

the latter being certainly provided out of the taxes which are collected.

The case against the equal taxation of personalty or real estate improvements and location values is not, however, completed when one proves the essential injustice of the scheme. Current injustice in taxation is an error, but not one that by itself causes any serious trouble. The really serious aspect of our system of taxation for local purposes is that it stands directly in the way of prosperity and social and economic justice. The prosperity of any community depends upon two things mainly. First, the terms upon which access to usable locations can be acquired; Second the retention by earners of their incomes free from government hindrance or exaction. It is provable that the confining of local taxation to taxes upon location values would result in making it much easier for locations to be used and tremendously increase the adequateness of their use, while the exemption from taxation of personalty and real estate improvements would leave to earners all their incomes. It is important to note, also, in these days when taxation seems to be such a burden that the success of a system of taxation upon location values only would depend not upon a minimum of taxation, but upon a maximum. Up to a certain point, under such a system, the community that levied the heaviest taxation would offer the best prospects for residents, for workers and business men. This may be a novel suggestion, but it is a sane one, and easily fortified with proof.

Very true it is that "no consideration of the question of taxation can be complete unless it include reference to suggestions constantly being made for changes in the bases of local taxation," to quote the recent report of a Bergen County civic club committee on taxation.—GEORGE WHITE, Hackensack, N. J., November 26, 1912.

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L. J. QUINBY, of the Omaha *Chancellor* calls it "The Minimum Wage Assininity." It is refreshing to hear Single Taxers call fool measures like this by their right names.

## THE ANALYSIS COMPELLED BY THE SOMERS SYSTEM.

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(For the Review.)

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BY E. W. DOTY, CLEVELAND, OHIO.

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The Somers Unit System of Realty Valuation is primarily a computation system; that is, it is a method by which the value of bulk may be computed from the value of a given quantity.

The most notable effect of the substitution of a systematic method of performing any task by hap-hazard methods, is analysis. This is especially true of the Somers System. One of the early results of the analysis compelled by the use of the Somers System, is a knowledge of the effect of street accessibility as a measure of the value of contiguous land. It does not require a very profound study after one has mastered the salient features of the computation side of the Somers System, to discover that the effect of the street upon contiguous land grows less as a lot recedes from the street line. The expression of the drop foot by foot from the street line as shown in the Somers System table for depth is but the common expression of all investigators of the subject; that it is expressed in figures so that this common knowledge may be applied the same for every similar situation is important, because it turns the theory into a workable tool.

There could be no computation system if it were not for some law that will be accepted as a rule of action by all who are compelled to perform a given task. It may be observed, if one cares to investigate, that there is an evident attempt on the part of all assessors and land appraisers to carry out what may be called the law of appraisal. This law is stated as follows:

"There is a mathematical relation between the value of any two sites affected by the same street influence or street accessibility."

The Somers System includes tables that set forth the mathematical side of this problem. These are computations which have resulted in a set of tabulations so arranged as to save the computer a vast

deal of intricate figuring in the solution of each separate and distinct problem. The Somers System tables bear the same relation to an assessment that interest tables bear to the computation of interest. The interest tables do not tell the borrower how much interest he shall pay, the banker does that; neither do the Somers System tables appraise land values, they simply show an easy and comparatively quick way to compute the value of large tracts of land on the basis of the judgment of a given unit of quantity.

When one has proceeded thus far and sees clearly, as all must before they have gone very far into the study of land values as compelled by the use of the Somers System, is that there are two sides to the act of appraising. This analysis is absolutely compelled by the use of this system, and is of the utmost importance, just as the analysis of the performance of any task makes for the more efficient performance of that task. This analysis shows that the two sides to the act of appraisal are: First, the mental side; and Second, the mathematical side. The Somers System shows how to perform the second, and compels proper analysis for the easy performance of the first.

The mental side of the appraisal is the exercise of judgment, the formation of opinion—and this compels the gathering of the opinion of others and the consideration of the opinion of others. The Somers System makes it easy to obtain the very best opinion, which is always the widest opinion of those at interest.

It is found that all of us can exchange our opinions of the usefulness of anything, if we exchange our opinions as of the same quantity. We wouldn't think of comparing the usefulness of  $10\frac{3}{4}$  pounds of any commodity with the usefulness of 16 1-6 pounds of the same commodity. We make such comparisons as of a unit of quantity, the pound. In such comparisons we eliminate all reference to quantity by assuming in each case the same quantity, the pound. We may compare the quality of the  $10\frac{3}{4}$  pound commodity with the quality of the other by saying the first is worth 5 cents a pound and the other is worth 6 cents a pound. If there is any

difference of opinion as between these two prices they are naturally discussed without reference to quantity. But if we were to discuss the relative usefulness or worth or value of one, and express our opinion at  $53\frac{3}{4}$  cents, and of the other at 97 cents, there would be so much confusion that no comparison could be made, at least no comparison that would be at all satisfactory or convincing. Yet the difference between these two quantities can very easily be discussed if we do it as we always do, when we consider the variation from the standpoint of the variation reduced to a given and well accepted quantity.

The use of the Somers System compels the use of a given quantity upon which to express opinions of usefulness or value. The Somers-foot is a unit of quantity comparable to any other unit of quantity, in that it is small enough to comprehend and large enough to accomplish its purpose in measuring. The Somers-foot is a frontage upon the street one foot wide and 100 feet deep. It is so located upon the street that whatever value it may be said to have, comes through its own frontage—that is, it is far enough away from any corner not to be effected in value by another street than its own. The Somers-foot is also assumed to be without alley effect in the rear, and its lines run vertical to the street frontage.

A further analysis of the effect of expression of value in terms of price and as of a given unit of quantity, develops the fact that what people under such circumstances are really doing is valuing the relative usefulness of the streets and parts of streets that go to make up a city. So natural is this analysis of exactly what is done, that many people find themselves making their arguments to uphold their opinion of value of particular sites upon the basis of comparing the street at that point with the street somewhere else. It soon develops, first, that there is a very wide opinion of the relative value of streets, and second, that it is quite easy for many people to express themselves by comparison. In every city where the Somers System has been used for actual assessment work, the people have expressed themselves almost without instruction

upon their knowledge of the relative value of streets and parts of streets. Indeed in the city of Des Moines, Ia., recently the two business centers of the city were judged first by a committee of citizens and then by the public without the use of price at all; simply by comparison of the usefulness of one part of a street with that of another. This is one of the most remarkable assessment problems ever worked out. The whole study of the members of the community was to express their idea of relation of value or usefulness, with what precision their knowledge and experience taught them. It would be absolutely impossible to make an appraisal in any city in America in the way it was done in Des Moines, under the methods now in use in any one of those cities, excepting of course the Somers System cities. The Somers System has developed the only method of obtaining true community opinion of land value in cities. Nor could even the Somers System do this if it were not for the application of the law of appraisal, noted above and well recognized by all who think about it or are compelled to think about it.

The computation side of the Somers System would require a description too long for the space at my disposal, but suffice it to say, that Mr. Somers worked out a set of tables to care for the purely mathematical side of the task of appraisal, so that 95 per cent. of the problems of the assessment are easily and quickly solved. The enhancement at corners, the enhancement by reason of alleys, the enhancement for depth, the method of computing the value of irregular shapes as compared with regular shapes have all been tabulated so as to form a system flexible enough to meet any requirement or any combination of street values, or combination of street and alley values, or of street values upon irregular shapes.

One of the important effects of the use of the Somers System is to keep before the ordinary citizen the thought that site value is based upon the presence of people, and the variations in the prices quoted as expressing value results from the competition of the people present to obtain exclusive use of certain sites. And the

last thing that is usually pointed out to those who have studied the Somers System thus far, is that there is really no such thing as land value, but that the thing called land value is in fact street value, and each site is valuable in proportion to the amount of the street usefulness or accessibility it can absorb, and that absorption is based upon its size, its shape and the way the size and shape lie to the street or streets. And when the citizens can see all of this, which is always acquiesced in, it is easy for any kind of a community to acquiesce in the observation that there is neither land nor street value, but rather people value, and what we call land value is really—to quote Bengough's lecture—but the "shadow of the people upon the land." I have yet to hear from any audience, made up as my audiences always are of business men of every sort, any denial that such is the fact.

The analysis compelled by a study and use of the Somers System leads the ordinary mind to accept that which men might resent if it did not provide a process of step-by-step reasoning, all based upon what they all know all about, namely the usefulness of their streets and how to compare it in its variations.

The value of the Somers System and the analysis that it compels to the Single Tax movement must be obvious. The application of the land value tax can only rest permanently upon the equitable distribution of the competition that is manifest and which results in what we term land value. The equitable distribution is exactly what the Somers System accomplishes; without it the land value tax could be made as great a farce as in most respects the present system is.

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#### PHILADELPHIA NEWS LETTER.

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Taxation is a live question in Philadelphia. The city lacks sufficient revenue to pay running expenses. This has been the case for many years. But under the old gang administration the deficit was made up by issuing bonds and trusting to luck to escape the day of reckoning. The present reform administration is pledged