

# Nothing from Nothing Leaves --- ?

By Janet Rankin Aiken

Some years ago a friend of mine was telling me how much he disliked the very sound of the word **compromise**. "Suppose I want to live in Boston and my wife wants to live in New York," he illustrated. "Well—shall we compromise by living in Bridgeport?"

The Graded Tax Bills which for about a year have been before the New York City Council, and which received a public hearing on Thursday, April 20, 1939, were certainly a compromise with principle. They provided that over a ten-year period city taxes should gradually be shifted from improvements to land values, until finally 90 per cent of the municipal taxation should be on land. It was calculated that these laws would result ultimately in the confiscation by the city, for purposes of taxation, of approximately sixty per cent of ground rent, leaving forty per cent available for the land speculators to play with. At present the city collects perhaps a third of the ground rent.

The real estate interests of the city obviously preferred the present taxation compromise to the one embodied in the Belous-Quinn Graded Tax Bills. Their attitude reflected the fact that Manhattan Island is largely underdeveloped, the land being worth more than the buildings resting on it, in the aggregate. And so, these interests presented frank and active opposition to the bills, under the leadership of Mr. George L. Allen, representing the Real Estate Boards of Manhattan, Bronx, Brooklyn, Queens, and Richmond Boroughs. If the arguments of Mr. Allen and his associates (as I shall later suggest) involved occasional contradictions, still they obviously impressed the Finance Committee of the City Council, which under the chairmanship of Joseph Kinsley sat at the public hearing on the bills.

The city newspapers followed the lead of the Real Estate Boards in their general attitude concerning the bills. What little publicity they gave

to the hearing was mainly advance publicity of an editorial character, pointing out alleged defects in the proposed taxation plan. The traditional red herring was dragged across the trail in the shape of the statement that the public utility companies would be the main beneficiaries under the proposed changes, since the value of their buildings and improvements materially exceeds the value of the land they own. A typical newspaper comment was that of the *New York Sun* of Thursday, April 20, which began its news story, "The old Henry George single tax, a pet with theorists who like to dabble with the fourth dimension, got a severe kicking around at a meeting before the Committee on Finance of the City Council today."

Favoring the bills, under the leadership of William Quasha, was a long list of representatives of civic organizations, including Walter Fairchild, Chairman of the Graded Tax Committee, William Jay Schieffelin, Chairman of the Citizens' Union, Harold Buttenheim, Editor of the *American City*, Helen Hanning, Vice-President of the Community Councils, and numerous others.

The arguments given in favor of the Belous-Quinn Graded Tax Bills were their demonstrable effects on industry, housing, unemployment, and poverty. Through untaxing buildings and improvements, it was urged, building would be encouraged. Old structures on valuable land would be demolished to make way for modern buildings. Vacant land would be improved, with consequent increase of employment and betterment of living conditions for the mass of the people. Such a tax, it was contended, met all the requirements of equity, was easily collected, and would function to the furtherance of social progress.

The opponents of the bills warned the councilmen that the effect would be materially to decrease the price of land in the city, but in spite of this fact they insisted there would be even greater crowding, since landlords, to avoid the paying of the

higher land taxes, would use as small an area as possible for building, thus denying light and air to unfortunate tenants. In spite of lowered land prices also, the bills' opponents predicted that Federal housing projects would cost much more, since land owners would be compelled to recoup themselves for the heavier taxes they had been compelled to pay. And finally, these real estate experts complained, increased land taxation would be inequitable, since it could not be borne by the present holders of vacant land yielding no revenue but held in the hope of a speculative rise in value. Such people would tend to be wiped out.

Rents in lower-price apartments, it was alleged, would have to be raised \$2.25 per room per month, since most of these apartments are located in practically worthless buildings, all the value lying in the land. And on the other hand, the utility companies would benefit as before mentioned. It was notable that no representative of a public utility company appeared in favor of the bills which allegedly would so benefit them. And no tenant appeared to protest the threat of a rent rise under a tax which all economists agree cannot be passed on to the consumer.

There was a hearty burst of applause at the mention of the name of Henry George, but this was quickly suppressed by the chairman.

The hearing on the Belous-Quinn Graded Tax Bills was brief, since it had to be fitted into an afternoon with another hearing to consider the laying of further sales taxes, possibly on food, to derive revenue for necessary civic purposes. At this second hearing Mr. Lancaster M. Greene, trustee of the HGSSS, spoke, deprecating the possible effect of such a tax on food as discouraging further the consumption of this necessity of life.

Those Georgists who advocate staying aloof from politics seem to have one great advantage over their politically-minded brethren, in that

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they avoid any sense of disappointment or discouragement over such rebuffs as the hearing on the Belous-Quinn Graded Tax Bills represented. Moreover, such Georgists avoid all possible temptation to that political-mindedness which sees political accomplishment as a trading of favors and advantages, with perhaps a somewhat lessening regard for the well-being of humanity in general. They keep clear of the defeatist attitude which tends to exaggerate the difficulties in the way of social progress and to forget that a truly educated public can have what it wants and all it wants whenever it makes the demand.

The fate of the Belous-Quinn Graded Tax Bills may conceivably be salutary, in that long before their ten-year course would have been run, an aroused public opinion may have asked for and got a change which will divert to public purposes not a third or three-fifths but all of the returns from land monopoly in our city. With the phenomenal growth and spread of George's teachings, such a possibility is by no means visionary. Once let society become aware that taxes may be made unnecessary and obsolete by the confiscation of ground rent, and no compromise will be necessary or even possible. The problem of poverty will have been solved.

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