North America. One reason: speculation.

In Edmonton, Chief City Commissioner, Dr. Peter Bargen, said: "There's nothing the city can do. Land speculators have their rights by legislation. We can't even do anything about the unsightly shacks."

Whether we can condemn land speculators personally is a matter of social ethics. If a man can make a thousand or five thousand bucks by adding it to the cost of a vital commodity and get away with it, should he? Whether he *should* is his decision. Whether he *can* is ours.

"I don't think he should be able to speculate," said Bargen. "Controls are possible. Provincial legislation could change the taxation base to motivate a landowner to develop land or sell to someone who can."

Dr. Bargen suggests assessing land at its *potential* use. High taxes would then make speculation unprofitable.

The same principle applies in the slum cores of cities. Land covered by decrepit factories, warehouses and tenements is taxed so cheaply that owners can afford to hold it until the city buys the land for urban renewal and re-sells it to developers. To give the developers a profit, the city marks the land costs down as much as 100 per cent, and the taxpayer, again, pays the difference. But if the owner himself improves the property, by rehabilitation or by demolition and re-building, his taxes then go up with the buildings.

Dr. Bargen's solution, taxing the *potential* use of the *land,* not the buildings, works in Pittsburgh, which taxes land twice as high as buildings; in Brisbane, Australia, where buildings are tax-free and land is taxed up to 19 per cent of its value a year, and in Denmark. With provincial legislation to make it possible, it could work in Canadian municipalities, too.

Getting Down to Fundamentals

PETER TRACEY

VARIOUS NAMES have been suggested to describe the times we live in, and in the realm of economics none could be more apt than the Age of Superficiality. Almost everything today is studied "in depth," but economic problems, unfortunately, are not.

The *basic* cause of the recent international monetary crisis, we are told by Dr. Alfred Hartmann, general manager of the Union Bank of Switzerland, is the tendency of nations to grow at different rates, and, particularly, for their currencies to depreciate at different rates. "The *basic problem* we face," says Dr. Hartmann, is how to bring the inflation rates of the major countries more nearly into line"

So by standardising our rates of inflation we can solve our international monetary problems, but that still leaves us, of course with the internal effects of inflation. However, Mr. Guy E. Noyes, senior vice-president of the Morgan Guaranty Trust Company, has some thoughts on this subject. "I've been impressed," he says. "When the public concludes that there is no sense in looking for prices and for interest rates to drop, the result is even more inflation."

"So to stop inflation, presumably, or at any rate to slow it down, all we have to do is to stop expecting it.

This theory of economic control by thinking of the desired result has its counterpart in Britain. Last month an extraordinary week-end meeting was held at Chequers at which it was solemnly decided that if Britain is to get into surplus with its balance of payments this year the economic growth rate for 1969 should be 3 per cent. This decision, we are told, was reached after lengthy discussion. What form the discussion could have taken that led to such a fatuous proposition is beyond my imagination, but if cabinet ministers and representatives of industry and trade unions have such astonishing powers of economic clairvoyance, it is indeed strange that the country is in the mess it is.

However, it is the Common Market that provides this month's leading sample of economic insanity. As is well known, the agricultural price support system in this protectionist haven has resulted in huge surpluses of dairy products, notably, butter. What is not so well known, perhaps, is Dr. Mansholt's proposed remedy. This eminent gentleman, who is the agricultural boss of the Common Market, suggests a large tax on cattle feed! This, it is reasoned, would make it less rewarding for farmers to increase their dairy herds.

Of course, to reduce the price supports would be too simple a solution and to restore a free market would be unthinkable. Without guaranteed prices and cattle feed taxes, not only would administrators of the agriculture be out of a job, but production would be unplanned. Without planning, the bureaucrats would argue, there would probably be all sorts of undesirable effects like huge surpluses of dairy products, notably butter . . . but isn't that where we came in!