

How Not to Raise Rates

THE CHANGE in the rating system in Tel Aviv, Israel, announced in the *Jerusalem Post*, February 16, will be a change for the worse. At present, rates are levied according to the number of rooms and/or the part of the town in which the occupier lives. This is by no means an ideal system, but under the new arrangement the rates will be assessed upon the age of the property and the size of the apartment.

This will cause a switch in the incidence of the rates (some will pay more others less), but it will not mean an increase in the total revenue raised. The lowest rates will be paid on buildings constructed before 1929, and the highest by those constructed after 1960 (other factors being equal).

Buildings with central heating, or with a lift, will be rated more heavily, but as a special reward for their contribution to civic pride and prestige, owners of wooden huts or buildings that are declared dilapidated will have their rates reduced.

Whether for the sake of novelty, or in obedience to some hitherto unrecognised canon of equity, rates for businesses, workshops and offices will be higher if they are lower—that is, on a lower or ground floor.

Yet in recent times, local government finance in Israel has received a tidying up. Some time ago, both the central Government and the local authorities raised revenue from property taxes, the former using a large part of its income from this source as a compensation fund for the owners of war-damaged properties. The Government then took over the property tax (paid by owners) levied by the local authorities, leaving them only their occupiers (general) rate, and made them instead a contribution from central funds. What disappeared in the process was dual valuations, dual assessing authorities, dual collecting bodies and dual appeal committees.

The next step should have been to come still further down to earth. In desperate need of revenue as they were, local authorities should first have looked under their feet. Instead of rating site values, however, they augment their income with business taxes and high licensing fees, and resort to the unlawful practice of



requesting "voluntary" contributions for laying out a park or recreation centre in exchange for dubious perks to contractors and business men in the form of a licence, permission, award or what have you.



Review and Reflection

BY

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IN THE LAST GENERATION, everybody in Europe had a relative in New York. Today, everybody in New York has a relative in California.

Los Angeles demonstrates that people do not necessarily solve problems by moving from one place to another, but often bring their problems with them. Los Angeles has been called "the worst city in the world" and it epitomizes the tendencies of modern cities—snarled traffic, fouled environment, spreading slums, depressed minorities, suburban sprawl, rising taxes. Before even growing up, Los Angeles started deteriorating. New York did at least rise to a pitch before declining. Perhaps it is now in its "Byzantine period," with gorgeous buildings rising while decay festers around.

But while many think Los Angeles is beyond repair, there are those who think something can be done with New York. The City Planning Commission, after studying New York for thirty years, has recently issued a "master plan" which manfully faces the many problems confronting Megalopolis.

Seeing the problem, however, is not finding the solution. The Commission realized that former city plans, dreams and blueprints have gathered dust, and they wanted to be realistic as well as comprehensive. With all these precautions, and all the research that has gone into the master plan, it has been criticized for not being specific about implementation; and a member of the Commission itself said it was a "letter to Santa Claus."

One gets the impression from the Plan that the remedy for everything is to improve and upgrade everything. Huge amounts of money will, of course, be required—and New York State and the Federal government are supposed to come across with billions of dollars. Greatest of all is the problem of the slums, the Commission admits, and says massive investments are needed. Nothing new here—we have heard it all before.

New York is praised for having the "best mass transit" system in America. (If you read that fast, the impression of "mess" comes through.) With all their plans for improving this system, the Commission did not tell us that a little more than a month after their Plan was out, New York would be threatened by another crippling transit strike, and that fares for the weary straphanger would rise from twenty cents to thirty cents.

More education for the city's young, of course. But

MASTER PLAN FOR MEGALOPOLIS

the high school diploma, especially the "general diploma," is becoming more and more meaningless as a ticket to a job, with youngsters being rushed through school without learning anything. As for higher education, more of that too, of course—but the Commission has no plan for the increasing number of unemployed Ph.D.'s who believed the advice that a higher degree was the royal road to success.

Dazzling schemes like industrial parks and clusters of office buildings are proposed. What of the people living in those neighbourhoods? "Relocation" is the magic word used by planners—easier said than done—and frequently the inhabitants have other ideas. A new State Office building which was supposed to brighten Harlem is bitterly resented by the residents. In lower Manhattan an expressway is being fought by inhabitants of that area. In Queens a multi-storied car park was successfully opposed by local merchants and residents. The Commission has approved of expansion of the United Nations area, to the consternation of people living in the path of this reconstruction. A new jetport is needed in the New York area, but nobody wants it in his own neighbourhood. Planners seem blind to human reactions, and are always surprised that humans do react.

Whilst most of the renewal is to be left to private enterprise, the City is supposed to provide the guidelines, the zoning—and cash where needed. This last appears to be most needed in acquiring and assembling sites for the mammoth projects. With high land prices, government will have to subsidize the purchase of sites—as it has already done with many of the city's business, residential and cultural centres. No new solution here.

The plan does make one encouraging comment: "West of Eighth Avenue we propose redevelopment that will provide some thirty million square feet of space, tied in with new hotels, housing, parks and civic facilities. The increase in land value alone, we estimate, will provide enough tax revenues to pay for the public improvements."

It is a pity the Commission did not pursue this theme further, especially now that land-value taxation is being increasingly considered as an implement for urban renewal. Not only would it pay for public improvements, but it would reduce the price of land—which the Commission admits is holding up many projects—and would provide builders with a much more positive incentive than zoning. Unfortunately, the Commission actually approves of the current trend away from property taxes for municipal revenue, and the introduction of a city income tax. That is "modernizing" and "spreading the load more fairly."

They do not seem to understand that these trends are aggravating the very problems they deplore—higher land prices, difficulties for business, discouragement of middle income groups, etc.

The Commission even finds a good word for some of the results: "The fierce competition for land, the crowding, the dislocations of demolition and rebuilding are vexing problems, but they are also problems of vitality." Up to a point. Beyond that point, the choicest lands get into the hands of the biggest monopolists, the giant companies do the building, middle classes are disrupted and flee the city, and a growing number of increas-



ing poor depends on public welfare. Not vitality but mortality for the city ensues.

The City Planning Commission had better come up with a better plan if New York is to survive.

Essay Competition

We have been asked to announce that the University of Bergen, Norway, in association with Mr. Halfdan Hansen, is offering a prize for the best essay on the following subject:

"Economic Liberalism—its meaning and Effect. A survey and appraisal of the theories of liberalism up to the present day, showing how they offer a solution to the economic problems of today, while preserving a society of free men."

There is no specific length for the essay. The competitor's name should appear on the manuscript and also that of Mr. Halfdan Hansen, as an indication of this particular competition. We have no information concerning a date by which entries should be submitted. For further information write to: Mr. Halfdan Hansen, Olav Kyvvesol 44, Bergen, Norway. The prize is £580 or \$1,400 (U.S.)