

Your Washington Reporter

By ALBERT H. JENKINS

WASHINGTON, like all other cities in the United States, is fighting a battle with "Public Enemy No. 1" and so far the latter has been winning. Who is he? Some answers to that question come from a variety of sources, which will be cited below.

First is *House & Home*, a leading magazine of the home building industry, published by the Henry Luce interests, which also publish such magazines as *Life*, *Time* and *Fortune*. An editorial in a recent issue of *House & Home* points out that the soaring price of land is a main reason why the housing industry lags, workers in that and related industries lose their jobs, and economic recessions come repeatedly.

Up \$1,000

In 1957, the editorial says, the home buyer paid "up to \$1,000 more for land" than in the previous year, "and in return got a less desirable lot farther out—because land speculators discounted the next 10 years' rise in land values and pushed land prices up through the roof."

"Let's stop being so cozy with land speculators," the editorial urges. "Let's not pay 1968 prices for 1958 lots. Let's recognize the land price speculator as our Public Enemy No. 1, who sits back and takes his big profit first while the developer, the builder and the realtor do all the work—the enemy who did more than anyone else to price our product out of the market."

"The one best way to stop land price inflation and squeeze out some of the past inflation," the editor of the home-building

magazine declares, "is to get together and fight to put more of the tax load on land and less of the tax load on improvements. This shift might make it too costly for speculators to hold good home sites idle, hoping to squeeze us for still higher prices later on."

"Higher taxes on land would hurt no one but the land speculators. Higher taxes on land would permit lower taxes on houses and other improvements. Higher taxes on land are the only taxes that would help bring prices down instead of pushing prices up. Higher taxes on land are the only taxes that would stimulate production instead of discouraging it."

The *Washington Post & Times Herald* publishes a column on District of Columbia Affairs, written by Robert C. Albroom, who thoughtfully discusses the problems of the Nation's Capital. In two recent columns, he wrote about the current attempts to clean up some of Washington's disgraceful slums, with the help of large subsidies from the Federal government. He points out that this same sort of thing is going on in many other cities.

Bogging Down

This program is bogging down, and "new slums are growing faster than old ones are removed," Albroom says. "The problem, in essence, is how to convert land from profitable exploitation by slum owners to often less profitable, or profitless, uses which better meet community needs."

Partly because slum owners are permitted to pack too many

people into their miserable dwellings, and also are allowed to ignore the local health and sanitation laws, Albroom says, they are making so much money that they hold their land for exorbitant prices. They boost their prices still higher when they hear that their land is to be bought by the local government for "slum clearance and redevelopment" projects. This slum land price boosting makes it necessary for the Federal government to contribute still bigger subsidies, taken from the taxpayers of the entire country.

"If these subsidies are to be reduced or avoided," Albroom says, "clearly one way to go about it is to find ways of bringing the value of slum properties down before the taxpayers are asked to buy them." One way is to enforce the local housing laws. "This would go far to deflate the phony values which now make condemnation of slums so costly."

Raise Taxes

A still more important remedy, Albroom declares, is to raise the taxes on slum land.

"Low taxes on a well-located, potentially very valuable piece of land, 'improved' with a rotting old slum dwelling, help to make it very profitable for the owner to continue renting slums," Albroom says.

"But suppose such property were assessed on the basis of its potential 'best use' under city plans and regulations designed to create a slumless city? If this were done, the realty tax would become a new weapon in the city's anti-slum arsenal, giving property owners an incentive to prevent decay and to rebuild

without the need for sweeping official action.

"In New Zealand," Albrook points out, "this idea has been carried out to the extent of applying the realty tax only to land, on the basis of its potential value. Improvements are not taxed. Only Auckland among that country's major cities does not use land value taxation, and only Auckland finds it necessary to have slum clearance projects."

Likewise, more and more cities in Australia are voting to shift taxes from houses and other buildings to land values, thus encouraging "improvements, and discouraging 'Public Enemy No. 1,' the land speculator."

This same subject is discussed, in a broader way, in the U. S. Agriculture Department's 1958 Yearbook, entitled "Land." It contains a chapter headed "Urban Expansion — Will It Ever Stop?" written by M. Mason Gaffney, professor of agricultural economics at the University of Missouri.

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

In our modern civilization, Gaffney points out, most people, particularly in cities, tend to forget about the most fundamental thing of all—the land on which we live and from which we draw everything we use. Yet city people are the ones whose pocket-books are most affected by high and rising land prices.

For example, they pay, in various ways, for the price of city land, which ranges up to the fabulous sum of \$13 million an acre in the central business sections. Gaffney also gives staggering figures on the prices of other city sites.

As a result of the low taxes on vacant or slum land in cities, Gaffney continues, 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 to build on. This has the following evil consequences, among others:

More and more good farm land is taken out of cultivation unnecessarily. 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, Gaffney says, "cities are not using anywhere near the land they already contain. They do not need to swallow so much good farm land."

Gaffney says there is only one remedy for all this—"bring land prices down fast." He does not tell how, but he apparently was thinking of the method pointed out in the *House & Home* editorial and Albrook column which were discussed earlier in this article.

That method was first proposed more than half a century ago by Henry George, who won wide fame as "The Prophet of San Francisco." He urged two closely connected moves:

First, take taxes off homes and other buildings and improvements, to encourage their production and make them cheaper to buy or rent. Second, put much heavier taxes on land values, to discourage speculators and make land cheaper for those who want to use it for productive purposes.

Much further information on this important subject is provided in the Gaffney chapter of the Agriculture Department's "Land" Yearbook. Your congressman and senators have limited supplies of this book, which also contains many other chapters adding up to a liberal education on land problems. If they have exhausted the free copies, then copies can be obtained for \$2.25 from the Government Printing Office, Washington 25, D. C.

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