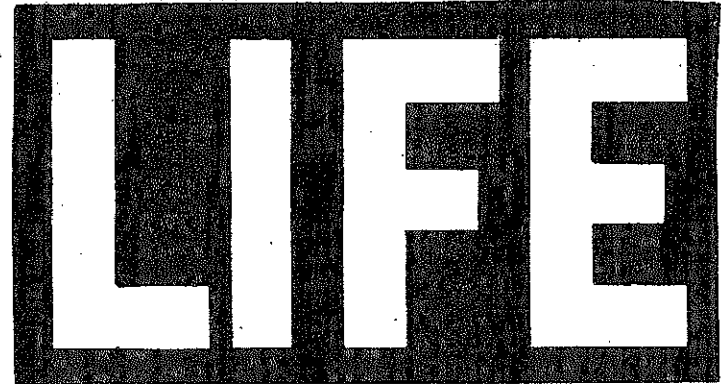


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EDITORIAL

August 16 1963



How to Make Any City Ugly

If I have worked harder and built myself a good house while you have been contented to live in a hovel," Henry George wrote long ago, "the tax gatherer now comes annually to make me pay a penalty for my energy and industry." If the great 19th Century tax philosopher were able to read a recent New York State court decision, he would have to conclude things are getting worse. Should this absurd decision stand as a tax policy precedent, it will blight the rebuilding of American cities.

The Supreme Court's appellate division has held that the 38-story Seagram Building on Park Avenue, widely acclaimed by architects ("the most beautiful curtain-wall building in America," one called it), should pay New York City \$383,000 extra a year in taxes because it has "prestige value." It looks prestigious, all right, mainly because it contrasts so pleasingly with the unimaginative boxes of air-conditioned office space which increasingly dominate U.S. urban architecture. Anybody can put up a conventional office building in New York and be assessed for tax purposes on the basis of a market value which is

figured by capitalizing net rental income and depreciation. Under this formula the Seagram Building would have been assessed at about \$17 million. But because the owners had put up a distinguished building and made a praiseworthy effort to beautify the property, the city Tax Commission chose to assess it at the full replacement cost of \$26 million.

In upholding the Tax Commission the judges rather amazingly called the Seagram Building an example of Thorstein Veblen's doctrine of "conspicuous waste" although they conceded Veblen had not thought of this "particular manifestation." If anything, the owners of the building are practicing "conspicuous restraint." The building is set back on a \$5 million plot of land handsomely landscaped into a plaza with flowers and water fountains—which means that the owners deliberately gave up rentable floor space to make the building more attractive. This is restrained, not wasteful, use of the land, and the result is a sight for sore eyes on a famous but architecturally drab street in the nation's greatest city.

If courts and tax commissions are actively seeking a tax formula to make certain that American cities stay ugly and get uglier, they could not hope to find a better one. No corporation is going to construct a distinguished office building with the advance knowledge that anything smacking of "prestige"—originality and imagination, for instance—will invite penalty taxation. Municipal tax policy should encourage better design, not penalize it, and we hope the New York Court of Appeals will strike a blow for equity and esthetics this fall by reversing the Seagram Building decision.