land

"Would federal land development loans boost land prices?" No, said federal housing administrator Robert C. Weaver, in reply to an article in *House & Home*. In June that magazine published his objections and his defense of the proposed loan program. He denied the allegation that the government would "directly guide and control" development and use of land around the edges of cities but said his proposal would "provide for economic analysis to prevent overvaluation of the land to be developed with FHA-insured loans.

Weaver said the program would result in reduced costs which would be passed on to builders and consumers, also that it would encourage more economical use, bring cheaper outlying land into competition, and discourage over-development. He does not claim it would cure "scatteration" or solve

high land costs, but suggests it would "encourage basic facilities of a scope responsive to future growth needs."

"But we still think he is wrong," states the editor of *House & Home* who would like to share Dr. Weaver's confidence that insuring easier financing for land would bring down the price. The editor doubts any such result as long as the government — federal, state and local — permits preferential tax treatment to set vacant land apart from the normal market action of supply and demand.

Quoting from an article in *Fortune*: "There is an evident inequity in a system that puts most of the tax burden on property improvements while preserving an anachronistic tax incentive to land ownership that encourages an artificial land scarcity — and resultant high prices underlying all building."

James A. Murphy left recently for a brief teaching mission in Arequipa, Peru. Last year Peter Patsakos, now Assistant Director of the Henry George School, accepted an invitation to teach the three basic courses in Spanish to second-year college students at the Universidad Santa Maria in the same city. This summer it will be high school students who will learn the fundamentals from Mr. Murphy, a linguist and teacher of long standing at New York headquarters. The arrangements were again made by Nicholas Reynoso, Director of PACE (Peruvian American Council on Education).

A Committee on Land Value Taxation is being formed at the Henry George School in New York, with Gilbert Herman, librarian, as secretary. He is compiling information on land value taxation in practice, and will also study problems of application, regarding assessments, tax rates, special lands, etc. Correspondence giving well authenticated data relevant to any phase of this subject will be appreciated. Inquiries are also invited.

CORRECTION

Near the end of the article by George Collins on Unemployment Panaceas on page 6 of the June HGN, "the more we have the less efficient we are, etc.," should read: "the more work we have to do and the less efficient we are, the better off we will be." This statement, however, is disproved by the author.