

The Allegheny Roundtable

JOHN WEAVER, director of the Allegheny Roundtable, an organization producing radio, TV and other forum programs, arranged and moderated a conference program on "The Pittsburgh Graded Tax." He has been urging professional economists in universities and planning agencies to make fresh studies of the possible impact of further increases in land rates and decreases in building rates, and has sent them summaries of news indicating a revival of interest in "the Pittsburgh idea," calling special attention to the history of the Graded Tax by Percy R. Williams in the *American Journal of Economics and Sociology*.

Mr. Weaver explained that work behind the scenes was more important than surface results, and he was not surprised that official spokesmen were unready to express themselves publicly before our group, although two such teachers and representatives of planning bodies did visit the Henry George conference.

Following a brief summary and evaluation by Mr. Williams (see page 6), Dr. Marion K. McKay, emeritus professor of economics at the University of Pittsburgh, chairman of the Pittsburgh Civil Service Commission and member of the State Water Board, tried to raise questions of the sort which Georgists would probably have to face in extending their efforts.

As a former candidate for Congress and now holder of government positions, his viewpoint might be described as that of most Democrats—a belief in taxation according to "ability to pay," even if it means higher local income taxes. All income, he contended, is the result of our living in an organized society, and many people cannot afford to pay for "benefits received." Rebuttal

to this from the Georgists emphasized the importance of incentive to those whose income is earned; the fact that in business charges are made according to the value of the product sold, except in cases of charity; and that a sound tax system should not have to provide for charity but rather should eliminate the need for it.

Dr. McKay questioned whether any tax change could reverse the trend toward the suburbs. Mr. Weaver, who disclaimed being a "neutral" moderator, said the attractiveness of a city depended not only on the tax charges but also, like the room rents obtainable by a hotel, on the excellence of its management as compared with that of competing hotels (or communities). Pittsburgh officials and planners are doing a number of things to improve the management of the city, and should also recognize that land rent is the measurement stick to determine what tax charges are possible for the services rendered.

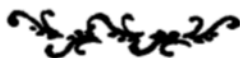
Mr. Williams agreed that land values in the city are declining because of the suburban competition, so that conditions are not as favorable for a land-tax increase as they were in 1913 when the Graded Tax was adopted, and when Pittsburgh land prices were the second highest in the country. He maintained, however, that our principles will bring benefit whether the values are high or low.

Mr. Williams concluded that the Graded Tax has worked well though there was almost no reduction in the number of dollars paid on buildings even at the beginning, because cost of government has steadily risen—hence there is not as convincing a demonstration as might be obtained if the half rate on buildings were made much less.

He recommended that efforts be made to secure a real demonstration in a third-class city. Sidney Evans of California, Russel Conklin of Montana, and others, questioned whether there could not still be a great forward movement in Pittsburgh, and whether land values might not be revived by this means. Pittsburgh Georgists showed that at least they are determined to keep the city aware that it has the Graded Tax and should do more about it.

On Friday evening at six, conference attenders gathered around radios, to hear a 25-minute Allegheny Roundtable program on WJAS (NBC) arranged by John Weaver, in which he and Bernard Loshbough, director of Pittsburgh's Action-Housing organization, questioned Miss V. G. Peterson on her observations in Hawaii, New

Zealand and Australia. Mr. Loshbough had introduced Perry Prentice and another of the House & Home editors on previous occasions. He was interested in the effect of land value taxation on improvement of blighted districts. Miss Peterson told him the so-called slums were certainly not as unsightly as those in New York, and the people in general took pride in improving their property, keeping single-family dwellings in preference to apartments, even though this meant paying a little more tax for land around their homes (there is no tax on buildings). Improvements were most noticeable when they were planned, as in Wellington, by a private developer; and in Canberra, the Australian capital, where all land is leased by the government. Mr. Loshbough favored such leasing.



LAND TAXES SHIFTED IN FLORIDA REVALUATION

Frederick R. Barkley of Gulfport, Florida clipped from the St. Petersburg Times, a series of articles by Douglas Doubleday, in which he believes HGN readers will be interested, regarding a mass property reassessment in Pinellas County. Objectors are warning that shifting the tax from improved to unimproved properties will bring on a real estate depression, but Mr. Doubleday called attention to House & Home's view that unimproved land is "the only kind of private property the owner did nothing to create and for which he is given the most favorable possible tax treatment." He contrasts tax levies in Pittsburgh and Scranton where the rate on improvements is double that of the land, and mentions also Australia, New Zealand and Johannesburg which he says "credits its leadership to its policy of taxing land four times heavier than improvements."

The Pinellas tax assessor, writes Mr. Doubleday, has proposed "no such revolutionary measure," but is trying to lift assessment levels on unimproved land into "some degree of relationship with market prices, like other properties." He has increased assessments 500 to 1000 per cent above last year but none touch recent market prices—the new ratio of assessment to recent prices is said to run typically around 50 per cent. Although 30,000 property sales have been analyzed since 1961, the assessor claims he has seen no evidence of "scare selling."

Property owners will be offered a hearing before an equalization board, but only after they have prepared a sworn statement requiring so much detailed information that many are likely to "forego the opportunity."

Mr. Doubleday notes that as far back as 1937 the National Resources Committee suggested that "state and local authorities should consider reducing the tax rate on buildings and increasing the rate on land in order to lower the burden on home owners and stimulate the rehabilitation of blighted areas and slums," also to help finance public works.