

THE COMMITTEE ON TAXATION OF  
NEW YORK CITY

PUBLIC HEARINGS AND REPORTS

(For the Review)

BY GRACE ISABEL COLBRON

(Continued)

The first speaker at the first hearing was Mr. Benjamin Marsh who is really responsible for the Committee, the hearings, and all the rest of it. For it is due to his untiring energy in the cause of the exemption bill that the Committee was appointed and kept up to its work. What Mr. Marsh has said was exactly in line with what he has said so often on every possible occasion for the last two or three years. His work is known to readers of the REVIEW and the facts he has given have been quoted oft in all such journals as are not afraid of standing for just taxation.

An amusing little *contretemps* was the fact that some members of the Committee took exception to Mr. Marsh's frank statement as to the position of the Mayor and the Board of Estimate, and Mr. Marsh softened the manner of his opinions sufficiently to avoid objection while still not concealing the matter of them.

The next speaker was Mr. Stewart Browne, well known as an ardent if not always tactful or accurate spokesman for the real estate interests here and hereabouts. Mr. Browne gave a long list of the activities which would justify his testifying in this place as one who understood the question, even mentioning that he had "read everything that has been published on the subject. I have read everything that has been published on man's physical and psychological make-up, philosophy, taxation, socialism, political science and economy, not forgetting Mother Baker Eddy's Science and Health, and Henry George's theory of the Single Tax."

Mr. Browne then proceeded with a hymn of praise to the speculator, doing precisely what Mr. Hurd in his interesting statement later, on the same day, called "confusing the

issue by not differentiating between the speculator who kept land idle for a rise or the speculator who was willing to risk his money in productive improvements on land, and in development of towns." According to Mr. Browne, all speculators are heroes, martyrs, upon whom rests the credit for the entire development of New York City and other great towns. The same is true apparently, of the man who speculates, either in land, on the Stock Exchange, or in gold mines. Mr. Browne's testimony was so interesting that it would add a much-needed comic relief to our serious REVIEW if I had space to quote it at length, but I hesitate to do so from the typewritten minutes, as I am quite certain that even Mr. Browne did not say some of the things he is quoted as saying. Some things my own memory tells me that he did say, however, and one of them is that there is "no difference at all between this question of building exemption tax and the Single Tax." Also, apparently, according to Mr. Browne—(but this is not true of Mr. Browne alone, all those who think as he does, share the opinion)—there is absolutely no difference in morality, in law, in equity, in legislation, in any way, between the man who holds land idle or between the man who puts up a building on it. Both, in his mind, are land speculators and the landspeculator is a useful member of society and is sweating blood by reason of the risks he takes. He is: "generally glad to get rid of his land at a profit—I don't believe he ever keeps useful land out of use when he sees a profit. He often carries it at a loss when it doesn't offer a profit."

In summing up Mr. Browne's testimony and his answers to the questions asked him by Mr. Leubuscher and others, the gist of his beliefs would seem to be:

1. *a*—None of the things claimed for the exemption bill would occur as a result of its enforcement. It would have very little effect anyway.

1. *b*—Yet the result of the enforcement of the exemption bill would be absolutely disastrous, would destroy values and have a disadvantageous effect on mortgages

that are held by life insurance companies.

2. *a*—The effect of the bill would be to produce congestion by over-building.

2. *b*—Yet the effect of the bill would be to kill all incentive to build.

3. *a*—The largest portion of the land values in this city was created by men who are now inhabiting the grave-yards.

3. *b*—Yet: (This in answer to a question from Mr. Leubuscher) If all the living inhabitants should leave New York City, or pestilence sweep them away, there would be no land values, and yet it does not follow that all land values are in inverse ratio to the population, that if the population was reduced one half the land values would be reduced one half.

4. *a*—Most of the men who engage in land speculation go broke, there has been more money lost in buying and selling real estate in New York City, than has ever been made.

4. *b*—Yet: Speculation is an excellent thing for the community. Ninety-nine per cent. of speculation is a good thing. You would not have any factories in New York, were it not for the so-called land speculator.

Mr. Browne does not admit that congestion creates disease and crime, does not believe that high apartment houses or high office buildings are a detriment to the health of people, and yet he warns us that if the proposed change is adopted, the city will be over-built with tall buildings. In his list of qualifications as an expert on taxation questions, Mr. Browne omitted a very important one which, however, was drawn from him by a question from Mr. Shipley. This was the fact that Mr. Browne testified not only in his individual capacity but as President of the United Real Estate Owners Association, an organization of 9,000 members holding real estate to the aggregate value of three hundred million dollars.

Mr. Herbert E. Jackson, Vice-President of the Lawyers' Title and Trust Company, was the next witness to follow Mr. Stewart Browne. His testimony was less lengthy although in confusion of ideas it yielded nothing to that offered by Mr. Browne.

Mr. Jackson believes that the basis of taxation is rent. He stated that in his opinion, "it is impossible to "separate the ground, real estate, and the improvement upon real estate in the matter of rent, so that when you come to base taxation on rental values the question of the separation of the two items is not possible."

And again, "Rent is the only true basis on which you can impose taxation. If you take that basis as your ground plan, then it does not make any difference whether you value the land at five million dollars and the building at one, or vice versa, because you get your income all the same."

Pressed by questions from Prof. Seligman, Mr. Leubuscher and Mr. Tanzer as to what he understood by "rent," Mr. Jackson found it difficult to give reasons for the reiteration of his belief that taxation should be based on rent. He said there was no difficulty about applying this basis to unimproved land, but when asked if the value of this unimproved land should be based on its probable income-producing power, he replied that that was not so because much of the land was not capable of improvement. Again, according to his own words, there should be rent from unimproved land, still...he did not think that the value of that land should be determined by the revenue which can be obtained.

Apparently Mr. Jackson's basis of rent for taxation of unimproved land meant what it would bring if rented at the agricultural value or "what you could get for it." When Mr. Leubuscher asked if a tract of land on Wall street were sold today say for five million dollars and were vacant, should it be simply taxed as "agricultural land" Mr. Jackson replied that it should. Mr. Jackson did not know of any land in Greater New York that was being held out of use except in "isolated cases."

The testimony of Mr. Richard M. Hurd, President of the Lawyers' Mortgage Company, which followed, was one of the most interesting features of the day. It has already been mentioned at length in the

former article so that I will not take much space for it now. But it was worth considering as the opinion of a man who is not a believer in the complete doctrine of the Single Tax, but who has eyes to see and a brain to interpret what he sees; also a man who can discuss a subject calmly and objectively regardless of his own personal or business interests. Mr. Hurd differentiates clearly between the land-owner who holds land out of use and the man who buys it to improve it. This latter he regards not as a speculator but as a business asset to the community....whereas he has no high opinion of the true speculator who waits to profit on the result of others' labor. Mr. Hurd's remarks on this point should have been a lesson to some of the other gentlemen on the list of witnesses. Mr. Hurd believes that on the whole, as part of a comprehensive and enlightened plan of city building, the reduction of taxes on improvements would be a good thing. Unlike a college economist who testified later, Mr. Hurd does not think that the ten per cent yearly reduction in taxation on buildings would lower rents, but that the decrease would be brought about by the greater competition in building. He does not fear this competition for he is intelligent enough to see, and honest enough to admit that the true law of supply and demand, and also regulations of city planning, could easily keep down overbuilding. Mr. Hurd understands also that there can be no monopoly in buildings, but that there can be a monopoly in land, because land is limited. As against an increment tax on land values Mr. Hurd favors a super-tax. In an interesting correspondence between Mr. Hurd and Dr. Delos Willcox of the Committee, added in the printed reports, Mr. Hurd sums up as follows:

"I think that the psychological or sentimental effect of any change that appears radical is usually bad for a time, but I think that, if the rate of taxation should be lightened on buildings and stiffened against land with a view to absorbing a greater part of the unearned increment, and if this were combined with a carefully worked

out plan for the limitation of the height of buildings, the determination of zones and a thorough town planning viewed more from an economic than an artistic standpoint, the result to the city in the course of ten or twenty years would be most important....."

".....I know many owners and lenders on real estate are alarmed at the prospect of a change the in method of taxation. Possibly they are right, but as for myself, I feel that it would be only one of the many elements, and if applied gradually, and in connection with a far seeing plan of limitation of height of buildings and letting out of zones suitable to a city of ten million population, as Mr. Schiff outlines, I think the whole plan would result advantageously to the city."

Mr. Alfred Bishop Mason, former President of the Manhattan Single Tax Club, recommended his plan for an unearned increment tax, in which, as he frankly admitted, he found himself at variance with the Club. Mr. Mason would prefer to see this tax combined with the reduction of the tax on improvements.

Mr. William J. Schiefflin of the Citizens Union appeared chiefly to state that he had changed his mind and did not now approve of the suggested change in taxation "because of the arguments advanced against it." Mr. Schiefflin did not state clearly just what form these arguments had taken, and why they had so wonderfully impressed him.

(To be Continued)

WILLIAM MARION REEDY, editor of the St. Louis *Mirror*, lectured recently at the People's Church in Cincinnati and gave a definition of poetry, which he called "vision," and touched at some length on the Spoon River Anthology. The author of this work, by the way, which has just caught the ear of a greatly puzzled literary world, is a Single Taxer.

THEODORE LATTAN died Feb 19, at his home in Chicago at the age of 74. He was long known as a worker for the cause.