

The public investment

Or take a simpler example of how our system of public investment for private profit works: The tax payers spent more than \$400 million to build the New York Thruway, and the first effect of that public investment was to add much more than \$400 million to the land prices along the Thruway route.

The value of almost all other kinds of private property derives from the efforts of the owner and/or of the people the owner employs. For example: if a company's stock is worth \$250 million today, it is worth that because the company's employees have worked together successfully on the owner's payroll to make it worth that much.

But if a corner in Midtown Manhattan is worth \$15 million today, hardly a dollar of that \$15 million derives from anything the owners of that property—past or present—have done to make that corner valuable. Every dollar of that \$15 million derives from the growth of the metropolitan community around that corner, and from the enormous multibillion-dollar investment the community has made in facilities without which that corner would be good only for truck farming—and not very good at that.

The private rewards

In 1963, the *New York Herald Tribune* rounded off its six-part feature on "Who Owns New York" by asking "What have these men who have made millions out of the soaring price of the city's land contributed to the

Two Seeking Homeowner Tax Reforms to Speak Here

Two tax reformers will be featured speakers at 8 p.m. Saturday at a public meeting jointly sponsored by the St. Louis Public Revenue Education Council and the Henry George School.

Dr. Irene Hickman, assessor of Sacramento County, Calif., and Ted Gwartney, Southfield City, Mich., assessor, will talk on "Taxes and More and Better Housing" at the session, to be held at the Christ Memorial Baptist Church, 206 Emerling dr., Cool Valley.

Noah D. Alper, Revenue Council president, said both

speakers belong to the school which advocates taxing the land heavily and the improvements lightly.

BECAUSE OF Dr. Hickman's policy, some 33,000 homeowners received tax bills in Sacramento County last year, Alper said.

But not so the big landholders and owners of large industrial property who previously had benefited, he continued. "They paid their fair share, quite a bit more."

And Gwartney's policy of taxing the land heavily has had similar results in Southfield City, Alper said.

A policy he instituted depreciating the value of improvements by a small percentage each year proved very popular, he declared, adding:

THE RESULT has been an amazing influx of industry needing new and enlarged office buildings. A great building boom came to the city as a result of the more equitable tax policy.

Ever since 1922, Alper has been one of the leading advocates of tax reform based broadly on the philosophy of Henry George, the 19th Century proponent of a single tax, levied on land alone. He also called for the abolition of other taxes.

A modified version of the Alper approach also is espoused by City Comptroller John H. Poelker.

Poelker has proposed a plan which would levy a 100 per cent tax on the land, and 20 per cent on improvements, a measure which would entail a state constitutional amendment.

city's development?" And the *Tribune* answered that question with just one word: "Nothing."

What moral justification can there be for giving land speculation more favorable tax treatment than any other income source? How can anyone argue that deflating the price of land by making land owners pay all the community costs needed to make their land saleable is an attack on our whole system of private property? Do land owners have some special right (in Millais' words) to "get rich in their sleep"? What is so sacred about land speculation profits whose magnitude (in Winston Churchill's words) is "apt to vary in direct proportion to the disservice the speculator has done to the community" by holding his land off the market until other people's investment has maximized its price? Is it more important to keep America safe for land speculation than to make America a better place to live in? Is heavy taxation of income morally right but heavy taxation of the community created location value of land morally wrong?

Harnessing profits

And why should we go on pouring billions of tax dollars into public housing and urban redevelopment without first exploring whether it might not be possible to get the job done better and faster by private enterprise if the profit motive were harnessed forwards instead of backwards—that is, by untaxing the improvements which are now so discouragingly overtaxed, and by shifting most of the local tax burden to the community created location values now almost scandalously undertaxed?

None of this is theory: It has worked in practice: for in Brisbane, Australia, state law since 1896 has forbidden any taxes at all on improvements, but the unimproved value of the land is subject (above a small exemption) to a 9 per cent *ad valorem* tax—regardless of whether you build a 50-story building on it or use it for a parking lot. According to Colin Clarke, the Oxford economist, who lived in Australia for 20 years, the city of Brisbane, with a metropolitan population of nearly three-quarters of a million, is "the only great city in the world without a slum."

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Curtis Advocates Property Tax Reforms

KANSAS CITY, MO. (Special) — One of the best ways of increasing city revenues is to reform the property tax laws, Thomas B. Curtis, Republican candidate for senator, told the city council of Kansas City Friday.

He also proposed that the federal government should start paying property taxes on its property holdings in both urban and rural areas.

"FOR MISSOURI state and local governments, such reforms would mean millions of

dollars in new revenue annually," Curtis said.

He proposed that improvements on property should be taxed less and the land itself should be taxed somewhat more, so that all holders of wealth in the form of land pay a fair share of the tax burden. Such a system would shift the property tax burden from homeowners and would cut the holding of idle property by speculators.

The present property tax system "actually promotes inefficient use of land and often gives

windfall profits to speculators, who hold the land fallow until (public) improvements have been made and it becomes profitable to sell."

He said changing the property tax structure would be far more fundamental and democratic than proposals to supply states and cities with part of the income taxes collected by the federal government.

THE SYSTEM that taxes property improvements discourages productive economic activity and provision of needed pub-

lic services, he declared.

Requiring the federal government to pay property taxes not only would give local governmental units more money, it would also prevent the government from buying and holding land unused, Curtis said.

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BY PERRY PRENTICE

AND THE DEATH OF CITIES

TAXES

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