

Conquistadores : 1962

By E. P. MIDDLETON



"BRAZIL IS FOR THOSE WHO CAN WAIT . . .
AND WIN"

ABOVE is the slogan with which Peter Craig-Raymond, Chairman of the Sunnorth Property Company Limited of High Holborn, London, recently launched a prospectus of one of the most luscious-looking land promotion schemes of modern times.

The Sunnorth Company, it appears, have acquired a large tract of land in the Mato Grosso State of Brazil and, having already disposed of 25,000 acres of it, at £5 an acre, are currently offering a further 75,000 acres at the same price in lots of 100 acres upwards. In reserve for later "sale and development" they still hold "larger tracts." Brazilia, the glamorous new capital of Brazil, we are proudly told, lies 300 miles to the east — a distance which, in a country bigger than the whole of Europe without Russia, and with a rapidly expanding population at present around the 70 million mark, is negligible, given a good modern highway. And a good modern highway, says Mr. Craig-Raymond, is planned — right through the middle of the Company's land, linking Cuiba, the State capital, with the whole complex of Brazilian Federal highways. An airstrip is also planned "on our land."

Mr. Craig-Raymond's prospectus is composed largely of a questionnaire with appropriate answers. So, let us follow this example and briefly summarise the breath-taking geographical and economic information thus disclosed, in the same way.

Why Brazil?

Potentially, Brazil has not yet been scratched. Mr. Craig-Raymond refers to Stefan Zweig's book "Brazil, Land of the Future" and says "Many of Zweig's projections have already been surpassed, but his basic assessments are still valid." That, "Brazil, the fourth largest country on earth, will hold five, six, seven hundred million people — comfortably." "Brazil," says the prospectus, "escaped the vast exploitation of the colonisers," there being neither gold nor silver in sufficient quantities easily accessible to whet their appetite. Mr. Craig-Raymond, however, invites you to the new feast of exploitation; and you won't have the murder of the native population on your conscience as the price of a ticket. Not, that is, unless you are plagued by any inhibiting ideas about the private appropriation of land values being causally related to economic enslavement.

What are Brazil's potentials?

"The world's greatest hydro-electric supply. 16 per cent. of the world's forest; hardwoods (300 varieties). Present exports of pine, \$90 million a year — 'with little effort.' 600 varieties of palm (source of fibre, sacking, fuel, cattle feed and oil) at present 'standing unused.' 1,800 kinds of edible fish in its rivers, none as yet exploited. 600 million tons of rubber a year. (At present \$40 million worth of Asian rubber is imported.) The world's greatest deposits of iron ore in 'mountains of solid ore.' Bauxite in hundreds of millions of tons ('But' says Mr. Craig-Raymond, with obvious disgust, 'two American development projects were vetoed by strident nationalism'). Oceans of oil. Soil in which almost any crop will grow. No. 1 producer and exporter of coffee; seventh in soy-bean and rice; sixth in tomatoes, sweet potatoes, and peanuts; fifth in jute; fourth in tobacco and cotton; second in sisal, cane sugar, cacao, corn and oranges. Grows more bananas and pineapples than any other country. Exports cognac, champagne and wine to Argentina, the U.S. and Europe — even France."

What does your £5 an acre buy?

"Rich, virgin, commercially valuable timberland; rubber trees, cocoa, Brazil nut, vanilla and many others. Soils are deep redbrown, untapped loams overlain by a surface strata of leaves and other forest debris . . . increasing fertility. A sub-tropical climate . . . ample rainfall. Abundant sub-surface water at from 20 to 30 feet. Flat terrain with slight roll, laced with small rivers and lakes. Elevation: 120 ft." And, of course, "the fastest rising land values in the world."

What of your relations with the Brazilian Government?

Of the happiest, it seems.

"The Government of Brazil . . . has an extremely good record of sound, long-range and responsible control. Utilities have been nationalised . . . however, the full market price is paid on any take-over. Brazil seriously works inside the capitalist system and fully realises that only full and vast foreign investment and colonisation (*sic*) will maintain the country's huge accelerating progress. The Government specifically guarantees your rights of ownership under the Constitution. In addition to Federal highway construction, the Government maintains a Federal Farm Assistance Programme and other services. And the U.S. Government is directly co-operating in the development of Brazil's internal resources."

Taxes and 'Capital Gains'

"Land taxes are extremely low — less than a shilling an acre. Profits tax operates when you sell the land — approximately 10 per cent. of the profits (*sic*) after you have deducted all your costs. In addition, an escalator clause reduces your tax according to how long you hold the land — up to 30 per cent. reduction after ten years." Even re-selling your land after two years ownership "you would make a substantial profit." And, to show how earnestly they believe this, the Company "asks for first refusal when you wish to re-sell." "We cannot guarantee that later purchases of land will be at the same low price. The cost will gradually, and in some cases abruptly, increase as the day of development comes nearer."

Well, what are you waiting for? Could it be that you, too, read this recent news report:

"BRAZIL RIOT DEATHS — FOOD STORES SACKED. Rioting in which a number of people were killed and wounded occurred today in Caxias, Sao Joao de Meriti and Nilopolis, three towns in Rio de Janeiro State. People angered by lack of transport and the scarcity of food smashed into stores and carried off stocks. Troops were called in to restore order." Perhaps you fear that, if this is the way things can go in Rio de Janeiro State, the most "developed" area of Brazil, there is nothing to say it couldn't happen in the Mato Grosso as "the day of development comes nearer."



A WINNING POLICY

Below is the text of a leaflet used by local government candidates Denis Pedder and Donald Best in the municipal elections last May. Both stood as Liberal candidates and strongly emphasised that site-value rating is Liberal policy. Other Liberal candidates for local government would do well to give prominence and priority to this important and fundamental rating reform. Mr. Donald Best won a place on his local council for his efforts.

IF a man improves his house by adding a bathroom or a garage he is penalised for his efforts. Along comes a valuation officer — and up goes his assessment. Improvements to factories and shops also attract additional rates.

If on the other hand a property is allowed to fall into disrepair the assessment is reduced! A property allowed by its owner to stand empty attracts no rates at all, and yet quickly becomes an eyesore and spoils the amenities.

A more striking case of potential injustice arises where a man owns a vacant site. He may deliberately keep it

empty and undeveloped until the efforts of *others* have made it more valuable, by reason of nearby housing and shop development. Having made no contribution whatever, he then sells his land at a large profit — tax-free.

The "rates" as we know them, involving extra burdens being placed on those who by thrift and enterprise "improve" their property, *would go*.

They would be replaced by a local tax assessed solely on the value of the site, whether developed or not.

The landowner has then three possible courses of action.

1. He can develop his site and get the maximum value out of it. He is encouraged to do this by the absence of any tax on "improvements."
2. He may do nothing for the time being, deciding the time not yet ripe for development. He is entitled to do this — but must pay the site value tax whether he uses his land or not.
3. He can sell the land to a purchaser who is prepared to make better use of it than he is himself.

Whichever course is adopted—

- (a) Effort, enterprise and thrift will be encouraged.
- (b) The brake would be taken off new development, land speculation would gradually die out and *homes would become cheaper to buy*.
- (c) Pockets of land now lying idle would spring into use, and old-fashioned obsolete property would be improved.
- (d) Better use would be made of derelict sites in town centres, and thus our green countryside would stand a better chance of preservation.

This system is now used in parts of Canada, Australia and New Zealand and works well.

How much revenue could we reasonably expect to raise, and what sort of re-distribution of the rate burden would be involved?

It is not possible, of course, to give any exact estimate of yield without a valuation. But in cases where this method has been substituted for rating on buildings, no difficulty has been found in raising sufficient revenue for local purposes.

The ordinary householder would pay lower rates if the system were adopted, whilst the owners of commercial and business sites in the *centre* of town would pay more.

Where is the snag? At this stage the ordinary ratepayer will smell a rat. He is quite used to optimistic politicians who cheerfully promise the earth and slide over the difficulties of procuring it! After all, he will say, the shops will pass on the increased rates to the customer — and up goes his cost of living. This argument overlooks one vital aspect of the scheme. Only central shops occupying valuable sites will pay appreciably more. They are in competition with the little corner shops in the suburbs with no such extra rating burdens to pass on. If, therefore, the central stores pass on their rating burden to the customer they will price themselves out of the race with their suburban competitor.