

CHAPTER XXII

THE CITY BUDGET

THE income and expenditure accounts of the city are expressed in its annual budget, which is prepared for twelve months in advance. The income of the city is derived (1) from taxes, (2) from the sale of bonds to be retired from taxes, (3) from commercial undertakings, and (4) from fees. Unlike a private business, the payments are for the most part compulsory, while the expenditures are made for the whole community irrespective of the services rendered to any particular person. A man may be a large taxpayer and have no children in the schools; he may never use the hospitals or parks or be actually protected by the police and fire departments. On the other hand, even if he pays no direct taxes at all, the schools are open to his children as are the parks and playgrounds, his property is protected from fire and his person from violence. The services of the city are offered to all and are paid for by a uniform charge, while the charges of private business are fixed on the basis of a *quid pro quo*.

The Budget of the City.

The annual budget of the city is prepared by the council, usually on recommendations from the heads

of the various departments. In it the income and expenditure account for the ensuing year are set out in detail. Cities first estimate their probable expenditures and then provide the revenue for meeting them. In this, too, the city differs from a private corporation, whose income controls its expenditures and which can and does alter its budget from day to day as expediency requires.

Current expenses are met by taxes, while improvements of a permanent character are usually paid for by the sale of bonds or stock, which are in the nature of a lien or mortgage upon all the property, both public and private, within the city. Bonds run for from twenty-five to fifty years and bear from 3 to 4½ per cent. interest. Certain permanent improvements, like streets and sewers, are paid for by short-term bonds assessed against the property immediately benefited by the improvements. Some cities avoid general indebtedness and pay for many permanent improvements out of taxation.

Municipal Taxation and Assessment.

The current revenue is collected by taxes on real and personal property, from mercantile taxes and license fees, the bulk of it coming from direct taxes on real estate, although in the Southern cities a considerable revenue comes from license taxes on business.

The first step in the collection of taxes is the preparation of the assessment roll which is the valuation of all property taxable under the law. This is done by officials chosen for the purpose. In

former years assessors were elected from wards or districts, but this led to favoritism, to a tendency to undervaluation and many inequalities. Assessing officials are now generally appointed by the mayor and are responsible to him, and instead of being designated to assess a ward or taxing district they assess the entire city as a unit. This is the better practice. By this means uniformity is secured and sectional discriminations avoided. In New York assessments are made by the commissioners of taxes and assessments, who are appointed by the mayor. And it is interesting to note that New York has probably the best system of local taxation in the world. Property is assessed each year, and the assessments on real estate are made more nearly accurate than in any city in America, the property being appraised at approximately its full value. Boston and Cleveland have substantially the same practice. Land and improvements are valued separately, which enables the owner to judge of the correctness of the assessments.

Separation of land and improvements was a great advance in tax assessments. It made it possible to adopt a uniform standard of full value, which is the basis required by most of our State constitutions.

When the valuation is completed owners are notified and given an opportunity to appear before the board and be heard on the valuation imposed on their property. When finally approved the valuations are entered on the tax record under the name of the owner, with a description of the property.

Real and Personal Property Taxation.

Personal property, including stocks, bonds, mortgages, household furniture, machinery, and merchandise, is valued like real estate and is added to it in making up the assessment rolls. No city has yet been able to assess personal property at anything like its full value. The means of evasion are so numerous, and the tax rate upon securities is so high, that public opinion has come to justify evasions, while many experts urge the abandonment of the taxation of personal property because it leads to perjury on the part of taxpayers and, in so far as intangible stocks and bonds are concerned, to double taxation.

A special commission in New York City in 1906 declared:

“The personal property tax is a farce. It falls inequitably upon the comparatively few who are caught. The burden it imposes upon production is all out of proportion to the revenue it produces. Year after year, state and local assessing boards have denounced it as impracticable in its workings and unjust in its results. . . . It is time the situation was faced squarely and the tax in its present form abolished. . . . So far as the personal property tax attempts to reach intangible forms of wealth, its administration is so comical as to have become a by-word. In practice it has come to be merely a requisition by the board of assessors upon leading citizens for such donations as assessors think should be made, and is paid as assessed or reduced as the citizen agrees with the estimate of the assessor. Such a method of collecting revenue would be a

serious menace to democratic institutions were it not recognized as a howling farce.”

The public service corporations which occupy the streets are sometimes assessed as physical property, sometimes on their franchise value. In some States a tax is assessed against their earnings in the form of a gross-receipts tax. The franchises are frequently of more value than the property itself. In New York City the franchises alone of the public service corporations for 1913 were appraised at \$438,861,581. In that year the assessable real and personal property of the city was as follows:

Real estate.....	\$8,006,647,861
Personal property.....	325,421,340
Total.....	<u>\$8,332,069,201</u>

The total valuation of real and personal property forms the basis upon which taxes are assessed. Upon this basis a certain number of dollars are levied on each \$100 of valuation. In other words, for each \$100 of property owned the taxpayer pays a certain number of dollars to the city for its support and maintenance. This is the chief source of local revenues.

In addition to the taxes upon real and personal property a substantial sum is collected in the Southern cities from taxes upon business, while most of our States exact high license fees on the sale of intoxicating liquors. Saloon licenses range from \$300 to \$2,000 a year. The estimated receipts from saloon licenses in New York in 1913 were \$4,378,233.

In addition to its ordinary revenues the extraordinary needs of the city are met by the sale of bonds or corporate stock. These bonds are sold, after advertisement, to the highest bidder, although some cities have retailed their bonds by popular sale over the counter. Provision is usually made for an annual sinking-fund levy, to provide for repayment of the bonds in a certain number of years. The receipts from this levy are used to buy back a portion of the bonds each year, which then cease to be an obligation of the city.

Appropriations.

The expenditures of the city are provided for in the annual appropriation ordinance, which also determines the amount of taxes to be collected. This is the city budget. It covers a period of twelve months, and once adopted it can only be changed by a two thirds or three fourths vote of the council. In this respect the city has none of the flexibility of a private business, which can change its expenditures from day to day as necessity requires.

The appropriation ordinance is nominally prepared by the finance committee of the council, but in practice it is generally prepared by the mayor in consultation with the heads of the various departments. Recent city charters recognize this fact and lodge the preparation of the budget in the hands of the mayor or, as in New York, in the board of estimate and apportionment.

Budgetary estimates are first received from each department and are then discussed by the mayor

and his associates or by the finance committee of the council. As a matter of practice the council usually does little more than register the recommendations as they come to it. The mayor can veto the entire ordinance and in many cities any individual item of it. By this means he is able to checkmate log-rolling by council members or the padding of appropriations.

Recent Budgetary Improvements.

Great improvement has been made in municipal accounting in recent years. Up to very recently there was no uniformity in the methods employed; accounts were obscure; they could not be understood by the citizens. The bureau of municipal research of New York examined the financial reports of seventy-five American cities and reported that

“Sixty-eight do not show, with respect to current expenses and revenues, how much they have spent, including bills not paid and revenues due but not yet received. . . . Assets are not shown by forty-eight of the cities, which thus have no balance sheet. Twenty-nine do not show the balance of appropriations unexpended, and twenty-one do not state their bonded debt. If the books of large private corporations were kept with the looseness displayed by the municipalities, no expert accountant would or could certify to their correctness.”

This lack of uniformity makes it impossible for cities to compare their needs or the cost of their activities with those of other cities. In 1902 the State of Ohio created a State bureau for the certifica-

tion and supervision of city accounts. Under this bureau a standard system was developed which is now employed by all cities. The municipal statistics of Massachusetts are published by a State bureau, while a number of Western States have adopted uniform accounting laws.

Some years ago the city of New York organized an annual budget exhibit in which all the activities and expenditures were displayed in a graphic way. The debt, taxation, valuation of property, the appropriations and needs of various departments were all presented by diagrams or other exhibits for study by the public. Daily meetings were held for several weeks, to which citizens were invited, at which the heads of the departments set forth the work being done, the plans for the future, and their respective needs.

Milwaukee has established a bureau of economy and efficiency. It employed a director with assistants to thoroughly overhaul the business methods of the city. Surveys were made of each department for the purpose of simplifying and unifying accounts. The aim of the bureau was to so perfect the budget that waste and extravagance would be difficult, while the budget itself would be easily understood. The bureau also studied a number of municipal activities including the method of refuse collection and garbage disposal, paving specifications, and made great economies in these branches of city work. Surveys were made of health and sanitation, of the supply of milk, of the water-rates,

even of boiler efficiency. Experts from other cities were associated with the department in health, sanitation, construction work, and accounting. Units of cost were established so that it became easily possible to judge as to whether work was economically done. By these means Milwaukee adjusted the idea of the expert, whom Germany secures through the trained burgomaster, to the political machinery of the American city. Without changing the charter it brought to the work of the city men of high talents whose services could be secured in no other way.

The New York Bureau of Municipal Research.

The most brilliant achievement in the field of municipal accounting is that of the bureau of municipal research of New York City, which was organized in 1906 by a group of public-spirited citizens. It has made studies of almost every activity of the city and has brought about the reorganization of many of them. An increase of \$2,000,000 a year in the revenues of the water department was achieved, \$723,000 was recovered from street-railroad companies for paving done at public expense. Improvements were made in the method of inspection, audit, and the payment of bills at the comptroller's office, while a number of officials were removed because of disclosures made in their departments. In addition to its financial activities, a national training-school for public service was established, a bureau of child hygiene in connection with the health department was organized, and a conference

on the summer care of babies was promoted. Numerous publications have been issued by the bureau and periodical reports are made upon many lines of municipal activity. Through the bureau New York has been familiarized with budget making and many of the wastes and extravagances have been brought to an end.

The bureau assumes that a continuing increase in municipal expenditure may be expected, but says that economy, efficiency, and knowledge should precede new activities. It says:

“The new altruism in each locality is demanding ever increasing expenditures. Today’s volunteer kindergarten association means a demand tomorrow for kindergarten in all public schools. A diet kitchen or a milk committee today means a demand for inspected dairies and milk shops tomorrow. An up-to-date, live merchants’ association means a demand for an ideal city in 1915 as in Boston, demand for medical examination of school children as in Cleveland, demand for broad thoroughfares, connecting parkways, boulevards and civic centres, as in Chicago. This wave cannot be stopped. The American people have reached a point where they must, to quote Mr. Harriman, ‘get more government and better government at less price.’ Whatever is done, budget reform is indispensable.”¹

How Money is Expended.

A generation ago the finances of the city were in the greatest confusion. To check these abuses it

¹ For accounts of the efficiency movement in city administration, see *The New City Government*, by Henry Bruère, and articles in the *National Municipal Review* on the research bureaus of many cities.

was provided by law that the budgets must be prepared annually and that money could only be spent for the objects and purposes specified. Before any bills can be paid they must be audited and approved as to price, quantity, and quality. The auditor then issues a warrant, which is paid by the treasurer. In addition payments can only be made when the expenditure or contract has previously been approved by the council. Individual departments can incur indebtedness in small sums for emergency needs, but all wages and all obligations must be on record and approved by the city council. This prevents the misuse of city funds.

In New York an elaborate system has been developed by the comptroller for auditing prices and quality of materials. Engineers and experts are employed who certify not only as to quantity but as to quality and price. This gives the comptroller, who is an independent official elected at large, a check upon other departments, and is a means of insuring economy in city administration.

Many cities have also provided for a central purchasing agency which buys materials and supplies for all departments. Buying in large quantities, such a department is able to advertise, secure the lowest possible quotations, and effect great economies.

Financial Limitations on the City.

In a previous chapter¹ certain institutional limitations on the American city were discussed as an explanation of its failures. Among these is the

¹ Chapter VI, "The City and the State."

inability of the city to control its own financial operations. It cannot determine for itself what kinds of taxes it will levy. These are uniform as to the whole State. Nor can it collect taxes in excess of a maximum rate or issue bonds beyond a certain percentage of the taxable valuation, which percentage ranges from $2\frac{1}{2}$ to 10 per cent. In other words, the revenue of the city is arbitrarily fixed, as is the amount of the city's indebtedness. While a business man can manage his business as his intelligence and needs suggest and mortgage his property without limit and frequently up to 50, 75, or even 100 per cent. of its value, the city is limited to a very low and usually a wholly inadequate sum. This is one of the most serious limitations on the American city, as any one familiar with its administration knows. The revenues are inelastic, they bear no necessary relation to needs and preclude the city from entering on a big, constructive policy, such as the ownership of needed services or the making of many improvements.

Most cities are already up to the limit of their borrowing capacity. New York was compelled to enter into a most costly contract with private capital for the construction of its subways; it is unable to develop its dock and harbor front and can do little more than provide for its urgent needs. The debt limit of New York is 10 per cent. of the assessed valuation. In Ohio it is much lower, and Ohio cities are unable to carry out even the most elementary improvements for the safety and com-

fort of the community, while municipal ownership is out of the question. Other cities are in the same situation. As a consequence the American city is compelled to build from day to day, to live from hand to mouth. Big planning and development projects are out of the question, and not only is the health and comfort and beauty of the town imperilled but the commercial prosperity as well. The American city can never hope to rise very high above its present level until these arbitrary limitations are removed and the city is given wider latitude and greater freedom in its financing. This is a primary need of the city. Its development waits on home rule in its financial operations, including taxation.

Financial Powers of European Cities.

In European countries there are no such legal limitations on the tax rate or the bonded indebtedness. The German city can borrow to any amount, subject only to the approval of the interior department, which encourages rather than represses municipal expenditures, on the ground that it is generally to the advantage of a city to go in debt. In England cities make application to Parliament and the local government board for permission to make a loan, and if the project is approved the city is permitted to issue bonds up to the limit provided by law or the special order. Each city and each undertaking is judged on its merits. The indebtedness of the progressive cities of Europe is generally in excess of that of American cities.

The average indebtedness of thirteen British cities with an average population of above 200,000 is over \$100 per capita, while many cities have a very much larger debt. Manchester has a per-capita debt of \$180, although a considerable part of this was incurred in the building of the Manchester Ship Canal. The debt of German cities is also high. Frankfort has a per-capita debt of \$140, Düsseldorf of \$130, Munich of \$125, and Charlottenburg of \$120. The per-capita debt of American cities, aside from New York, which is \$207.16, is much lower. That of Chicago is \$43.92, of Cleveland \$66.29, of Detroit \$30.31, of Milwaukee \$42.47, of Washington \$44.84, of Philadelphia \$65.09.

Productive Indebtedness.

Not only is the indebtedness of the European city far in excess of that of the American city, but a large part, frequently from 60 to 80 per cent., of the debt of the German city is for purposes that involve no burden on the taxpayers. It is for business undertakings that pay their way, like street-railways, gas, electric-light, and water undertakings. The total debt of Berlin is \$99,254,000, of which \$64,767,000 is for productive undertakings; of Magdeburg \$15,000,000, of which \$7,775,000 is for such activities, and of Düsseldorf \$28,585,000, of which 85 per cent. is self-supporting or expected to be. The indebtedness of American cities is for the most part for streets, sewers, parks, and public buildings that yield no revenue but are a burden to the taxpayer.

European Systems of Taxation.

European cities collect their revenues by a wholly different system from that which prevails in America. They are collected from tenants, business, and consumption rather than from property. The European system is a survival of methods which have continued from feudal times. They have persisted partly by inertia, more largely through the control of the government by the same classes which controlled it prior to the French Revolution. In the eighteenth century a small group of great estate owners owned all the land. They also were the government, and these feudal proprietors shifted the burden of local government onto the tenants by providing that in addition to the rents paid by them to the landowner they should also pay the taxes for the administration of the towns.

In France, Spain, Italy, and the Latin countries the octroi or tariff system prevails, by which a large part of the revenues of the town come from a customs tax collected on the food and produce which enters the city. Each town is surrounded by a tariff wall just as is the nation. Thus the bulk of the local revenues come from the tenants on the one hand and the consumers on the other. Property as such pays only a small part of the local taxes. These systems, with some modifications, still remain the methods by which the local revenues of European cities are collected.

The British System.

The taxes of the English city are known as rates and are assessed upon the rental value of the prop-

erty. They are not paid by the owner of the property, but by the tenant, who pays rent to the landlord and rates or taxes to the city. Land as such has not been valued for purposes of taxation since 1692. Great cities have come into existence, but the land is still assessed as farming land. Four fifths of Great Britain's population is urban, but up to the Lloyd George budget of 1909 the landlords in Parliament had prevented the revaluation of their property for purposes of taxation.

If property is vacant it pays no taxes at all. If it is rented for market-gardening in the heart of the city its ratable value is the rental received by the landlord as a market-garden. Suburban land, which may be worth tens of thousands of dollars an acre, either pays no taxes or is assessed as a pleasure or hunting preserve. Land inadequately improved by small houses or shacks is assessed at the rental value of these shacks. Under this system of taxation there is a premium upon holding land out of use, of keeping it idle until the necessities of increasing population finally force it on the market at the maximum price which the landowner is able to demand. This is the effect of the English rating system. It encourages speculation. It explains the fearful overcrowding in the English city, which is probably the worst in the world.

The system of local taxation makes possible the continuance of idle-land holdings which prevails all over Great Britain. For the land pays little or no tax. One fourth of the total acreage of the country is owned by 1,200 persons. Twelve landlords own

4,500,000 acres between them. A large part of the land underlying London is owned by eight great estates, which lease the land on short terms for building purposes. One man owns most of the land underlying Huddersfield, with a population of 95,000. The Duke of Norfolk is the ground landlord of Sheffield, while Lord Derby is one of the chief landlords of Liverpool. These owners are being daily enriched by the overcrowding of the cities on land which is held out of use because of its exemption from taxation.

In addition to the rates levied on tenants, cities receive annual grants out of the imperial treasury as well as very substantial sums from the street-railway, gas, electric-lighting, and other municipal services operated by the council. But the bulk of the local revenue comes from rates which are very oppressive. For this is the only form of taxes in Great Britain.

The German System.

The revenues of the German city come from the income tax, which is the most important source, a tax on business, on real estate, on the transfer of land, on dogs, from amusements, as well as from a tax upon the unearned increment of land values.

Nearly one half of the municipal revenues are collected through the income tax, which is assessed as a certain percentage of the state tax. It is usually calculated at 100, 140, or 200 per cent. of the rate levied for state purposes. Thus, if the state rate on a large income is 4 per cent., the municipal

rate will run from 4 to 8 per cent. more. Sometimes, in those cities that have very few rich people, the municipal rate runs as high as 15 per cent., making the total rate on large incomes 19 per cent. for state and local purposes. The tax is progressive according to the size of the income, with an exemption allowed of about \$200.

Cities endeavor to keep the income-tax rate as low as possible because of the effect of a low rate in attracting population and business. It is one of the determining elements of city growth. Municipal ownership is promoted in Germany for the purpose of relieving the tax rate, just as it was stimulated in Great Britain by the burdens of local taxation.

Business and Other Taxes.

Another tax is levied on business. An exemption is allowed small concerns whose earnings do not exceed a few hundred dollars a year. The business tax yields about a fourth as much as does the income tax. It ranges from 1½ to 2 per cent. of the proceeds of the business. A special tax is levied on department stores and large businesses.

Transfers of real estate are taxed by a duty of 2 per cent. levied upon the sales price, while a separate tax is levied on land whether built upon or not. In the case of working-men's dwellings, built by the co-operative organizations which exist in almost every city, the rate is often but one half what it is on other real property. The purpose of this is to encourage the building of working-men's homes.

A substantial revenue is obtained from license taxes imposed upon restaurants and places where liquor is sold, although the rate on the individual restaurant is very low. This tax varies according to the amount of business done. Itinerant merchants are also taxed a small sum. Dogs are taxed, the license amounting to four dollars for each dog, with an additional two dollars added for each additional dog. Theatrical performances, concerts, horse-races, and exhibitions are taxed, the tax amounting often to 10 per cent. of the value of the ticket. Lastly, the German city, beginning with the experiment of Frankfort in 1904, levies a tax upon the speculative profits derived from the increase in land values. This tax is discussed more fully elsewhere.¹

These are the principal sources of taxation in the German city. Almost without exception the rate of the tax increases with the ability of the person to pay. The income, business, and unearned-increment taxes are all strongly progressive and bear most heavily on the well-to-do.

German cities also derive some revenue from their business undertakings, which include not only those which use the streets, but docks, harbors, restaurants, pawn-shops, slaughter-houses, banks, opera-houses, theatres, and places of amusement. These activities are, however, operated primarily for service rather than for revenue, although a substantial return is often derived from them.

¹ See chapters on "New Sources of Revenue" and "Housing."

American, English, and German Taxation Systems Compared.

The justice and propriety of any system of taxation depends primarily upon its incidence, *i. e.*, on whose shoulders the burden ultimately falls. This and the social influences set in motion by it should be the determining motives in the selection of objects. The German system is far more equitable than the rating system in England or the octroi and tenant taxes of the Latin countries. Not only does the income tax remain where it is originally assessed, but it is placed upon those best able to bear it. Many of the German taxes, including the income tax, are progressive.

Despite the effort of the German city to distribute the burdens as widely as possible and to adjust them to ability to pay, the American system is far more just than that of Germany or any of the other countries of Europe. In many of our cities a large part, usually considerably over one half, of the revenues are collected from real estate. They are in large part collected from land and are finally paid by the owner, for economists are agreed that the land tax cannot be shifted. It is paid by the landlord. And in so far as our taxes are levied on land they are far more just than those levied on incomes or business, and infinitely more just than those levied on the tenant as in England or on the consumer under the octroi in Latin countries. The land tax is an instalment of the single tax. Through it the community takes a portion of the ground rent which it itself creates. In this sense it is not a tax at all but

merely the retention by the city of its own currently created wealth.

English System Least Defensible.

Next to the octroi taxes, the rating system in England is the most unjust of any. Under it land bears practically no local taxes. No matter how valuable land may be, if it is unimproved or not in use or is not rented it escapes taxation. The whole burden is thrown upon the tenant, the householder, the business man, and the manufacturer. The landlord goes free. He enjoys the increasing value of his land unburdened by any taxes and is free to permit it to lie idle as long as he wills. One of the chief causes, probably the most important of all causes, of the poverty and indescribably bad housing conditions of the British city is the taxation system which throws the burden of the rates on the tenant, and permits the landlord to tax him still further by withholding land from use and thus increase the congestion and rents of the land already in use. British reformers generally recognize that little relief can be secured for the cities, and little improvement in housing conditions, until the cities are able to control the land and through it improve housing conditions. And many reformers insist that this can only be done through the taxation of land values and the forcing of idle land into use.

The following table indicates the proportion of municipal revenue derived from real estate in New York, Chicago, and the larger cities of Europe.¹

¹ *Report of the Commission on New Sources of City Revenue*, New York, 1913.

CITIES	TOTAL REVENUE	REAL-ESTATE TAX	PER CENT.
New York (1908).....	\$143,572,266	\$109,452,268	76.2
Chicago (1908).....	41,546,465	17,613,439	42.4
London ¹ (1910-1911)...	133,750,000	80,260,000	60
Berlin (1910).....	68,535,674	6,000,000	8.7
Vienna (1910).....	41,946,223	13,723	.03
Paris (1910).....	76,295,270	204,900	.3

The Political Effects of Taxation.

In one respect the English and German systems are preferable to our own. In this country, as has been shown in an earlier chapter,² urban tenancy is the rule. As a consequence, taxes, levied as they are upon the owner, are not felt by the average voter. There is thus no economic nexus between him and the government. He can afford to be indifferent to politics. The German income tax and the British tax on tenants are felt by all classes and are a powerful influence for good government. Voters think about the taxes they pay and in consequence are careful in the choice of councilmen. They are intolerant of any irregularity or anything which suggests waste or inefficiency. This is particularly true in England, where the burden of the rates is already so heavy that even a small addition to the taxes is immediately felt by every tenant or householder.

While the American city suffers from this spur to

¹ The real-estate tax in London is not a real-estate tax, but an occupiers' or tenants' tax. For this reason the comparison is misleading. Land as such pays but a small tax.

² See chapter IV.

interest on the part of the voter, there are gains which compensate for the loss. Our cities are more generous in their expenditure than those of England. They are ready to undertake improvements and assume new activities. It would have been difficult, almost impossible, to have developed our school, park, playground, and other activities on the generous scale they have assumed had the burden of their support been thrown directly upon the voter through the income, consumption, or tenant taxes which prevail in foreign cities.

Summary.

The revenues of the American city are collected by taxation on real and personal property and from license fees, while revenues for permanent improvements are raised by the sale of bonds.

Great improvement has been made in the budgetary arrangements of American cities in recent years. Up to very recently there was no unity in the methods employed and in many cities there were practically no intelligible municipal accounting systems. The improvements made in this respect are largely through the activities of voluntary bureaus of municipal research as well as by public agencies of a similar sort established in many cities.

One of the chief limitations on the American city is in the financial field. It has no liberty in the matter of taxation and little latitude in the amount of the indebtedness which it can incur. This has seriously limited the city in its activities; it has prevented the public ownership of public service corporations, the carrying out of big programmes for docks, harbors, and water-supplies, and has in many ways limited the planning of the city to its temporary needs.

European municipal taxes are levied on an entirely different basis from those of America. They are collected from tenants and consumers in England and the Latin countries and from incomes and business in Germany.