

THE SAN FRANCISCO CONVENTION

By R. E. CHADWICK

Recently there was held in colorful and picturesque San Francisco a noteworthy convention that celebrated in the city of its nativity a great book and birthday of its author, a great American.

It was a convention held under the auspices of the Henry George Foundation of America, in honor of the man for whom it was named and whose plan for the reorganization of society in harmony with the American traditions of a free field and no favor, it is pledged to promote.

There was something of religious fervor about the gathering so often in evidence wherever idealists meet. Many confessed that upon their way to some Damascus of the soul, they had beheld a vision and experienced a new birth in freedom. The convention was a success. Every phase of taxation was discussed. Progress in tax reforms was reported. The announced determination of special interests to secure a reduction of the tax on realty was declared to be fraught with danger and all were urged to resist the proposal.

The tariff, income and sales taxes and all forms of direct and indirect taxation were earnestly reviewed. What was said to be the outstanding tax reform movement in the country was reported as centering about Pittsburgh and other Pennsylvania cities and communities. Speakers stated that all municipal revenues in that thriving city were raised by a tax upon the value of realty, improvements being taxed at half the rate of land. The results are encouraging and surprising, according to W. N. McNair, prominent Pittsburgh attorney, who told of the famous "Pittsburgh Graded Tax Plan" that is attracting so much attention.

According to Mr. McNair, there is no tax in Pittsburgh for local purposes on any form of credits, money or other personal property. The result is that merchants and manufacturers do not keep a weather eye open for the assessor. Stocks and inventories are not adjusted to reduce taxes for there is no tax on industry. The speaker said that in many instances manufacturers had closed plants located outside Pittsburgh, when necessity required them to curtail production, keeping their Pittsburgh plant open because of tax saving.

The surprising thing about the Pittsburgh situation, according to Mr. McNair, is that land is at a premium for the reason that buildings erected on it are taxed at half rate, and goods and machinery in the building are not taxed at all. "Naturally, an investor will pay more for land where goods are tax free than where they are taxed," said Mr. McNair.

Los Angeles might well take a leaf from the Pittsburgh book and offer tax exemptions to industry, thus stimulating the demand for land and leading to its use and the employment of men and money. What a battle cry for Realtors, "No taxes on industry!" What an appeal the slogan "No taxes on personal property" would have for investor, homeseeker or merchant.

However backward Pennsylvania may be in other respects, it is progressing in the matter of taxation. The people of that politically blighted state have learned something of the potency and power of taxation and how it may be used to promote their prosperity.

When apprised of the Pittsburgh plan, a local merchant said: "Why should I be taxed upon my stock of goods? That is just the same as taxing money, for my goods are my money! Why should I be taxed for putting money in goods when a man who invests in a mortgage or keeps his money in a savings account escapes?"

As compared with Pennsylvania, the California tax system is something fearful and wonderful to behold. And how important it is to encourage industry. In these days of close competition a tax differential may determine the location of an industry or turn a loss into profit. They have discovered a way that is better than a protective tariff to stimulate production from the estates that were taxed nominally while lying idle.

There is only one way to end the persistent political war upon industry, declared convention speakers, and that is to lift the burden of taxation from production and place it upon land values. There it will stay. It cannot be shifted and will make it more profitable to use land than to hold it idle. Idle land means idle men, machinery and money with business depression and dark days of despair.

If there were no other achievement of the San Francisco convention than the presentation of the Pittsburgh plan it would have been worth while. Mr. McNair will remain for some time in the vicinity of Los Angeles and San Diego, and will address real estate and commercial bodies.

Mr. Jackson H. Ralston, of Palo Alto, submitted the following resolution which was adopted at the Conference. In substance, it declared that the realtors of the country were now endeavoring to reduce taxes on unimproved land by limiting taxation on real estate and shifting the burden of taxation to industry; that they failed to realize that real estate consisted of two elements—land and improvements; that a tax on buildings prevented the construction of building and one on land tended to increase the amount of land available for industry, as it renders it unprofitable to hold land out of use.