

"The City Without a Slum"

"WE need all the tools we can get," said P. I. Prentice, Vice President of Time, Incorporated, to an Urban Renewal group in New York. So in suggesting land value taxation he was not offering a substitute for present tools but a concomitant and prerequisite for making others work.

Why has free enterprise failed to provide enough houses or prevent urban flight? Mr. Prentice thinks it is because today's taxes "harness the profit motive backwards when it comes to the use, development and re-development of land, making slums the most profitable of all housing investments, and giving speculation in vacant land preferential tax treatment. How, then, can we expect the profit motive to work forward?"

A report of the National Resources Committee pointed out 37 years ago that taxes on improvements discourage building and improvements by reducing the profits they can earn; whereas taxes on land stimulate building by decreasing the price of the land.

And five years ago House & Home's Roundtable on Inflation agreed that the steepest price inflation of all has been in land, but we make it easy (by undertaxation) for land speculators to hold their land off the market in anticipation of still higher prices.

More than fifty years ago Lloyd George warned the British Parliament that "low rent public housing bills will never be effective until you tackle the taxation of land values." And a report by the Mayor's Special Committee on Housing in New York confirmed this four years ago in its statement that "the \$2 billion public hous-

ing program has not made any appreciable dent in the number of slum dwellings, and no amount of code enforcement will be able to keep pace with slum formation until and unless the profit is taken out of slums by taxation. "Just why the owners of slums and idle land should be the beneficiaries of such undertaxation is beyond me," said Mr. Prentice.

A recent study in Montreal revealed that if landowners paid 5 per cent interest on the city's investment in community facilities, without which their land would be worth almost nothing, the city could run the government without collecting any taxes at all! And nearer home: the taxpayers spent more than \$400 million to build the New York Thruway, and the first effect of the public investment was to add that much and more to land prices along the route.

Mr. Prentice believes in private ownership of land, but not in making the owners rich "in their sleep" by spending billions of tax dollars for their benefit and then collecting almost no taxes from them in return. "It's high time more people understood that private property in *unimproved* land values is different from all other private property," he said. "What excuse can there be for so many people saying that any plan to deflate the price of land by making owners pay more of the community costs, is an attack on our whole system of private property?"

And as to whether it will work—Brisbane, in Australia, has forbidden taxes on improvements since 1896, and has been called "the only great city in the world without a slum."

House & Home has joined the McGraw-Hill Publications, but an August editorial promises it will still take strong stands on housing issues and "will continue to push for a fresh approach to land use that will cut housing costs and keep new housing from marring the landscape."