

Noah D. Alper's Brief Cases

ACHILLES HEEL

U.S. News & World Report quotes the President as saying that "in the remainder of this century urban populations will double, city lands will double, and we will have to build homes, highways and facilities equal to all those built since the country was settled." And then what? Taxes will be shifted relatively from land to labor and capital owners and, proportionally, reduced on land, and land prices will be tripled, quadrupled and more. Here is the "Achilles heel" of the "great society."

WHAT GIVES VALUE TO LAND?

According to an item in Newsweek, "Pope Paul VI has innocently caused a ruckus in Moslem Jordan. Ever since the Pontiff's visit here, rumors have flown that he plans to establish a residence in the Holy City. The result has been a wave of land speculation. It has reached such proportions that the Grand Mufti of Jordan now has issued a religious decree forbidding sales in Jerusalem to foreigners. (The Vatican categorically denies any such intention by the Pope.)"

GETTING IT ALL WAYS

The St. Louis Review, official newspaper of the Archdiocese of St. Louis, makes this lucid comment on a prosaic subject: "Because state real estate laws aim at taxing buildings, not land, it often pays a slumlord to allow his buildings to deteriorate. If he fixes the building up, his tax will rise. If he lets it deteriorate the tax will fall, but the income produced by the property will not necessarily fall and in most cases will rise. Profits on slum real estate have been estimated to range from 20 to 35 per cent a year.

"In addition to this, slumlords are allowed to depreciate their property frequently to a figure far more than the original value of the building. When it is finally depreciated fully, he can start the whole cycle over again by trading property with another slumlord, thereby putting off for a time paying the capital gains tax."

TWO-WAY PUNCH ON BLIGHT ERADICATION

Henry George Marches On! Under this headline a recent editorial in the St. Petersburg (Fla.) Times recalled that 85 years ago Henry George in his famous book *Progress and Poverty* advocated that governments tax land only, not buildings or other improvements on the land, on the theory that resulting higher taxes on land values "would force landowners to put their land to the highest possible use. The simplest example is that owners of slum properties would have to build high-yield improvements." The Labor Newspaper reporting on this added, "thus slums would be cleared up and large numbers of jobs would be created in the home building industry."

An article in the Salt Lake (Utah) Tribune pointed out similarly that a new freeway had raised the value of land on abutting slums. As a result, many slum owners do little or nothing to maintain the structures, and homes are often boarded up and abandoned. An article in the Nation's Business, the magazine of the U.S. Chamber of Commerce, is also referred to and quotes Mayor Louis Welch of Houston, Texas as defending a high tax on slums so as to make it "too costly for their owners to keep them that way." Said the Mayor, "despite screams of opposition from the slumlords, we're appraising the land at its highest and best use, so we'll make the slums unprofitable."