HENRY GEORGE NEWS

July-August 1974

George presented in modern idiom

Among the papers presented at the School Conference this year, one in particular commends itself to academic consideration. Seymour Rauch of Williamsville, N.Y., reduces to mathematical formulation the idea that it pays to make larger capital investments on better (higher rent) locations.

Using the statistics compiled by John Nagy's study of real estate and personal property assessments of Escondido, Calif., for 1970-71 (the state taxes personal as well as real property), Mr. Rauch applies a regression technique to demonstrate his point. It confirms, the author says, the advice of experienced real estate professionals: "Don't build a $50,000 home in a neighborhood of $25,000 homes!"

From his work he infers that "land value commands capital value," and intensive investment on high-rent sites in even greater in industrial and commercial applications than in the residential area. His suggestion that conscious application of the command of capital by land value would improve zoning and planning as well as reduce disturbances in capital flow is easy to follow. Somewhat less clear is the inference that it would reduce the undeniably pernicious effect of land value speculation; it would seem that some inducement or enforcement techniques might have to be applied if the full benefit is to be achieved. Yet, one must agree with Mr. Rauch that "it is surely not overreaching to argue that this one study demands further study on a grander scale."

The need to present George's tenets in modern form was the motivation for his efforts, Mr. Rauch says, adding that it behooves proponents of land value taxation to make their case in language understood by today's practitioners. □

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