

The Southfield Experiment

THERE was a time when the Honorable S. James Clarkson, Mayor of Southfield, said he felt no progress was being made in untaxing the home owner in Michigan, but today he feels very optimistic. Southfield, on the Northwestern Highway, in the heart of industrial Michigan, is the state's sixth largest city in area. The 1960 population of 31,082 is expected to more than double by 1970. About 70 per cent of this fast-growing area is underdeveloped.

In reporting on this program, Mayor Clarkson, who was an instructor in the Detroit Henry George School until a few years ago, said it was necessary to have a proper educational background as provided by the school, but it was also necessary to carry out the principles in actual practice. It was this challenge that encouraged him to run for office and to make taxation beneficial to the home owner and developer a part of his platform.

Michigan is fighting over whether or not income tax legislation is necessary, he said, and "naturally, none of us feel this is the right approach, but an income tax does fall across the board on all three factors of production and a part of it is a tax on land value." He is therefore forced to admit that an income tax may be preferable to some of the nuisance taxes, and while it is a bitter pill to swallow they accept it as probably inevitable in Michigan at some future date. He added that when this philosophy is applied on the local level he becomes very much concerned.

The Mayor believes property taxes have earned a bad reputation because of improper and stupid application. Before a better program can be sold to the people a sound basic policy in the application of the present property tax must be

initiated, even where it falls on personal property and improvements.

In Southfield inequal application and complete failure to keep the different classes of property uniform, was due to miscalculation on the property tax level. That is why they are having a complete land reappraisal, and, as reported in the March HGN (page 11), the city will have land value maps which will be kept strictly up to date. Heretofore land values have been reappraised only at six-year intervals.

In his campaign, Mr. Clarkson hammered away at protesting penalty taxation on the home owner and home improvement. He told his constituents that a disposal unit in a kitchen helps to cut down governmental costs by reducing garbage pick-up service, but as a penalty the home owner's taxes actually increase. Many had recently finished building and were thinking of adding extra rooms to their houses, but as soon as they received building permits the assessor came to make an inspection.

As reported in the March HGN the best Mayor Clarkson could do in getting practical action was to have the State Board of Equalization make a survey in which it was found that for the city as a whole, vacant land had been assessed on the average at about 38 per cent of its appraised value, and personal property at about 74 per cent.

Improved land is always appraised much higher than vacant land in relation to the selling value of each. This is a penalty against the home owner which the Mayor called an injustice no longer to be ignored. He is asking that land and buildings be treated without partiality in favor of vacant land sites, and that assessment of land be brought up to or near the Equalization Board's rec-

ommendation of 50 per cent. "We can relieve the home owner of some of this penalizing taxation and have more land value taxation within the present law if we will obey it," he said.

After a period of very understandable resistance, the assessor, who did not at first see the virtue of this proposal, is forecasting a substantial increase in the amount of notices that will be sent out in 1963, due largely to a change in land values. He also contemplates applying depreciation to more than 9,000 homes and other buildings throughout the city which have not had any depreciation since the program was initiated, and said some properties

might decrease in assessed value as a result of greater depreciation of land values.

By applying the obsolescence and depreciation factors he has shifted the incidence of taxation from improvements to land values and in so doing has accomplished the very thing the Mayor was striving for. "These inches of progress will add up to miles," said Mayor Clarkson, "and we will have a greater degree of land value depreciation. Already the program of eliminating penalty taxes on improvements has been emulated by the nearby City of Highland Park—and other communities too are following suit."

Reader's Digest Reprints Now Available

Reprints of the article "Land Speculation, and How to Stop It," by Wolfgang Langewiesche in the July Reader's Digest, are now available in quantity from The Henry George News, 50 East 69th Street, New York 21, N.Y. They are priced at 5c each, six for 25c, or thirty for \$1.

Knud Tholstrup, vice president of the Justice party in Denmark, read with interest the above mentioned article and noticed especially the statement implying that there is no land speculation in Denmark.

Mr. Tholstrup says the 1960 law could have made this true, but the authorities do not live up to it. In many cases land is taxed only to half the actual sales value, so there is still a lot of speculation in land. He wrote that although the Justice party lost out in the last election, they are confident of a come-back, because the country's economic position was better from 1957-60 when the Justice party took part in the government.

The large August 1960 House & Home Land reprint, still so widely and authoritatively quoted, which probably inspired the Reader's Digest article, is still available at 50c a copy. This is almost the complete text of that impressive issue, an invaluable ally in pointing up land abuses—rich in photographs, charts, diagrams and quotable quotes. You may order it from The Henry George News, too—address above.

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