

# TAX FACTS

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## HONEST GRAFT

George W. Plunkitt, one of the old-time Tammany politicians of New York, died a few days ago, full of years, wealth, and honors. But though he reached the age of 80, perhaps his chief claim to remembrance outside his personal circle is the epitaph penned by some wag—"he seen his opportunities and he took 'em"—and his defense of what he called honest graft.

Plunkitt conveyed his idea of honest graft with the following illustration:

"My party is in on the city and is going to undertake a lot of public improvements. Well, I'm tipped off, say, that they're going to lay out a new park in a certain place. I go there and buy up all the land I can find in the neighborhood. Then the board of this or that makes its plan public and there is a rush to get my land, which nobody ever cared about before. Ain't it perfectly honest to make a profit on my investment and foresight? Well, that's honest graft."

The man's frankness is refreshing. It has prompted many a jest among people who would have thought themselves insulted had they been classed even remotely with Plunkitt.

But consider this honest graft. Of what did it consist? The managers of the city's affairs decided to lay out a park. Taxes were laid upon the city at large to pay the cost. The park was located in some particular part of the city. Wherever it might be the neighborhood would be a more desirable place, and people would wish to get as close to it as possible.

All this is perfectly natural, logical, and commendable. But now enters a new element, the shifting of property values. Not house values, or goods values, or any kind of labor values, but land values. Anything that labor makes can be supplied after the park is established as well as before, and the fact that more goods are needed when more people move into the neighborhood will simply cause more goods to be brought in, till supply and demand balance as before.

But the site upon which the people and the goods rest is another matter. There are only a certain number of square feet within a block, or within six blocks of the park, and any increased demand for that space causes a rise in price. This advance in price will continue till it equals the advantage of being near the park.

There is nothing strange about this. It cannot be prevented. It is due to a natural law that distributes economic values. The value is caused by the people as a whole. It attaches to the sites where the park is located. All this is natural and inevitable. The question is, who should have that value.

Mr. Plunkitt who was a stickler for a certain kind of honesty claimed the value as a reward for his shrewdness in getting a "tip" from the public officials as to what lands they were going to endow with this community-created value.

But suppose Plunkitt's brand of honesty be ruled out. Suppose there is full publicity given to the location of the park. Let us go even so far as to chose the location by a vote of the people themselves. Then what? There remains the same question of the right of ownership of the land values. The only difference between the utmost publicity, and the "inside" methods of Plunkitt is that in the one case the publicly created value enriches chance beneficiaries, and in the other it enriches a designing beneficiary. In either case the people who paid for the park, and who by right of creation should enjoy those values, see them go to those who did not pay for them.

There is no occasion to pass judgment upon Plunkitt and his kind. The real fault lies in a blundering statute that interrupts the natural law. Kansas City established parks by laying out a park district, and taxing the lands benefitted in proportion to the benefits received. No tax was laid upon houses or furniture or any kind of labor values, because these were not affected. The whole cost of the parks fell upon the lands benefitted. Not only was the original cost met in this way, but the upkeep as well.

Plunkitt's philosophy, and Kansas City's demonstration should cause people to think. Clean and disinterested politics will be slow to come, as long as we insist upon conferring publicly created values either by chance or by design upon particular individuals.

Friends of American institutions are quick to condemn the Plunkitts, but how long will it take them to see the real danger to these institutions?