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Pittsburgh Has Building Boom

For the first two months of 1980, Pittsburgh experienced a significant surge in building activity. New building permits were way up in number and value and permits for additions and extensions and alterations were up as well. *January and February figures for 1980 exceed comparable figures in all categories for the past five years.*

Even housing—the hardest hit segment of the construction industry—is doing better for the first two months of 1980 than for 1979. It isn't much of a statistic, as there has been very little private housing built in Pittsburgh, but the first two months of 1980 show 13 one-and-two-family homes, where the same period for last year shows only 4.

Pittsburgh's effective tax rate on property improvements is 1% of market value, and likely to stay at that figure or even decrease. On the other hand, Pittsburgh's land is taxed at 4.4% of market value, a figure that is likely to continue to increase. Tax-wise, building in Pittsburgh is as good a deal as anywhere, but speculating against a 4.4% land tax can be dangerous.

When Pittsburgh's City Council raised the land tax for 1979, and again for 1980, advocates of the land tax claimed that it would stimulate growth in Pittsburgh. Opponents of the tax (notably the Mayor and two real estate company executives) charged that it would interfere with development.

Certainly there is sufficient evidence from Australia to indicate that a shift from property tax to land tax consistently causes substantial increases in building activity, but that was not the case in Pittsburgh.

Here, the land tax came as a tax increase, pure and simple. There was no decrease in improvement taxes, wage taxes, or any other taxes. There was not even an upgrading of city services, as the land tax increase was spent mostly to offset cutbacks in federal money upon which Pittsburgh had been dependent. In fact, city services were curtailed for 1979, although a few programs cut in 1979 were restored for 1980.

This would be a difficult test for the land tax, not
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Winters Named Member

The Board of Trustees, at the April meeting, elected Si Winters to serve as a life-time member of the corporation.

The nine members are:

Paul S. Nix - President	Mitchell Lurio
Oscar B. Johannsen,	Jerome Medowar
Vice-President	R. Dean Meridith
William Davidson	Leonard Recker
Lancaster Greene	Si Winters

Si Winters replaces Arnold Weinstein, who was a member for many years until his death. In addition to the nine members, six trustees serve annual terms.

'Land is Basic,' Assembly Says

"Land is the basic resource" was the conclusion of the American Assembly of Columbia University, following a three-day conference on the Farm and the City, sponsored by the Lincoln Institute.

Among the sixty-three conferees at Arden House, in Harriman, New York last month, were Philip Finkelstein, Walter Rybeck, Special Assistant to Rep. Henry Reuss (D.-Wisc.), and Arch Woodruff, President Emeritus of the University of Hartford, and Former Director of the Lincoln Institute who chaired the conference.

The final summary report stated, "The health,
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The '80 Conference

The 1980 Georgist Conference will be held in New York City from Friday, August 29 to Monday, September 2. Now that the date is fixed, plans are under way to arrange for programs, speakers and activities suggested by those recently polled.

Please notify the school at once if you have plans to attend, and if you will need accommodations.

League of Women Voters, California. *Let's look at the property tax.* San Francisco, California: League of Women Voters of California, c1976.

Seminar on Property Taxation, Washington, D.C., 1970. *Property taxation, housing and urban growth, with attention to tax reform and assessment modernization.* Washington, D.C.: Urban institute, 1970.

Seminar on the Property Tax, Washington, D.C., 1973. *Property tax reform: the role of the property tax in the nation's revenue system.* Chicago, Illinois: International Association of Assessing Officers, c1973.

Tolbier, Emanuel. *Aspects of the New York City property market: a study of trends in market values, assessments, effective tax rates and property tax delinquency.* New York: Citizens Housing and Planning Council, 1975.

Woodruff, A.M. & J.R. Brown (eds.). *Land for the cities of Asia.* Hartford, Connecticut: John C. Lincoln Institute, Univ. of Hartford, 1971.

Los Angeles

Harry Pollard, Director of the L.A. area H.G.S., has submitted two abstracts on papers he will be presenting at the Pacific Division, A.A.A.S. Annual Meeting in Davis, California, from June 22-27.

1. Land Speculation and Ecology: How and Why Environmental Policies Fail.

The environmental objectives of conservation and enjoyment of natural resources-along with the less often mentioned improvement of urban habitats-cannot be effective during widespread speculation in land values. Economic Rent can be expected to rise in a developing economy. The normal action of the price mechanism is for a rising price to stimulate supply, which lowers the price. In the case of land, no fresh supply can arrive to affect the price, so it continues to rise. This upward movement is recognized by the astute and land tends to be kept out of use, further restricting its availability and increasing market prices. When the retainable market rate of increase moves ahead of actual interest return, there is no point to selling and re-investing. At this time a market paralysis occurs, in which land changes hands more in response to speculative pressure than productive needs. The unused and underused areas force urban sprawl, with its attendant heavy gasoline usage, smog, and underfinanced transit systems; cities become unattractive and less useful to civilized uses; the countryside becomes prey to the normal desires of the land speculator whose actions, while contextually sensible, can be disastrous when general human environmental improvement is the goal.

2. Communication-The Principal Economic Problem.

The science of economics suffers from a communications problem mainly because careful atten-

tion has not been given to the simplest terms of the discipline. Without a common and precise language, the advances made at the frontiers of the study tend to trip over the ill-defined basic terminology. Problems of inexactitude stem from several sources, including a tendency to use terms as they are used in ordinary and non-scientific currency (profits): concepts that are defined less by the boundaries of pertinent classification than by their ease of measurement, and terms that achieve a disciplinary meaning by custom rather than definitional decision (inflation). To these problems must be added the proclivity to amend without explanation a previously determined meaning so that it fits a new hypothesis. This last underlines a further problem. Any criticism tends to be muted among economic scientists (except at an advanced level often involving political shading). An economist stumbling over an inadequate term is less likely to spend time correcting it than use the term after noting his particular contextual meaning. In this fashion, a single term may name several defined concepts any of which may be chosen to strengthen an economic contention.

Land from page 1

safety and welfare of Americans depend fundamentally on food and shelter. Land is the basic resource. America's farm production has allowed us to:

- satisfy our own food needs
- help to alleviate world hunger
- export food to help pay for imports, particularly energy.

But population growth and sprawling cities encourage continued conversion of rural lands to urban uses. In recent years, significant amounts of our croplands have been annually urbanized by 'leapfrog development'.

"We should avoid, and where necessary reverse, those features of taxation controls and zoning that stimulate dispersion. We should follow a policy of filling in by-passed city and suburban lands which have access to public services. In a balanced land use, we should also examine marginal and difficult city lands. Neighborhood preservation and housing revitalization programs should be encouraged. The recent tendency to move back to the city should also be encouraged.

"As cities become more compact, public policies of land use control, taxation, credit, and capital investment must be guided by the fundamental principle of equal opportunity."

A number of participants objected to the failure of the report to address urban problems in land use as specifically as those favoring farm land. In partial recognition of that concern, the following statement was included to introduce the recommendations:

"Public policies and private decisions must accept all land, urban and farm alike, as a unique and irreplaceable resource and our common heritage."