

# INSIGHTS

## NEW LIFE FOR OLD CITIES

By Mason Gaffney, Riverside, CA

History ... is the biography of great men" - Carlyle.

Some cities have grown in spurts. Some of these cities were new; others have revived after decaying. Cities' cells, like ours, metabolize and can refresh themselves constantly. Cities need not die like you and me, and can continue this cycle of renewal forever, when people remodel buildings and clear and re-new sites. This can happen even after periods of sickness and senility. It takes a will, plus some skill with public policy. We observe the skill in the history of growing and reviving cities.

The dynamics are ruled by free will, not iron laws of history. True, they deal with economics and numbers and tax policy, with self-seeking employees and home-buyers and merchants and manufacturers, with simple motives and narrow outlooks. Yet the evidence keeps bringing us back to the impact of idealistic leaders, and the power of their ideals to move others, prevailing over and working with "destiny" and greed and myopia and technical details.

There was a telling episode in New York City, 1920-32. Its leaders exempted new housing from the property tax, while maintaining the tax on land values. There ensued a notable surge in building and population, unmistakably linked to the tax policy. National population data disclosed, however, that New York was not the only city to have boomed or revived suddenly. What was remarkable about New York, that we should be mindful of it?

Jane Jacobs has pointed out that cities grow "explosively" during periods of special vigor. She brilliantly described the private-sector process of import-substitution. However, she put such an anarchist spin on it she blanked out the positive role of political leaders, and tax and spending policy. When we find high growth rates in the data, we also find, more often than not, a pro-Georgist or fellow-traveling movement, Mayor, Council and Governor. We also find ports, parks, public schools, low-fare mass transit, social welfare, public plumbing, bridges and tunnels, public health programs, and so on, making a city attractive for people and profitable for business. We find public works and services provided without heavy taxes on private commerce, labor, and buildings, which also make a city livable and attractive. This was the promise of Henry George, and it seems to have come true in many places during 1890-1930, the Golden Age of American and Canadian cities. Our proposal has been time-tested.

To the extent that historians have noted this phenomenon it has been one city at a time. Robert Bremner's title, *George and Ohio's Civic Revival*, might give the impression that the action focused on Ohio; publicity about Pittsburgh, and more recently Harrisburg and Allentown, would make Pennsylvania the focus; a study of Henry George's origins leads us to San Francisco; and so on. But studies of one place at a time localize what was a pandemic movement, 1890-1930. George and Georgists influenced tax policy in many other cities than New York, and rural areas too. The signature of their influence is the rate of population growth, reported in the U.S. Census of Population.

Geography and "Historical Laws of Motion" play their roles, and brute economic "forces", too; but political leaders tip

the balance. These may be inspirational, analytical, or political. Italy's Risorgimento, recall, had many fathers: its poet, Mazzini, its sword, Garibaldi, its composer, Verdi, and its brain, Cavour. We find their counterparts who led growth spurts in New York City, Chicago, Cleveland, Detroit, Toledo, Milwaukee, San Francisco, Vancouver, Portland, Seattle, San Diego, Houston, Los Angeles, and some smaller cities. These are human factors that "cookbook" econometric modeling omits. Modern economics, with its mechanistic tools and canned standard procedures, is the poorer for it. Carlyle's history as the "biography of great men" (and women) has something to teach us.

To compare one city's performance with others' requires a standard measure, preferably simple and unitary. I chose population in part because the measure is readily available. Census data on building, on the other hand, do not go back to the 1920s.

Population growth is not the only goal and measure of civic performance, it is understood. Population, however, is a sign of city health, even from the particularistic local view: a thriving city attracts people, and people, viewed as human resources, help the city thrive. From a larger view, the aggregate effect of having cities vie to attract people is not to raise the overall national or world birthrate, but is to make jobs and homes, raise wages, and lower living costs. The converse is also true, with grim results like homelessness and hunger. It is noteworthy that most cities' growth spurts accompanied provision of vast parks, superior schooling, social services, mass transit, and other such public goods.

Some cities' growth spurts are complicated by annexations. Chicago in 1889 tripled its land area (Hoyt, p.153). Detroit quadrupled its area in the 1920's. Columbus' steady growth is complicated by mergers and annexations that I have not tried to unravel. Milwaukee doubled its area around 1960, but lost population anyway. I have adjusted for these changes where I could, or dropped the city from study.

This rise and fall of growth rates is remarkably independent of external causes, and more responsive to internal reforms. Thus, the bursts of Pacific Coast ports preceded the Panama Canal; the bursts of Great Lakes cities preceded the St. Lawrence Seaway.

This inquiry began with New York City, under its Georgist-inspired plan, led by Governor Alfred Smith, to exempt new residential buildings (but not land) from its property tax, 1920-32. The ensuing boom in buildings and population was overwhelming. To get a perspective I tabulated growth rates of comparison cities. New York raced ahead of the nearest comparables, but the data also disclose several other cities with impressive growth spurts. What about them? Aren't there many other causes of growth?

Inspection revealed the remarkable and telling fact that these spurts occurred under Georgist leadership, too. Some of these cities and periods are Cleveland, 1900-20, under mayors Tom L. Johnson and Newton D. Baker; Detroit, 1890-1930, initially under Mayor, later Governor Hazen S. Pingree;

(continued on page 9)

Toledo, 1890-1920, under Mayors Samuel "Golden Rule" Jones and Brand Whitlock; Milwaukee, under "socialist" Mayors Emil Scidel, 1910-12, and Daniel Hoan, 1916-40; San Francisco under Geogist Mayor Edward Robeson Taylor, 1907-09, and consensual "Sunny Jim" Rolph, 1911-30, spurred by activist James Hartness Jeffes (aka "Luke North"); Los Angeles under siege from socialist Job Harriman; Houston under single-tax Assessor J.J. Pastoriza; San Diego under Assessor Harris Moody; and Chicago, 1890-1930.

Chicago leadership was more complex, with its host of nationally prominent Geogists and fellow-travelers (John Peter Altgeld, Louis Sullivan, Frank Lloyd Wright, Walter Burley Griffin, Clarence Darrow, Jane Addams, Louis F. Post, Ida Tarbell, Brand Whitlock, Henry D. Lloyd, Margaret Haley, Edward Dunne, and others). Pittsburgh, known for its Geogist-oriented property tax policy, had a building spurt, but no population spurt, making it an anomaly that Insights has examined earlier (December 2003).

Jersey City had a Geogist Mayor, Democrat Mark Fagan, with a redoubtable Geogist Republican mentor, George Record, off and on from 1900-18. They never grew strong enough to beat the railroads or dominate tax policy (Tobin, 1974). Yet it was after Fagan that Jersey City stopped growing, under "Boss" Frank Hague, who taxed employers out of town. In the 1920's, New Jersey specifically rejected a copycat Smith plan (Pleydell, *passim*).

Vancouver under 8-time Mayor Louis Denison "Single-tax" Taylor went further than any U.S. city in exempting buildings, and grew much faster. It actually **quintupled in population**, 1895-1909, after exempting first 1/2, and then 3/4, and then, for a few years, all of building values from the property tax (Marsh, 1911, pp.33-37; George, Jr., 1911; Rawson, 2000). That is the fastest growth rate on record. Far from blighting Vancouver, it left it probably the most beautiful and livable city in North America, perhaps in the world. Emulation of Vancouver was a common theme in Seattle, Portland, and San Francisco.

There were strong statewide single-tax campaigns in Oregon, led by W.S. U'Ren of Portland, father of the "Oregon System" of Initiative and Referendum, which he pioneered in the hope it would pave the way to the single tax. Losing at the polls statewide did not dispose of the issue or dismiss the protagonists, especially in Portland, where the pro-single-tax vote was always strongest -- up to 49% at one point. The campaigns raised consciousness of the issue and gave future politicians a well-defined constituency to "fish" for by bending assessment practices in the Geogist direction. This kind of shading is hard to document, but Professor William McKinley of Reed College told this writer in 1947 that Multnomah County (Portland) overassessed land relative to buildings up to 1941. Politicians troll for the votes of any strong constituency; shading assessments is one way.

In 1912 "the City Council of Seattle, several of whom were single-taxers", submitted a single-tax amendment to the voters. The Chamber of Commerce weighed in with a proposed 10-year exemption for industry. The voters said no, but at the same time elected a single-tax Mayor, George F. Cotterill (Young,

p.189). We may reasonably surmise that Seattle, with this kind of political and business support, also shaded assessments as Portland did, undervaluing new buildings relative to land.

Houston, under single-tax assessor J.J. Pastoriza, grew by some 25%, 1911-15, until a court ordered him to go back to the old ways (Geiger, pp.434-35). Harris Moody, assessor in San Diego, single-handedly used his administrative latitude to convert the property tax to a land-value tax over several years, 1920-26, until stopped abruptly by court order (Mahoney). At this point the city skyline froze for the next 75 years (Andelson).

These were not isolated local events; the leaders networked. In Dunne's Chicago, the principals "were very conscious of being part of a national movement, and they were in close contact" with Geogist powers in other cities, especially Tom Johnson of Cleveland and Jones of Toledo (Morton, pp. ix, 8). Johnson had been George's "field commander" (Barker). Mayor E.R. Taylor of San Francisco had earlier helped Henry George write *Progress and Poverty*. Pioneer land assessor William A. Somers traveled busily on loan from Tom Johnson from city to city, instructing local assessors in his Geogist techniques. Altgeld of Chicago knew and supported George in 1897; Purdy of New York had campaigned for George. It is not likely a coincidence that all four of these George disciples or allies presided over cities that grew much faster than most others.

An evidence of early networking was action at the national level. In 1892 there were six single-tax Congressmen: Tom Johnson and Michael Harter of Ohio; Jerry Simpson, Kansas; John de Witt Warner and Charles Tracy, New York; and James Maguire, California. They managed to help keep land rents in the base of the 1894 Income Tax Act. In 1896, John Peter Altgeld was the brains behind the fused Democratic-Populist platforms. Charles Evans Hughes nearly became U. S. President in 1916. Single-tax Congressmen Henry George, Jr., and Warren Worth Bailey dominated the drafting of the income-tax act of 1916 which exempted most labor income and taxed a lot of land rent. Woodrow Wilson appointed several Geogists to his cabinet, elevating Newton Baker to national stature as his Secretary of War; and Baker later came within a hair of being the Democratic Presidential nominee in 1932. Al Smith, of course, was the nominee in 1928, even as his New York City housing law was still working its magic there.

Networking extended to the fellow-traveling conservation and national parks movements. Chicago, New York and San Francisco had led in providing their people with generous lands for public parks, the palettes for outstanding park designers like Daniel Burnham and Frederic Law Olmstead. It was a logical extension when Chicago and San Francisco supplied leaders for the National Park Service, founded in 1916 when Interior Secretary Franklin Lane of San Francisco, supported by former Chicagoan Congressman William Kent of San Francisco, donor of Muir Woods, made Stephen T. Mather of Chicago first head of the Service. Earlier President Roosevelt of New York (cont'd on page 10)

# NEW LIFE FOR OLD CITIES

(continued from page 9)

had set aside land for Yellowstone National Park. Later, Chicago progressive political junkie Harold L. Ickes, served FDR and HST as Secretary of the Interior, 1933-46 – the longest tenure of a cabinet officer in U.S. history. Ickes' whole career was faithful to the model of John Peter Altgeld, who had inspired him as a youth. Ickes in power battled long and fiercely to protect the public domain from predators, to strengthen the national parks, to open public access to seashores, to save the "tidelands" from control of states dominated by oil firms, to enforce the public trust doctrine as Chicago had in 1892 ... all causes with a strong Georgist component.

Many stories remain untold or only briefly told here, of Victoria, New Westminster, Edmonton, Saskatoon, Los Angeles, San Diego, California farm towns like Modesto, Turlock, Fallbrook, Merced, Manteca, Fresno, Lindsay, et al., and irrigated farming around them under California's Irrigation District Acts (Henley; Gaffney, 1969; Rhodes). One "farm town", San Jose, stimulated by its tailor-made modified irrigation district \*, morphed into a major city and the capital of Silicon Valley. Populist farmers in the upper Midwest, with their "Non-Partisan League" and strong cooperatives, leaned toward single-tax. Farmers and farm towns in Canada's Prairie Provinces with their CCF Party leaned the same. George-like single-tax fervor bent, if it did not dominate, most of the Pacific Coast and western Canada, rural and urban, during their fastest growth periods.

An interesting sidelight is that "radical" and labor-oriented cities seem to grow faster than cities with torpid Tory and supposedly "pro-business" administrations. Shrinking Cincinnati is an example. It was the power base of those who fought Cleveland's Tom Johnson and everything he stood for. Its leaders gave us Ohio's 1912 Constitution which allows the use of Initiative and Referendum for any purpose except to implement the single tax – yes, really, read it! It elevated McKinley, Taft, and Harding, three of our stodgiest Presidents, to the White House – all the time bleeding population and business, while "radical" New York, Chicago, Milwaukee and San Francisco grew and attracted businesses. Think about it!

(\* Its name is quite a mouthful: The Santa Clara Valley Water Conservation District. It is modeled on a Wright Act Irrigation District, under State Law, taxing land values and exempting buildings. Attorneys Herbert Jones and Albert Henley modified it to fit political conditions, as they saw them, around and including San Jose. They exempted improvements outside the city, and taxed them inside, to mollify the farmers. There followed what seemed at first to be an awful example of urban sprawl, as the subdivision of farm landholdings enabled developers to pick up farm lands here and there; but the result today is Silicon Valley.)

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