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PITTSBURGH HAS A PLAN

A New Way to Pay City Debts

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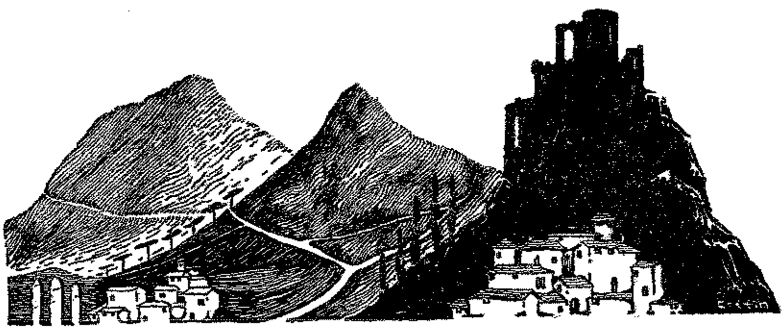
AT the present time, when the National Chamber of Commerce insists upon an enormous reduction in Federal taxes, the local tax assessor goes quietly about his business, levying his heavy toll upon productive wealth at its source. The question may be seriously raised whether local taxes do not present a more urgent problem than Federal taxes, making our much-touted prosperity seem "a goodly apple rotten at the core." The harassed taxpayer will, therefore, lend a willing ear to Mr. McAlister Coleman.

TAXES, taxes everywhere, and no relief in sight. Such is the burden of the song of business man and bus-boy, steel puddler and stockbroker. The spokesman for the United States Chamber of Commerce tells us that the only fly in the prosperity ointment is that of taxation. In Cleveland, Ohio, business men have taken the taxation situation in hand, and sitting as a volunteer advisory board, pass upon the desirability of all issues of bonds for city improvements. Somewhat similar efforts to balance bonds and assessments are being made in Indianapolis. In New York the dry figures of the city budget march across the front pages of the papers. Reading, Pennsylvania, suddenly goes Socialist, not so much because its citizens have been converted to the doctrines of Marx, but because they resent the unjust assessment methods of old-party administration.

It is to Pittsburgh, however, that one turns to find a unique and realistic grappling with the fundamentals of this vexatious business of paying for the ever-increasing costs of government. For Pittsburgh to-day is the outstanding example of the American city which dares to wear its taxation rue with a difference. Pittsburgh has a plan. The Pittsburgh Plan has been in quiet operation for fourteen years, but only during the last two years has it been in full effect. It is now possible to evaluate that plan, show something of its origins and unfoldings, and indicate the possibilities of its application to other American cities.

At the outset it should be stated that what amounts to a revolution in the methods of municipal assessments has caused no barricades to be thrown up on Pittsburgh's narrow streets. When I asked the editor of one of the largest newspapers in town what he thought of the Pittsburgh Graded Tax Plan, he gazed blankly who must look at the number of our cycles and inscribe on our document that we did duly take these cycles and none other out of Spain again, and then the patent leather passport men, who take another puzzled look at the harp of the Saorstat Eireann, and then we glide over the Bidassoa.

The big, casual French officer at the other side waves us on kindly, instead of making us get off and go through the proper formalities. If I could be sure he would understand that the salutation was for France, bright, easy, twentieth century France, I could hug that man!



at me and after some deliberation murmured vaguely, "Oh, that's that Henry George bunch." But while the man in the street may go about his business oblivious to the benefits heaped upon him by the new ways of assessment, the graded tax does make an appreciable difference in the bill sent him annually from the city hall. And it is well within reason to suppose that the appearance of steam shovels on countless vacant lots around the city these days can be traced to the operation of a tax which shifts the burden from the builder to the speculator.

Students of that most dynamic of books, Henry George's *Progress and Poverty*, will at once recognize in the sentence above something of the philosophy of their Single-Tax hero. And it is true that the Pittsburgh Plan goes a little way along the trail blazed by the pioneering George. But even the most articulate of Single-Taxers (and what follower of George ever lacked articulateness?) does not claim that the theories first set forth in *Progress and Poverty* back in 1879 have come to full bloom in this Pittsburgh Plan. They do maintain, and with justice, that the plan is a step toward deriving municipal revenues from taxes upon real estate, and fixing the tax rate on buildings at one-half of that on land. "Untax Industry" is the slogan that hangs above the enthusiasts who gather weekly at the luncheons of Pittsburgh's Henry George Club; and it is a matter of hard, cold fact that industry in Pittsburgh to-day enjoys tax immunity as in no other city in the country.

Two tawny-colored rivers — the Allegheny and the Monongahela — come together to huddle the people of Pittsburgh into a narrow triangle, the apex of which bears the proud name of "Golden." In the small area between the rivers, seven hundred thousand people go about their business on land valued at $554,-616,950, and in buildings valued at $505,396,600. Although the city of Pittsburgh itself covers only forty-nine square miles, Allegheny County, with 725 square miles, is the real — if not the nominal — city of Pittsburgh, since the industrial plants extend all through the county.

Now in those days before the Great War when man's reforming spirit had not been dampened with disillusionment, there were those in Pittsburgh who looked with dismay on what they regarded as a fantastic method of assessing taxes, and they resolved to set matters right. Some of these pioneers had gathered together under the name of the Pittsburgh Civic Commission. They were influential men whose word was pretty nearly final in community affairs. Among them were several Georgeites, who were forever pointing to the anomaly of allowing great stretches of land held out of use for speculative purposes to go practically untaxed in the very heart of the crowded city, while builders were being penalized.

Furthermore, the Commission looked with disfavor upon the arbitrary division of assessments into rural, suburban, and urban compartments. Under this system the man who held a piece of land whose value was growing by leaps and bounds as the community closed in around him, needed only to plant a few vegetables in the corner of the lot to come under the farm division with a comparatively low assessment. Tired city workers, at the end of their day in factories and stores and offices, were being carried to remote dwellings, past block on block of vacant land belonging to large estates, and owned, in one instance, by a woman who lived in London and had visited Pittsburgh only once in her life.

The city of Pittsburgh, argued the Commission, did not tax machinery. Nor did it tax personal property. Evidently the citizens were inclined to favor creative industry and to frown upon speculation. Why not go a step further and make speculation in land a bit more costly to its promoters? Might not this be an approach to the solution of the housing problem, which even in those days was becoming a municipal nuisance? If machines could be exempted, why not houses?

Such enthusiasts for taxation reform as George E. Evans, W. D. George, and William McNair, were everywhere preaching the doctrine that if you tax land you make it cheaper, but if you tax personal property or improvements you make them dearer. And eventually they wrote that doctrine into a bill which they took down to the state legislature at Harrisburg. This bill provided for the graded tax that is now in full operation.

The bill was purely a local measure, covering only the two cities of the second class in Pennsylvania — Pittsburgh and Scranton. It had the powerful backing of William A. Magee. Mr. Magee was Mayor of Pittsburgh in 1913 when the bill was introduced. He was, and is, an authority upon municipal affairs, a leading lawyer, and a practical statesman (there were such mayors once). The people of Pittsburgh showed their appreciation of his services by keeping him at his post from 1913 to 1917, and again from 1922 to 1926. He has retired from politics for the time being, much against the loudly expressed wishes of his constituents. He is the sort of man who says, "I would not give an ounce of real experience for a ton of most people's theory." The particular theory, however, that land values created by the people of the city should carry their full share of the tax burden, weighed heavily with him. And the bill passed without much opposition. At the same time the divided assessment plan was abolished and all property inside the city limits was put on an equal basis.

The Graded Tax Law became effective on January 1, 1914, and by five successive steps shifted proportions of the tax burden from buildings to land. In the first year, the building rate was ninety per cent of the land rate; in the second period, 1916 to 1918, eighty per cent; from 1919 to 1921, seventy per cent; from 1922 to 1924, sixty per cent; and in 1925 and thereafter, buildings were, and are, taxed at one-half of the rate levied upon land.

The ease with which this bill went through the legislature somewhat stunned its backers, who had expected that it would be greeted by the usual speculators' shouts of "confiscation," and "radicalism." As a matter of fact, the lobbyists for the large estates affected by the bill were evidently asleep at the time of its passage. Two years later, however, they had a rude awakening when they began to feel the effects of the Graded Tax Law, and in 1915 a repeal was put through the legislature. One heated spokesman for special privilege cried aloud, "Try this on the dog if you want, but don't make Pittsburgh the dog." He painted a dolorous picture of Pittsburgh becoming so filled with houses as to resemble "ancient Bagdad."

Practical men like Magee, representatives of business and building in Pittsburgh, stood foursquare for the plan, and Governor Brumbaugh, lending an ear to their commonsense arguments, vetoed the repealer. Since then, there have been no concerted efforts to do away with the plan, and there is no question but that any serious attacks on it would be resented by the most influential of Pittsburgh's citizens.

How is it working? Well, I have already said that the voice of the steam shovel is heard in the land. There is a building boom in Pittsburgh that the Chamber of Commerce calls "the most remarkable in the city's history." In 1927 construction of new buildings broke all records. Building projects involving the expenditure of a million dollars or more are so much more numerous than at any previous period that it is probably safe to say that last year the total cost of new buildings in the million-dollar class was greater than the total cost of all such buildings erected in Pittsburgh in the previous fifteen years. It is difficult to put one's fingers on the exact motives that animate the builder. It is not difficult, however, to connect the excavations and the "For Sale" signs that are everywhere evident with the fact that it costs money these days to hold a lot out of use in Pittsburgh.

John Jones, who has his own house in the thirteenth ward — a typical residence ward where a survey was recently made — finds that he is saving around thirty-five per cent on his tax bill. On his house, which is assessed for twelve thousand dollars, he is paying eleven mills on the dollar, and on his lot, valued at five thousand dollars, he is paying twenty-two mills. The city tax rate generally is now thirty-five per cent lower than under the old system. The survey in the thirteenth ward showed savings in 3,250 cases out of a total of 4,252 assessments. Of the remaining 1,002 assessments, where the taxes paid under the graded system are higher, 980 represent vacant lots, leaving only 22 improved properties that are not paying lower taxes, and these properties are not adequately improved. The graded tax has meant the shifting, in 1926, of approximately $2,820,000 in taxes from buildings to land. This is a considerable item out of a total city tax revenue of seventeen and a half million dollars.

I have said that while the Graded Tax Plan has in it something of the Single-Tax philosophy, it is by no means an orthodox single tax. And the reader must keep in mind the fact that the above figures relate only to taxes raised by the city itself. There is the school tax and the county tax, neither of which come under the provisions of the Pittsburgh Plan, because the school district and the county are separate political units, operating under different state laws.

Some critics of the Pittsburgh Plan maintain that owners of large office buildings profit by the graded tax at the expense of the home owner, because of the relatively small building investment of the latter. Percy R. Williams, formerly a member of the Pittsburgh Board of Assessors, is ready with an answer to this. He says:

> It is the relative value of each individual's investment in land and buildings which determines the question of benefit, and nothing else has any bearing on the case. The high land values in the downtown

business district known as the "Golden Triangle," much more than offset and cancel the partial exemption of the skyscrapers and other large structures in that section, while the home owner, though possessing a structure that seems insignificant by comparison with the skyscraper, is apt to find the value of his building from two to five times greater than the value of the land upon which it stands. Of course, every property owner whose building value exceeds his land value on the assessment books is paying lower taxes through the operation of the graded tax.

In any consideration of the plan one must realize that there were peculiar circumstances which worked in its favor. Geography and Magee, for example. Pittsburgh's "Golden Triangle" is in much the same bottle-neck situation as New York's Manhattan, and this makes farming in such a cluttered territory an obvious anachronism. That Pittsburgh had, in Magee, a mayor of common sense and vision was a piece of exceptional luck for the originators of the plan. And then there is Thomas C. McMahon, Chief Assessor for the City of Pittsburgh, who has in his competent hands the day-to-day application of the plan — another bit of good luck for Pittsburgh. For McMahon's passion in life is what seems to most people the drabbest of occupations, namely, the intelligent assessing of property. He is an assessment engineer whose services are sought by harried tax boards the country over. Like most engineers, politics are so much "apple sauce" to him. He goes about his business with no thought of those influences — political and social — that are so evidently hanging around the corridors of many assessors' offices. Now and then some politician goes gunning for McMahon. But he comes home with an empty bag. People who count in Pittsburgh think too well of McMahon's proved integrity and capable administration to allow anyone to tamper with that sturdy, keen-eyed man busied with rows of figures in the City-County Building.

McMahon isn't given to superlatives and when he tells you, as he told the writer, that the Pittsburgh Plan is "satisfactory," that is high praise. "It is not difficult to enforce," says he, "because people understand that a man who does something with his land is not penalized. The fellow who uses, doesn't lose. All over the city, big business interests are improving their property. Men who were lukewarm at the beginning of the plan are now coming over. Pittsburgh to-day is the only large city in the United States which favors the improvement of property in its taxation scheme. To be sure, some of the big industries are going out of the city limits into the country. In most cases old leases have expired and it is more economical to go to Homestead, across the river, than to rebuild on city ground. But if you go around town with your eyes open, you will notice that the tendency is to improve and develop property. Builders are hard put to it these days to find suitable vacant land. The big holdings are breaking up or have already been broken up."

There's proof of this in the building permit figures. In 1913 — the last year under the old tax law — the total permits were a little more than three thousand. Then the step upward began. The record shows, for 1922, 6,259 permits; for 1923, 7,179 permits; for 1924, 8,285 permits; for 1925, 8,282 permits. Figures

Comparative Statement of City Tax Rates Under Graded Tax Plan *

Year	*Land Tax Mills*	*Building Tax Mills*	*Flat Tax Rate Required to Raise Same Revenue*
1914	9.4	8.46	9.05
1915	10.2	9.18	9.8
1916	12.6	10.06	11.63
1917	11.5	9.2	10.6
1918	14.5	11.6	13.3
1919	15.7	10.99	13.6
1920	19.	13.3	16.6
1921	20.	14.	17.5
1922	20.	12.	16.5
1923	20.	12.	16.58
1924	20.	12.	16.46
1925	19.5	9.75	15.2

* Compiled by Pittsburgh Assessor's Office.

for 1926 and 1927 were not available at the time this was written but they would undoubtedly show a steady growth in numbers of building permits.

I am fully aware of the dangers of generalizing on matters of taxation. I am acquainted with those Single-Tax adherents who propose their economic nostrum as a sure cure for all the evils that afflict mankind from poverty to pyorrhea. I know, too, that no one formula will solve the complex problems of these times. It is not the intention here to paint Pittsburgh as a builder's paradise. The slowest moving things in a fast moving world are reforms of any sort, and long overdue millenniums are notorious for missing trains.

Just the same, I come away from Pittsburgh convinced that a group of what William James would call "tough-minded men" have taken hold of something very real in that plan of theirs. It might well startle the fiery soul of Henry George, if he returned to earth, to find his disciples meeting together under the ægis of the Chamber of Commerce and talking land values to department store heads and apartment house builders. There was a time — when George ran for Mayor of New York and came near being elected on a labor ticket — when such "respectables" spoke of him in much the same terms they apply to ex-Comrade Trotsky to-day. George was a "leveler," a "communist," and if he didn't like this country he ought to go back where he came from.

The rightness of the philosophy in *Progress and Poverty* stands firm against its critics, however, and though its application may be diluted in the Pittsburgh Plan, it is the guiding force behind the graded tax. "You can't sell groceries to an empty lot," says McNair of Pittsburgh's Henry George Club, when he is talking single tax to a group of business men. Though his auditors may never have heard of Henry George, and though *Progress and Poverty* be as closed to them as Karl Marx's *Das Kapital* is to the average socialist, still it isn't difficult to grasp the fundamental fact that after all you *can't* sell groceries to an empty lot.

If in your community, taxes and the housing problem, land values and the rising costs of government conspire together to perplex and torment, take my advice — go look at Pittsburgh.

TYPICAL TAX SAVINGS

Name	*1925 Total Taxes*	*15.2 Old Plan Flat Tax*	*1925 Tax Saving*
Bellefield Apt.	$3,654.11	$5,280.33	$1,626.22
Ruskin Apt.	6,814.08	9,643.48	2,829.40
Schenley Apts.	26,866.13	36,901.80	10,035.67
Wightman Apt.	766.35	1,091.36	325.01
Morrowfield Apt.	8,158.41	12,059.37	3,900.96
Westinghouse Electric	6,961.61	9,169.85	2,208.20
National Biscuit Co.	13,211.60	17,568.16	4,356.54
Hershey Bros.	5,416.13	6,311.80	895.67
A. J. Logan & Co.	2,735.46	3,181.05	445.59
Armstrong Cork Co.	10,087.35	11,989.76	1,902.41
D. L. Clark Co.	3,840.14	4,505.72	665.58
Oliver Building	61,833.53	69,098.43	7,264.90
Frick Building	48,516.00	56,057.60	7,541.60
Carnegie Building	25,769.25	26,926.80	1,157.55
Westinghouse Bldg.	10,320.38	11,844.60	1,524.22
Highland Building	5,751.33	7,523.08	1,771.75
Michael J. Feeney	366.60	452.96	86.36
John Lauterbeck	20.48	27.36	6.88
Margaret Arensburg	242.39	306.73	64.34
William B. Rodgers	54.61	73.72	19.11
Mary V. Lee	22.82	32.98	10.16

FOOTPATH AND HIGHWAY

By the Pedestrian

COUNTERCHECK QUARRELSOME

A CORRESPONDENT has just called me a philosopher. That must account for it. Like most philosophers, I have been grossly misunderstood. When I invented the game "*Don't* ask me another," I meant it; but good and bad friends evidently supposed that, like a woman according to the matured opinion of Hosea Biglow, I meant exactly the opposite —

to mean *yes* an' say *no*
Comes nateral to women.

In any case, since I invented that wretched game I have never been asked so many questions that I can't answer. But I *can* answer a few and, though I hereby serve notice that I decline to be Cadmanized or to undertake the office of columniator, I'm going to answer some of the easiest ones, if only to save my face. To begin with the easiest of all —

Qy. Do you know that the derivative meaning of Pedestrian is "dull"?

Ans. Yes. "How bitter a thing is the heart of man!"

The next is uglier yet —

Qy. Do Pedestrians sometimes get sore feet? I suppose you realize that, figuratively speaking, "sore feet" means "sore heads."

Ans. Of course they do. But sore feet are a minor disability compared to burst tires — *still* figuratively speaking, Mr. Spark-plug.

Qy. Why didn't you say something, in your "Star Dust" article, about the music of the spheres? The quaint theory which accounts for the harmonies of concentric, crystalline spheres opens whole chapters of fascinating lore.

Ans. I did, but the editor cut it out — probably wanted to provoke you, if I understand editors. (Quite confidentially, *strictly between ourselves*, that music, "which no gross ear can hear," won't come through my little flute.)

Qy. Could you please write and tell me what kinds of vocations call for the least work and the most pay? I would also like to work for myself anywhere, wherever I cared to go or to live, in either town, country, or a city, and to be independent to work for myself, be my own boss.

Ans. Teaching. In optimistic moments, you are richly rewarded