

Heavy Tax on Land Stimulates Production, Says P. I. Prentice of Time Publications

OUR well-worn phrases all sound bright and new when someone else says them or when we read them in a "slick" magazine like Architectural Forum or House & Home, both published under the watchful eye of P. I. Prentice.

The Architectural Forum quote came to the HGN office via Muncie, Indiana. For it was Elmer Russell Greenlee who reproduced it in his alert little Bluebird letter.

This concerns a building of vast concern to New Yorkers—the Pan American Building—which is such a huge monstrosity that even the builder "deplores" it. This is going up and up in the Grand Central area, where already all transportation is choked with office workers at nine and five. But the price of land is \$250 a square foot, and the Grand Central site measures 150,000 square feet. So to cover this \$40 million investment the building has to be the biggest possible in order to gouge out the maximum in rentals.

But let us quote from Elmer's letter and the Architectural Forum:

"There will be no great urban architecture in America until there is an end to unrestricted speculation with price of land. This is the fundamental truth—there's no way of getting around it. A famous Republican, Abraham Lincoln, said 100 years ago: 'The land should never be the possession of any man, corporation, or society . . . any more than the air or water.' And another famous conservative said 40 years ago: 'Unearned increments in land . . . are derived from processes which are not merely not beneficial, but positively detrimental to the general public.' That famous conservative was Winston Churchill.

See what we mean? We used to balk at that phrase "unearned increment"—few people knew what it meant and were therefore hostile or suspicious. Now it is showing up repeatedly in good company, in fact this quotation from Winston Churchill is paying off so well we wish he had given us the royalty rights.

But there is more tax news from the executive offices of the Time and Life Building (notice its cool fountains and promenade—so different in appearance from the building described above). Mr. Prentice, vice president of Time Publications, has just returned from West Berlin where he studied the housing problems at the request of the U.S. State Department.

He recommended labor saving methods, industrialization, more standardization and better coordination. And to get modernized housing sooner he suggested, *why not try tax incentives?* At present there is talk of concessions and perhaps a subsidy. He suggests as an alternative that "West Berlin should study the tax system employed in most of Australia and New Zealand, in most of the cities of the Transvaal, parts of Western Canada, and also (in modified form) in the American cities of Pittsburgh and Scranton. Under this system almost the only local tax collected is a heavy tax on the 'unimproved value' of land (10 per cent of its assessed value in Brisbane, Australia), but there is no real estate tax at all on buildings or other improvements on the land, so the tax on a rundown slum property is the same as the tax would be if the existing building were put in first-class modern condition or replaced with a fine new structure. With this tax system apartment

owners just plain cannot *not* improve their property. So, for example, there are no slums at all in Brisbane; and there are no bad slums in Sydney, Australia (where the land tax is not quite as heavy and compelling). The only city in Australia with really bad slums is Melbourne, which is also the only important city in Australia where this tax system does not prevail; likewise the only city in New Zealand where a subsidized slum clearance program has been found necessary is Auckland, which is likewise the only city on New Zealand where this tax system does not prevail.

"Two years ago Mayor Wagner's Special Committee on Housing recommended that New York should give careful consideration to adopting this tax method. Said the Committee's report: 'The \$2 billion public housing program has not made any appreciable dent in the number of slum dwellings. . . . Nothing will be able to keep pace with slum formation until and unless the profit is taken out of slums by taxation.'

"My understanding is that today all

real estate in Berlin is so lightly taxed that no real estate tax inducement or tax pressure is likely to have much effect; realty taxes are based on a 1935 assessment which was probably low at the time and is completely out of line with today's much higher selling prices.

"But when, as, and if a realistic reassessment is available, West Berlin could (subject, of course, to the sanction of the federal government) assure itself of getting its slums improved almost overnight at the slum owners' expense if West Berlin would exempt *all* buildings from real estate taxation and shift the entire incidence of a fairly heavy realty tax to the site value alone.

"Incidentally, this tax system would also help get new apartments built quicker and at a less cost, because a substantial tax on land would (1) discourage landowners from holding out for too high prices and so blocking the assembly of adequate sites, and (2) bring enough more land on the market to deflate its price. A heavy tax on land is the only tax that stimulates production instead of inhibiting it."

Gaston Haxo of St. Petersburg, Florida, wrote a memory laden letter after reading HGN's report of the thirtieth anniversary banquet, and called attention to an embarrassing error, namely, that in the caption under the picture of Oscar Geiger's Round Table Literary Club (1922) on page 16 of the July HGN, the name of George Geiger was omitted. How such an omission could have occurred is hard to explain since it was mainly for the delight and development of George Geiger, Oscar's son, that this club composed of some of his school mates, was begun. In the top picture on page 16, George is that bright looking boy seated at the right between Oscar Geiger and Milton Bergerman (with hands crossed).

Mr. Haxo says all this recalls to him an evening when he and Morris Van Veen sat in the living room of Oscar Geiger sipping tea while he discussed ways and means to get the movement going again. Shortly after that the Henry George School was started, and the Pythian Temple meetings began. He says he was in a high school auditorium once, sitting next to Joseph Dana Miller, editor of Land and Freedom, and saw the famed Round Table Literary Club in action. He remembers hearing George Geiger, now professor of philosophy at Antioch College in Ohio, deliver an address on Thomas Jefferson.