

general welfare purposes, and which inevitably therefore made its way in large part into Labour Party coffers.

If the Liberal Party's collapse is attributable primarily to what Liberals themselves did, or did not do, it is a good deal less easy to explain why the Party has been able

to maintain for the last thirty-five or forty years its small but frequently vigorous hold on life. The author suggests a number of possible reasons, but the most likely one seems to be "that the Liberal persistence has been due to different things at different times." Has the Party a future?

Dr. Douglas thinks so, though he does suggest that an internal danger faces Liberals if they continue to ignore traditional Liberalism in the way they have done in the 1960s.

Here is a stimulating, well-researched, and, above all, a thoroughly readable book.

Self-inflicted Blight—A challenge to St. Louis

PERRY PRENTICE

Mr. Prentice was for 25 years Vice-President of Time, Inc., and was formerly editor of *House and Home*, the world's largest building trades magazine. From an address to the Chamber of Commerce of Metropolitan St. Louis, Mo.

AROUND New York the Regional Plan Association found that it cost \$16,850 of 1966 purchasing power or, say, twenty thousand of today's dollars just to pay the proportionate capital cost of the added community facilities—new roads, new streets, new water supplies, new sewer lines, new schools and colleges, new hospitals, new police and fire facilities, etc., needed to make one added residence reachable, livable and saleable. Across the country the Southern California Research Council came up with a figure only \$1,000 or so less for Los Angeles, so your added community costs per added residence in the St. Louis area must be somewhere in that same range.

Are you prepared to face all these added costs out in the county instead of taking maximum advantage of the enormous community investment you have already made inside your city?

And this brings me back to the question—why are you letting, what the Center for Community Change calls an urban ghost town, pre-empt the very heart of what must be one of the most accessible and therefore most desirable and potentially most valuable urban locations between the Alleghenies and the Rockies?

I've been asking that question ever since I agreed to come here to talk to you and I've been given two half-answers that nobody I've spoken to here seems to have put together to make a whole.

The first half-answer was spelled out nineteen years ago in the Chamber of Commerce magazine by the

then chairman of your Industrial-Commercial Re-development Committee: he said, "Industry and commerce find themselves land-locked in the city without the means of acquiring land at a reasonable cost to permit expansion. 'Such', he said, 'is the crisis confronting St. Louis.' And last week the general manager of the Chamber repeated the same explanation to me in simpler terms: 'The major problem in the City of St. Louis', he wrote me, 'is that land is not available for expansion.'"

Now I don't question for a minute that what he wrote me is true, but it is just plain preposterous that it should be true. Here is a city that has lost nearly a third of its population, a city that has lost hundreds of industrial plants, a city that is described as further down the road to total abandonment than any other city in the country, and still you tell me—and tell me truly, I am sure—that land is not available!

This is the paradox to end all paradoxes.

At a density much lower than the density New York is now subsidizing for urban renewal, there is room enough in your city for nearly ten times your city's present population to live and work and shop and enjoy almost every indoor and outdoor recreation except hunting and par-4 golf.

I would be the last to suggest that you should now replan and restructure your city for anything like that many people, but I can assure you without fear of informed contradiction that if you would take advantage

of today's new tools and capacities to start planning forward for tomorrow instead of planning backward for yesterday, all the people who now live sprawled over 564 miles of your county could find plenty of room to live pleasantly, economically, and spaciouly inside the city line and walk to work past plenty of greenery in less time than it takes them now to get to work by car or bus.

In brief, what you have here in your city is not a shortage of land, but a very costly and unnecessary waste of land.

And that brings me to the second half of the answer—the second half that explains why so much of the land in your city is wasted that you seem to have no land available to grow win.

I found the second half of the answer in the Chamber of Commerce promotion booklet that spelled out proudly how low your real estate tax is, and I got that second half of the answer confirmed in detail in Roy Wenzlick's research. Out of 91 cities covered by his study there are only fourteen cities—most of them very small—whose real estate tax is as low as yours!

You seem to think this low tax is good for your city. On the contrary, as now applied, I am afraid it is very bad. You have been taxing unused, and misused land so lightly that you have harnessed the profit motive to leaving it unused, underused, or misused instead of putting tax pressure on its owners to release it at a reasonable price to someone who would put it to fuller and better use. You have, in effect, been subsidizing blight, decay, slum formation, and land waste by undertaxation.

When you give the owners of unused, misused, and underused land an annual undertaxation subsidy like that, is it any wonder the owners of that unused, misused, and underused land have decided they might

as well leave it that way hoping that if they hold it long enough they too can get a similarly fancy price for it!

Year after year your undertaxation subsidy has been making it profitable for each individual landowner to let his particular property run down, with the result that so many properties have been allowed to decay that whole neighbourhoods have decayed, and when the whole neighbourhood decayed, the surrounding decay was capitalized into a lower value for each property in the decaying neighbourhood, so now at last land prices in the city are falling instead of rising and landowners are beginning to abandon their blighted properties instead of continuing to hold out for the fancy prices that have been getting harder to get.

You have been reasonably successful in getting the Federal government to buy up blighted properties for you at three times their re-use value and write the price down to what re-developers might find it profitable to pay. As St. Louisans this should make you happy, even though as Federal taxpayers it should make you mad.

The first steps needed to secure a better future for your city are:

- Pressure the state legislature to recognize that the property tax is not just one tax. On the contrary, it combines and confuses two taxes whose consequences could not be more different—the tax on the improvement value created by the property owner's own investment



and the tax on the location value on which the owner is getting an almost free ride on other people's investment.

- Activate the plan for limited tax abatement on all future improvements, but go a long step further. Make the tax exemption for future improvements complete and permanent, to give potential improvers

the maximum incentive to put money into improvements in your city.

- Proceed with what the supreme court calls all deliberate speed to untax existing improvements, for you can't permanently justify a tax differential that imposes a property tax on pre-1971 improvements and no property tax at all on post-1971 improvements. As a first step in that direction, activate the Comptroller's proposal that all improvement values in your city should be taxed only one quarter as heavily as their location values.

- Proceed with all deliberate speed towards the goal of no tax on any improvement and a six per cent-of-true-value tax on location values. This would combine the carrot of tax exemption on improvements with the stick of a fairly heavy tax on the land.

- Make a complete reassessment of every property in St. Louis

reflecting the enormous change in property values that the impending tax shift would entail.

- Adopt the Minneapolis plan of neighbourhood assessments for neighbourhood public improvements, so you won't have to ask taxpayers in one part of your city to pay for neighbourhood improvements that will increase land values in some other part of the city; they will pay only for neighbourhood improvements that will increase the value of their own property.

And now, let me read to you the unanimous resolution that the Urban and Regional Affairs Committee of the United States Chamber of Commerce addressed to the Chamber's Board of Directors last February—a resolution that was followed a month later by a similar resolution adopted with only two dissenting votes by the Chamber's Construction Committee. (follows)

Resolution on Property Tax Reform adopted by The Urban and Regional Affairs Committee of the Chamber of Commerce of the United States, February 17, 1971

The policy statement of the Chamber of Commerce of the United States says clearly and unequivocally that: "Disincentives that inhibit private enterprise from helping to solve social and economic problems should be eliminated."

To implement this Chamber policy and give it specific application to encouraging private enterprise to take a more active part in urban development and so lessen the need and pressure for costly subsidies, the Urban and Regional Affairs Committee recommends that the Chamber should take this same strong and unequivocal stand for reforming the administration of the local property tax. Such reform should include shifting the principal weight of property taxation off the owner-created value of the improvement onto the community-created value of the location, i.e. to what land in that location would be worth if the past and present owners had never done or spent anything to improve it.

We believe it obvious that heavy taxes on improvements inhibit and often prevent private investment in improvements. Conversely we believe heavier taxation of location values could put effective pressures on the owners of underused or misused locations to put their property to better use or sell it to someone who will.

We believe that many businessmen have insufficient understanding of the harm today's widespread misadministration of the property tax may be doing in their communities.

Therefore, the Urban and Regional Affairs Committee urges that the National Chamber devote all feasible resources to developing and using information materials to inform its membership of the costs and the alternatives to ineffective property tax systems.