

The Dream House

by JOSEPH S. THOMPSON

GRACE, did you get a receipt for your contribution to the Red Cross?

No, I'm afraid not.

Well, your check will do.

But I didn't write a check, I paid in cash.

Hm, then we can't deduct it. I'd hate to ask for a receipt at this late date.

Won't the government take your word for it?

No, in the eyes of my country I am a lying chisler. I hope though that our baby will be born before the year ends, she can save us \$100.

Are you working on your income tax?

Yes, and the government is going to fine me for working — to the tune of \$1880. If it wasn't for the tax system, instead of paying rent in this apartment you and I would be preparing a nice little home for the baby, with plenty of space around it.

But that wouldn't buy us a home.

Let's see if it would. We'll call the tax one thousand, for convenience. We pay another four hundred in state and city, and thirty-six hundred a year for rent. That's five thousand out of my twelve, leaving us seven. I don't have to tell you where that goes — with our living costs, insurance and so forth. Oh, we save some — very little though.

But we have to pay the rent and the taxes, so why talk of the—what was it, the five thousand dollars?

Sure we do. That's why I'm making out this report. But suppose we kept the five and got a nice location and started to build—

On five thousand dollars? Why you couldn't get the land for five times that.

Not at present. But just for fun let's suppose we didn't have to buy a location—just rent one.

Build on a lot we didn't own?

It's done all the time. You've heard of ninety-nine year leases. Only instead of leasing from someone, we'd pay the land rent.

I don't understand what you mean.

Well, they're holding the kind of land we'd want at twelve thousand an acre—holding it idle and paying trivial taxes which they can deduct from their income. But suppose our public officials got some sense and said, "How about twelve thousand an acre? At five per cent that works out at six hundred a year in taxes, plus the tax on it that you're paying now."

You mean if a landlord had ten acres he'd have to pay six thousand dollars in taxes each year?

Well, if it was worth one hundred and twenty thousand dollars, that seems reasonable. Many a business borrows that much at that rate, and is glad of the chance.

But the land might not be paying him anything! A business man would use the money to make money, as you often say, and his land might be idle.

It would be very expensive to hold it. Yes.

You mean he'd have to sell?

Or use it. He'd be wisely prudent if he sold, though I don't see him getting any twelve thousand an acre—fact is, if he held it too long he'd get next to nothing for it.

Why?

Because everyone else with idle land would be selling if the government taxed it up to full value. It'd all come down to its rentable value and there'd be no point in holding it if the tax kept right up with the rent.

Why not? Couldn't he raise his rent?

The rent is fixed by what people will pay. If renters were willing to pay more, suppose the tax collector just taxed him that much more. There'd be no point in holding land.

He'd sell?

Yes, for whatever he could get, the quicker the better.

And you mean we could buy cheaper?

I mean more than that.

Well, I'm getting tired of thinking, but what more do you mean?

I mean that under those conditions we could get a home site without paying out any capital, by just assuming the ground rent and using our capital for building.

And not own the land?

Sure, like these ninety-nine year leases, and again, if our government was smart, we wouldn't be fined for building.

Fined?

I said fined but I meant taxed—it's the same thing. . . .

No tax on the house?

Exactly. When you put your car at a parking meter you don't pay more for a big limousine than you do for a jallopy. So if you pay the government for the space why should it cost you more—the better the house you built there?

But with our money, the house would cost too much anyway.

Suppose the land, oil, hard minerals, forests and water brought the government all the income it needed and there was no tax on building material, contractor's equipment, worker's wages and my pay, a house could be quite inexpensive.

I think you're talking nonsense.

You're not alone in your opinion. That's why we'll stay right on in this little apartment.

Oh goodnight, I'm going to bed.

A new voice at the Vancouver City Hall is that of a consulting town planner, Robert Williams, partner of Mary Rawson. His election to the City Council was a surprise. He handled his own campaign at a cost of \$850, and flooded the city with homemade signs which he and his friends made in a basement, at a cost of about \$100.

New surprises will come along for council members when they discover that he favors taxation of land values with a total exemption on improvements to encourage property owners to beautify their homes. He is not popular with the real estate people, and ran into opposition when he moved to rezone large tracts of undeveloped land from residential back to agriculture. He is soft-spoken but destined to jolt his colleagues often during the next two years. He has a plan for downtown redevelopment and other issues which differ from the council's majority opinion.

Lawrence Rathbun of Concord, New Hampshire, reports that his city has announced it will go on a 100 per cent property valuation, "which is a step in the right direction and follows the constitutional requirement. Forest land is more nearly at 100 per cent than other land even now."

News from Ivan Dailey of Cleveland, Ohio, is that County Auditor Ralph Perk has been set back in his efforts to get higher assessments on industrial and commercial property (which would have meant higher assessments on vacant land, too). The Ohio Board of Tax Appeals has ruled that these higher assessments must be reduced to the same level as residential property. This leaves Cleveland with a tax shortage of \$3.2 million, which some propose to make up with a city income tax. Perk is now requesting a one year stay on the board's order.

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