Perry Prentice, retired vice president of Time, Inc. and former publisher of Time, addressed the American Institute of Planners on October 5th in Washington, D. C. on the occasion of the Institute's Fiftieth Anniversary.

It is absolutely essential to enlist the participation of private enterprise in the almost unbelievably costly task of building and rebuilding our cities twice as big and (we hope) twice as good – a task whose cost is estimated at more than 3 trillion 500 billion dollars (that's 3500 times a billion dollars, or 3-million 500 thousand times a million dollars).

According to the unanimous consensus of 33 urban experts in joint session, no such sums for urban betterment can or will be supplied by any government, federal, state or local. "If you want private enterprise to make its maximum contribution to rebuilding our cities," they said, "it is foolish to penalize and discourage that contribution by overtaxing improvements. As all bankers can figure, but too few planners seem to realize, a 3 percent-of-true-value tax on improvements actually costs improvers almost as much as a 50 percent sales tax would cost them if they were able to finance it and pay it off on the installment plan over 60 years at 5 percent interest. And it should be obvious to everybody that, in an economy where every business decision must first be checked against its tax consequences, the equivalent of a 50 percent sales tax can be a mighty powerful and effective deterrent. No other industry's product —except hard liquor and cigarettes— is taxed as heavily as the building industry's product.

Today, with federal government absorbing half the local land tax as an income-tax deduction and assessors assessing idle land at not more than 20 percent instead of the theoretical 100 percent, the effective yearly tax cost of holding a $100,000 tract off the market is not the $3,000 it is supposed to be, but a quite negligible $300." In brief, say the experts, "there is hardly an urban development and urban planning problem that is not aggravated by today's practice of undertaxing land and overtaxing improvements."

This practice gives landowners an almost free ride on the enormous community investment for the urban infrastructure of roads, schools, water supplies, sewage systems, fire protection, etc. needed to make their land accessible and livable – an infrastructure whose cost around New York the Regional Plan Association estimates at $16,850 per added family. Worse still, it lets landowners capitalize into the price of their land everything the community has spent to make the neighborhood more desirable, so the community has to pay twice for every improvement. First it pays for the improvement; then it has to pay the nearby landowners for the same improvement in higher rents or higher sales prices.

Of this twice-over cost for better planning you can find a fine example in that widely-publicized center of better planning, Philadelphia, where the regional urban renewal director has said the situation is desperate. The capital budget had to be raised roughly 80 percent because prices for land were "a scandal." This crazy misapplication of the property tax is not the only reason why the performance of better planning is lagging so far behind its promise. There are others, such as a preposterous amount of official red tape.

No magic formula would achieve the miracle of effective planning overnight, but I will tell you that private enterprise is not going to put up all the billions of dollars needed to carry out your plans for urban betterment if the cities continue to penalize and discourage private investment in improvements with the equivalent of a 50 percent sales tax. And our cities are not going to get rid of slums, blight, obsolescence and sprawl as long as they continue to subsidize slums, blight, obsolescence and sprawl by undertaxing underused and misused land and let landowners translate the enormous investment of other people's money into soaring prices for their land.

So if I were writing the report of this Fiftieth Anniversary Conference, the first and most urgent recommendation I would write would be that the American Institute of Planners should line up four-square behind the tax reform needed to harness the profit motive forwards instead of backwards to better planning – the tax reform without which you cannot expect or even hope that private enterprise will supply thousands of billions of dollars.

This tax reform is a lot more important to the achievement of better planned cities than pushing for a few more billions of federal subsidy. Those subsidies will never be more than a drop in the bucket of the thirty-five hundred billion dollars that will be needed to rebuild our cities in this generation.

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Philadelphia Anniversary

The Henry George Birthplace at 413 South 10th Street, in Philadelphia, celebrated the 10th anniversary of its acquisition by the Henry George School, on Sunday afternoon, October 29th. That date was also honored as the 70th anniversary of the death of Henry George in the historic mayoralty campaign.

Prophets are not often honored in their own cities, but the magazine Philadelphia, somewht belatedly, discovered Henry George and his birthplace near the section of the city now undergoing reclamation. As a result an article illustrated with a handsome photograph of George, was written by Charles MacNamara, who spoke at the anniversary meeting. Other speakers were Julian Hickok, founder of the Henry George School in Philadelphia, and Robert Clancy, director of the HGS in New York. Professor Steven Cord of Indiana, Pennsylvania prepared an address but could not be present. It was read in his absence by the chairman, George Collins, director of the Philadelphia extension and curator of the birthplace.

Reflections from this memorable occasion will be in the December HGN.

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