HOW NEW YORK SOLVED ITS HOUSING CRISIS

by Charles Johnson Post

Among the prominent Governors of New York State it is fair to rate Alfred E. Smith. Governor Smith came up from the crowded East Side; he grew up with no fear of precedents when hard problems arose. He met a critical housing condition and ruggedly supported private enterprise. He was no genteel Marxian socialist. His famous saying: "Now let us look at the record!" has become a political slogan. He wanted facts!

So, let us look at the official record of the facts.

We had a housing shortage even before World War I had fired its last shot. So a law was passed for New York State in 1921* that — in order to get it passed — applied only for ten years to cities of the first class. This meant New York City. The Republican up-State legislators said to Democratic Governor Smith, if anything unforeseen or experimental is to happen we prefer to let it happen to a Democratic Greater New York City!

And this is what happened to New York City in the ten-year period that followed:

The bare-land value rose from 4.5 billions of dollars in 1919 to over 8 billions of dollars in 1929.

In 1920 the value of the bare land on which Greater New York rests was 4 billion, 6 hundred millions of dollars ($4,606,220,000.00) and, in 1929, (following the application of this legislation) the value of the same bare land was over eight billions of dollars ($8,056,644,000.)

The following tabulation, by Boroughs, will show at a

*See page 14.

glance the significant rise in bare-land values that consistently followed from the year of the new law:

Increase in Bare Land Values of New York City During the Period from 1910 to 1930, by Boroughs, in Dollars; **add three 000's for the actual sum in Dollars**

Year	Manhattan	Bronx	Brooklyn	Queens	Richmond
1910	$2,905,201	$265,774	$ 596,150	$200,180	$ 33,822
1911	3,114,812	330,679	794,148	276,089	40,195
1912	3,127,852	332,945	786,159	277,644	38,756
1913	3,155,389	332,354	782,660	280,223	40,263
1914	3,161,949	336,116	783,859	280,678	40,249
1915	3,184,441	344,712	788,159	283,983	41,121
1916	3,133,955	350,506	795,747	289,994	41,600
1917	3,067,358	352,174	807,004	292,756	42,398
1918	3,047,602	351,455	808,696	296,461	42,261
1919	3,033,394	351,338	816,123	297,039	52,765
1920	**3,061,515**	**356,334**	**834,470**	**303,094**	**50,804**
1921	**3,295,207**	**364,614**	**892,559**	**309,174**	**58,499**
1922	**3,315,723**	**366,880**	**814,608**	**318,944**	**59,843**
1923	**3,352,334**	**389,353**	**934,823**	**342,212**	**66,267**
1924	**3,459,593**	**399,780**	**985,872**	**393,736**	**72,674**
1925	**3,571,158**	**411,430**	**1,061,676**	**439,579**	**77,873**
1926	**3,749,159**	**432,043**	**1,234,517**	**564,187**	**88,723**
1927	**4,166,872**	**519,007**	**1,470,434**	**688,911**	**137,115**
1928	**4,438,318**	**601,616**	**1,569,040**	**776,772**	**143,810**
1929	**4,765,047**	**658,412**	**1,632,198**	**850,428**	**150,557**
1930	**5,238,909**	**689,670**	**1,723,780**	**926,560**	**152,868**

Total Increase in Bare-Land Values, by Boroughs, in New York City, by Decades, from 1910 to 1930

	Years 1910 to 1919	Years 1920 to 1930
Borough of Manhattan	$128,183,000.	$2,177,394,000.
Borough of Bronx.....	85,604,000.	333,336,000.
Borough of Brooklyn....	218,723,000.	889,310,000.
Borough of Queens.....	86,859,000.	623,466,000.
Borough of Richmond..	18,943,000.	102,064,000.
Total	$538,312,000.	$4,125,570,000.

A total increase in the bare-land value of over four billions of dollars in a brief ten years is certainly significant in relation to the fact that it followed a new law directly

related to land and building stimulation. Furthermore, even at the absurdly low land assessment valuation that is New York City's custom* this meant an increase in tax income of over 107 millions of dollars per annum.

Since the bare-land values of New York City increased by more than four-billions of dollars in that ten-year period there must have been a cause — for no law can make values; only supply and demand can do that. New York City has no timber rights, no mineral rights, and no fertility value. It has only one value, location in New York City where some seven million other people live and have their business being. It is because other people, millions of them, have built their homes there — or rent them — that New York City exists.

Thus it is well to look over the building that went on in New York City encouraged by this law of 1920:

Value of New Building in New York City from 1910 to 1929 by Borough:

Year	Manhattan	Bronx	Brooklyn
1910	$ 96,703,029.	$ 48,034,405.	$ *
1911	98,537,275.	22,837,060.	*
1912	116,325,135.	34,644,400.	*
1913	73,970,685.	20,072,489.	*
1914	45,477,165.	16,347,382.	*
1915	64,652,869.	28,119,100.	*
1916	114,690,145.	16,725,582.	*
1917	29,068,525.	8,545,475.	27,613,290.
1918	8,507,000.	3,991,425.	6,431,622.
1919	72,283,061.	21,006,865.	9,142,394.
1920	**96,199,860.**	**18,585,600.**	**56,326,632.**
1921	**121,032,441.**	**72,150,739.**	**114,298,575.**
1922	**140,941,677.**	**107,081,184.**	**194,301,755.**
1923	**178,981,460.**	**122,731,203.**	**264,836,260.**
1924	**258,761,585.**	**127,979,621.**	**218,167,790.**
1925	**370,776,504.**	**151,647,402.**	**238,420,165.**
1926	**310,625,870.**	**209,974,655.**	**267,561,025.**
1927	**259,100,515.**	**163,171,001.**	**208,102,435.**
1928	**323,913,420.**	**187,905,549.**	**182,762,850.**
1929	**543,882,265.**	**89,356,707.**	**130,095,210.**

*The tax rate here figured is upon a tax rate of $2.60 per $1,000. of valuation.

Value of New Building in New York City from 1910 to 1929 by Borough: (continued)

Year	Queens	Richmond	Total for New York City
1910	$ 15,144,377.	$ *	$155,881,810.
1911	22,212,255.	*	143,586,590.
1912	19,651,222.	*	170,620,757.
1913	17,521,235.	*	111,564,409.
1914	18,098,290.	*	79,918,837.
1915	20,316,392.	2,356,430.	115,345,000.
1916	20,099,683.	3,113,999.	154,621,000.
1917	11,635,253.	3,462,969.	80,323,000.
1918	2,644,221.	2,644,221.	39,431,000.
1919	46,022,687.	3,113,999.	151,566,000.
1920	**38,092,548.**	**4,838,841.**	**214,040,000.**
1921	**80,769,085.**	**11,085,104.**	**399,334,000.**
1922	**138,828,764.**	**12,187,526.**	**593,338,000.**
1923	**106,137,420.**	**12,177,938.**	**714,862,000.**
1924	**160,518,388.**	**16,132,879.**	**781,557,000.**
1925	*	**12,263,485.**	**773,106,000.**
1926	**186,594,101.**	**13,090,976.**	**987,444,000.**
1927	**179,624,011.**	**10,580,011.**	**712,512,000.**
1928	**146,509,524.**	**15,638,515.**	**856,727,000.**
1929	**87,478,012.**	**9,526,093.**	**860,337,000.**

The value of new buildings during the ten year period from 1920 to 1929 is as shown below:

Years — 1920 to 1929

Manhattan $2,600,125,634.

Bronx $1,250,578,661.

Brooklyn $1,873,881,819.

Queens $751,649,853.

Richmond $117,521,368.

Grand Total of New Buildings for New York City: $6,893,757,335.

That meant nearly seven billions of dollars for new buildings in New York City in a period of ten years. At least 60 percent of this was spent for wages in the city where these new buildings were erected. You can make your own figure as to how much was spent for the interior office, store and domestic fittings bought to equip these new buildings; merchants and business men made and sold these. It was a nice order for business; and New York City prospered greatly. It had, in fact, one of the biggest booms in its history; and one of the soundest.

We have noted the significant increase in bare-land values. We have also shown the official statistics for the equally significant increase in new building during the ten-year period following the passage of the Smith law*.

It would be idle to study statistics on taxation such as these, and statistics yet to come, without giving their relation to our economic or everyday business life.

Therefore one should glance at the purely business and manufacturing effect of the statistics of the building industry in Greater New York for those significant ten years from 1920 on.

Competent analysts estimate the labor cost of any building as running from 60 percent to 70 percent of the total cost.

Thus let us assume a labor cost of building erection, on the site where the building is erected, at a reasonable 60 per cent. This cost goes, in wages, to the labor that actually puts the building together. Thus the wages paid to building-labor in Greater New York was a wages-fund, or pay envelope of nearly seven billions of dollars. New York wage-workers drew an average of nearly 289 millions of dollars each year from this building industry alone, during the ten years following the enactment of this tax law.*

Incidentally, the population of New York City increased by over one quarter of a million. It was a solid decade of sound and unsurpassed prosperity so far as business and manufacture was concerned. The business history of New York has never known its equal, before or since. Now let us look at the effect upon wages and jobs.

And elsewhere throughout this nation such need for the materials for these buildings, from the lumber, the mine and quarry, have required labor. Wages have been paid that have added to the purchasing power in each of those communities. New York City could not have prosperity by itself. Such demands for building made upon business, and labor — and their wages and profits — created prosperity for others. Prosperity is not a one-man affair. True, it created a concentrated prosperity within new York City, and New York City

*See page 14.

was the chief beneficiary of its own common-sense. That this is true is easily shown by a simple calculation as to the wages paid within the building industry of New York City.

A most moderate estimate of wages paid in erecting a building on its site is 60 percent of the complete cost, as previously stated. Therefore the calculation is a most elementary operation in determining the amount of wages paid to local labor.

Further, a portion of such wages-fund goes into savings, and it is upon such savings, stored capital or liquid capital that business, through banking, depends for its enterprise and the development of further wealth-production and the profits of prosperity. The dwelling, the home, is the basis of American citizenship. Similarly it is also the basis of the economic life of our nation.

Wages Paid

Tabulation of Wages Paid in Erecting New Buildings from 1910 to 1929, Based upon 60 percent of Cost of Erection From Values of New Buildings*

Year	Manhattan	Bronx	Brooklyn
1910	$ 58,021,000.	$ 28,820,000.	$ *
1911	59,122,000.	13,702,000.	*
1912	69,795,000.	20,756,000.	*
1913	44,382,000.	12,043,000.	*
1914	27,282,000.	9,808,000.	*
1915	38,791,000.	16,871,000.	*
1916	68,814,000.	10,035,000.	*
1917	17,441,000.	5,127,000.	16,567,000.
1918	5,104,000.	2,394,000.	3,858,000.
1919	43,369,000.	12,604,000.	5,485,000.
1920	**57,719,000.**	**11,151,000.**	**33,795,000.**
1921	**72,619,000.**	**43,290,000.**	**68,579,000.**
1922	**89,565,000.**	**64,248,000.**	**116,581,000.**
1923	**107,388,000.**	**73,638,000.**	**158,901,000.**
1924	**155,256,000.**	**76,787,000.**	**131,900,000.**
1925	**222,465,000.**	**90,988,000.**	**143,052,000.**
1926	**186,375,000.**	**125,984,000.**	**160,536,000.**
1927	**155,460,000.**	**97,902,000.**	**124,861,000.**
1928	**194,348,000.**	**112,743,000.**	**109,657,000.**
1929	**326,329,000.**	**53,614,000.**	**78,057,000.**

* It is also of interest to note that, from 1920 to 1929 inclusive, there were 374,818 buildings erected in New York City at an average cost of $18,125. — which high average is due to the great number of multiple dwellings erected. The average individual home in that period was definitely less than $6,000.

Tabulation of Wages Paid in Erecting New Buildings: (continued)

Year	Queens	Richmond	Total
1910	$ 9,086,000.	$ *	$ 93,529,000.
1911	13,327,000.	*	86,151,000.
1912	11,790,000.	*	105,372,000.
1913	10,512,000.	*	66,938,000.
1914	10,858,000.	*	47,951,000.
1915	12,189,000.	1,413,000.	69,207,000.
1916	12,059,000.	1,868,000.	92,772,000.
1917	6,981,000.	2,077,000.	48,193,000.
1918	1,586,000.	1,586,000.	23,658,000.
1919	27,613,000.	1,868,000.	90,939,000.
1920	**22,855,000.**	**2,903,000.**	**128,424,000.**
1921	**48,460,000.**	**6,651,000.**	**239,600,000.**
1922	**83,297,000.**	**7,312,000.**	**356,002,000.**
1923	**63,682,000.**	**7,306,000.**	**428,917,000.**
1924	**96,311,000.**	**9,679,000.**	**468,934,000.**
1925	*	**7,358,000.**	**463,863,000.**
1926	**111,956,000.**	**7,854,000.**	**592,466,000.**
1927	**107,774,000.**	**6,348,000.**	**427,507,000.**
1928	**87,905,000.**	**9,383,000.**	**514,036,000.**
1929	**52,486,000.**	**5,715,000.**	**516,202,000.**

It is also of interest to show the totals spent in wages to labor in each of the Boroughs during those preceding ten years and the ten years following the enactment of the wise tax legislation that took penalties of heavy taxation off of business and gave free enterprise a chance.

Amount of Wages Paid to Labor for Building Erection from 1910-1919, and 1920-1929.

	Years 1910-1919	Years 1920-1929
Borough of Manhattan	$382,121,000	$1,467,524,000
Borough of Bronx	153,060,000	750,345,000
Borough of Brooklyn	25,000,000	1,125,919,000
Borough of Queens	116,001,000	674,726,000
Borough of Richmond	8,812,000	70,509,000
Total	$684,994,000	$4,089,023,000

Thus, in the ten year period following the enactment of this scientifically designed tax law, there was paid to the building-trade wage-workers of New York City over four billions of dollars in wages, or wages over four hundred

millions of dollars a year! And the nation, as a whole, received wages in creating the building materials of some two-billion dollars more.

Preceding the enactment of this law there had been a building-wage amount for ten years of but a little over one-billion dollars ($1.2 billions). Such a contrast needs no emphasis. Or should not either to the business-mind or to the perceptions of labor leaders. Yet it may be further emphasized that all this was by adequate and scientific legislation that gave full freedom to private enterprise. It was in neither Socialism or Subsidy.

PRIVATE ENTERPRISE DID IT

Since, as a purely business matter of analysis and record, purchasing power is brought down to terms of the per capita purchasing power of any community (advertising analyses are made and the per capita income of any group or any community is studied to find where the purchasing power is highest) it may be well to look at the purchasing power that followed this outstanding law of New York.

In using a **per capita** figure, care must be used; **per capita** figures are known to be deceitful, thus: I have $1.00; you have $1,000.00; thus our **per capita** wealth is $500.50! The arithmetic is correct but the **per capita** has become nonsense.

But, the **per capita** for building expense is a correct use of the term and both a convenient and easy visualization by which to measure the buying power of a community.

Previously, in this little book, I have referred to the dangers of the **per capita** calculation; yet per capita in many cases gives a graphic picture of the spread of huge figures in statistics and brings it down to an appreciable level. When dollars run into the billions — as they must do in almost any Government scrutiny — they are so vast that they become as meaningless as light-years to the untrained mind.

The following table is interesting — certainly it should be to those businesses that deal in building supplies, to say nothing of those who manufacture the elements and implements that are used to equip a home or an office — for nothing calls on more varieties of manufacture than the erection and fitting of a home, an office building or a factory.

This is the table :

Per Capita Expenditure for New Buildings in New York City from 1915 to 1929.

Year	New York City	Year	New York City
1915	$37.02	1923	**$69.57**
1916	51.30	1924	**65.96**
1917	13.87	1925	**85.78**
1918	11.85	1926	**68.64**
1919	35.13	1927	**67.99**
1920	**26.90**	1928	**63.07**
1921	**34.22**	1929	**50.22**
1922	**68.36**		

Here, again, the increase due to the enactment of this scientific legislation is clearly shown. The sluggishness of business and private enterprise before, and its prompt upward response after the law cannot be ignored or brushed off.

Since Greater New York is composed of five Boroughs — each formerly a county — it would be well to compare each of these five Boroughs in detail, and their relation to the Borough of Manhattan which is the center of the entire structure of Greater New York. Manhattan is primarily the business and manufacturing center of Greater New York.

Brooklyn, Queens and the Bronx are not infrequently referred to as the "bedroom" of Manhattan, because of the enormous flow of citizens to and from Manhattan each morning and evening of the working day. Thus the reflexes, in detail, of the effect of the enormous building operations following this law may be analysed by the presentation of these statistics drawn from the official records. And the comparison with the years preceding 1920 give even greater emphasis as to what may be accomplished for the prosperity

of a community by and through the application of scientific taxation.

This is the tabulation:

Per Capita Amount Spent for New Buildings in New York City from 1915 to 1920, by each of the Five Boroughs Comprising that City

Year	Manhattan	Bronx	Brooklyn	Queens	Richmond
1915	$ 28.03	$ 47.27	(not given)	$ 53.02	$ 23.02
1916	49.84	26.80	(not given)	49.95	29.48
1917	12.66	13.05	$ 14.38	27.61	31.87
1918	3.71	5.82	9.11	14.60	23.64
1919	31.19	29.31	4.57	10.01	27.08
1920	**42.16**	**24.86**	**27.63**	**79.59**	**40.97**
1921	**53.11**	**92.68**	**55.01**	**162.29**	**91.42**
1922	**62.03**	**132.27**	**91.30**	**268.65**	**97.96**
1923	**78.97**	**146.01**	**122.79**	**179.41**	**95.47**
1924	**129.17**	**150.76**	**100.44**	**238.48**	**119.85**
1925	**190.62**	**173.97**	**108.17**	**240.79**	**88.61**
1926	**165.45**	**232.80**	**119.42**	**244.32**	**91.77**
1927	**142.77**	**176.19**	**91.49**	**220.00**	**72.14**
1928	**184.93**	**191.01**	**79.16**	**171.46**	**103.80**
1929	**321.93**	**90.66**	**55.52**	**97.22**	**61.58**

Let us go further in this per capita comparison. For there were other cities that existed in those same years and that were subject to the same national economic fluctuations. Let us take four cities whose combined population closely approximated that of New York City during those years. Chicago, Philadelphia, Boston and Minneapolis meet those conditions. And here is their per capita for new buildings:

Per Capita Expenditure for New Building in Four Cities, Chicago, Philadelphia, Boston and Minneapolis, of an Aggregate Population Approximating that of New York City, Compared with New York City:

Year	Four Cities	New York City
1915	$37.02	$ 37.83
1916	51.30	39.01
1917	13.87	19.91
1918	11.85	11.37

Per Capita Expenditure for New Building in Four Cities: (continued)

1919	35.13	20.43
1920	26.90	43.04
1921	**34.22**	**90.90**
1922	**68.36**	**130.44**
1923	**69.57**	**124.52**
1924	**65.96**	**147.74**
1925	**85.78**	**160.43**
1926	**68.64**	**170.75**
1927	**67.99**	**140.91**
1928	**63.07**	**146.07**
1929	**50.22**	**125.38**

Only one of these cities had a law to encourage building, New York City — all other factors are equal; all experienced the same economic flows and stresses during the same identical years.

Again let us go further into the detail in order to make a more scientific comparison. Let us take the per capita for each of the cities, separately:

Per Capita spent for New Buildings in Chicago, Philadelphia, Boston and Minneapolis, compared to New York City, from 1915 to 1929:

Year	per capita Chicago	per capita Phila-delphia	per capita Boston	per capita Minne-apolis	per capita New York City
1915	$ 39.48	$20.60	$40.48	$47.54	$ 37.83
1916	44.02	28.59	67.52	65.09	51.30
1917	19.13	18.85	31.81	25.70	14.87
1918	13.27	8.61	10.90	14.64	7.18
1919	38.94	36.04	31.57	45.97	27.18
1920	29.67	19.55	23.64	34.64	**38.08**
1921	45.00	15.26	25.75	50.89	**69.41**
1922	76.95	53.35	66.19	66.95	**101.60**
1923	111.17	56.53	45.03	69.56	**120.59**
1924	99.44	62.59	54.87	46.95	**134.04**
1925	127.19	77.62	76.55	61.76	**131.54**
1926	119.70	62.28	52.53	40.60	**165.00**
1927	113.97	50.63	63.85	43.53	**137.32**
1928	99.83	48.46	60.01	44.00	**141.25**
1929	64.51	46.15	54.08	36.17	**143.64**
Average from 1920 to 1929	88.74	50.23	53.24	49.38	113.39

All of the above cities are manufacturing cities. Boston is an important port; so is Philadelphia. Chicago is an inland shipping point and center, so is Minneapolis. Thus the difference in the per capita purchasing power for building erection becomes the more startling and significant. For only one city had a law to encourage building — all other factors are equal; all experienced the same economic stresses during the same identical years.

There is another comparison to be made, that with other leading cities throughout the United States. This will give a national horizon for estimating the effects that intelligent taxation of a scientific character will have upon business, labor, and manufacturing enterprise. Let us take the cities of the following table — a representative group covering manufacturing, business distribution, port, shipping and distributing enterprise and observe the results that this famous law had in Greater New York.

It is well to emphasize the fact that this **per capita** expenditure for each city is the amount actually paid out in wages and purchases for the creation of new wealth — new lumber created, new cement, bricks, paint, hardware, and all the interior equipment. It meant wages paid for all these and for their transport, and for their erection into a building. It meant a radiating prosperity for business.

It is reasonable to note that, for the years given in the tabulation, the national economic factors, of peace, war and its aftermath, were the same. The economic rain fell upon the just and the unjust. Kindly note that New York City was in the lower brackets for new building expenditure for many years. Thus the tremendous impetus of the tax law from its enactment in 1920 cannot be ignored. New York City outstripped Chicago and Detroit (in Detroit the auto industry accounts for its growth) and in every year, but one, New York City with its progressive and scientific tax legislation easily led the nation in per capita building expenditure; and by high and definitely significant amounts. Scientific taxation encourages wealth production, it stimulates business and private enterprise. And it can start prosperity and can also maintain it. These official statistics indicate that plainly:

Per Capita Expenditure for New Buildings from 1915 to 1929

	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
Baltimore	$15.90	$17.50	$10.02	$ 8.65	$24.13	$32.10	$38.96	$17.87	$42.44	$48.55	$49.69	$43.60	$27.67	$31.89	$30.05
Boston	40.48	67.52	31.81	10.90	31.57	23.64	25.75	66.19	45.03	54.87	76.55	52.53	63.85	60.01	54.08
Buffalo	25.19	28.80	21.63	14.19	25.93	21.66	34.74	45.58	51.20	25.78	43.04	45.92	57.33	41.88	41.03
Chicago	39.48	44.02	19.13	13.27	38.94	29.67	45.00	76.95	111.17	99.44	127.19	119.70	113.97	99.83	64.51
Cincinnati	34.06	27.36	23.01	10.68	22.61	21.49	32.99	56.48	25.35	48.64	67.25	60.86	62.56	74.16	68.42
Cleveland	47.38	46.48	41.39	21.49	60.74	74.65	48.18	55.31	69.66	60.35	63.72	58.00	37.16	46.54	27.70
Detroit	44.01	64.75	45.88	19.90	85.73	62.39	46.30	83.52	116.15	127.74	137.10	131.65	99.03	85.18	61.66
Indianapolis	25.84	31.27	24.07	15.03	41.20	39.76	49.22	73.50	70.07	57.81	60.83	43.91	52.98	50.65	34.51
Jersey City	18.84	17.41	9.05	14.42	15.33	14.45	38.28	62.72	62.66	58.66	75.42	62.20	38.92	39.86	41.41
Kansas City	36.89	38.93	32.22	18.08	29.78	34.40	36.16	59.68	66.49	56.56	101.98	53.78	34.31	13.21	35.64
Louisville	17.53	16.60	7.54	8.62	17.65	26.54	31.29	70.69	73.19	59.16	93.58	61.24	67.61	46.94	33.56
Milwaukee	27.31	30.19	25.70	12.30	44.13	24.95	49.20	59.96	84.89	66.62	51.38	57.25	63.41	58.37	59.32
Minneapolis	47.54	65.09	25.70	14.64	45.97	34.64	50.89	66.95	69.56	46.95	61.76	40.06	43.53	44.00	36.17
Newark	25.06	26.21	23.62	13.20	48.90	48.01	37.84	61.07	70.19	83.34	77.52	80.21	100.80	62.06	50.51
New Orleans	8.06	8.42	7.50	4.66	13.64	23.14	18.86	32.10	31.41	36.44	36.37	40.70	32.60	22.96	23.26
NEW YORK CITY*	**28.45**	**29.15**	**14.87**	**7.18**	**27.18**	**38.08**	**69.41**	**101.60**	**120.59**	**134.04**	**131.54**	**165.00**	**137.32**	**141.25**	**143.64**
Philadelphia	20.60	28.59	18.85	8.61	36.04	19.55	15.26	53.35	56.53	62.59	77.62	62.28	50.63	48.46	46.15
Pittsburgh	25.26	23.85	19.73	13.70	25.20	23.31	29.76	40.11	47.91	45.42	74.04	58.54	43.96	52.28	42.31
Rochester	35.78	35.57	24.98	7.06	32.95	27.65	47.41	49.16	63.61	80.06	78.34	56.37	62.67	47.79	34.14
St. Louis	15.58	20.81	16.97	8.35	26.72	17.20	16.12	26.89	45.07	42.89	59.03	40.29	41.81	45.06	26.06
San Francisco	30.08	37.60	32.33	16.08	30.22	41.93	36.75	64.80	77.99	72.98	82.83	89.93	72.48	57.79	49.13
Seattle	23.09	28.80	22.72	35.84	50.02	34.56	33.50	55.92	63.18	—	—	97.83	68.58	79.70	58.06

* Note the low building expenditure of New York City prior to the passage of the building law in 1920 — and the immediate effect thereafter.

HERE IS THE LEGAL STATUTE THROUGH WHICH PRIVATE ENTERPRISE CAME

This is the law passed by the Legislature of New York State in April, 1920. It needs no comment. The official statistics set forth, and analysed in the preceding pages, speak for themselves. Those ten years were no boom-and-bust era for New York City. When the bust came in September, 1929, it was the bust of a mad, runaway, speculation in stocks that hypnotized and borrowed all the dollars and credit there was in the nation. Call-money for stock-speculation ran over 20 percent! Credit shrank for builders pay rolls as well as for all business. For what business can compete for credit against such rates and terms!

The actual wealth producing energies of the nation had to compete for loans, by which wages are paid before a building is completed, with such fantastic speculative call-money loans.

We borrowed ourselves into bankruptcy; bet ourselves into the depression.

We bet on stocks instead of building buildings.

A building, its materials, its erection, its fittings and then its furnishings and equipment bring into play more wealth-producing energies throughout our entire nation than any other single industry. And these shrank as capital sped into Wall Street.

It is pleasant to bet. But business cannot bet itself into prosperity. For business, the only road to wealth and prosperity is through the production and distribution of our economic wealth.

So set forth here is the law that definitely brought an unparalleled prosperity to the vast City of New York. It was a sound economic prosperity, sound because it produced jobs and the jobs produced payrolls, and the payrolls meant

purchasing power. Purchasing power is the measure and the means of our national welfare and prosperity.

If business does not want prosperity it should keep shy of any form of scientific taxation. It should go on as it has through the centuries, looking neither to the right nor to the left though with perhaps, an occasional glance backward. If they do not want prosperity for all they will find that they cannot keep it for themselves — no man liveth or dieth unto himself alone. The choice for business is between science and ignorance — the same as it is for all of us.

And this, herewith, is the law that made this book essential:

4-b. "EXEMPTION OF NEW BUILDINGS FROM LOCAL TAXATION:

"The legislative body of a county, or the legislative body of a city with the approval of the board of estimate and apportionment, if there be one in such city, or the governing board of a town, village or school district may determine that until January First, 1932, new buildings therein, planned for dwelling purposes exclusively, except hotels, **shall be exempt from taxation for local purposes** other than for assessments for local improvements during construction and so long as used or intended to be used exclusively for dwelling purposes, or if a building of four stories or more in height, used exclusively for dwelling purposes above the ground floor, provided construction was complete since **April first, 1920**, or, if not so completed, that construction be commenced before April first, 1925 and completion for occupancy be effected within two years after such commencement, or if in course of construction on September twenty-seventh, 1920, within two years thereafter, or if a building three stories in height, used exclusively for dwelling purposes above the ground floor, provided construction was commenced since April first, 1923 and before April first, 1924.

"The provisions of this section shall not be construed to preclude such legislative bodies from granting exemptions which do not exceed the exemption authorized by this section. Any such limited exemption heretofore granted by any such legislative body, intending or purporting to act under the authority conferred by this section is hereby legalized, validated and confirmed.

"For the purposes of this section, construction shall be deemed commenced, when the plans have been filed with the proper authority and excavation actually and in good faith begun. The owner or architect may file with the authority with whom the plans are filed, a statement in writing setting forth the date of filing plans and the date when excavation was actually commenced; and said authority shall forthwith cause said facts to be investigated. If said statement on such investigation is found to be true, said authority shall thereupon issue to such owner or architect a certificate setting forth the date when the plans were filed with him, and the date when excavation was actually commenced, which certificate shall be conclusive evidence of the date when construction was commenced, for the purpose of obtaining the benefits of this section."

New. Added by L. 1920, ch. 949. Amended by L. 1921, ch. 444; L. 1922, ch. 281; L. 1923, ch. 243, ch. 337; L. 1924, ch. 87, in effect April 1, 1924.

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