

New York's Tax and Housing Problem

ON May 13th the Henry George School, at its 12th annual banquet, set out to explore the above problem. The school's dean, George H. Royal, was a skillful toastmaster. Milton Bergerman of the Citizens Union was the first speaker; Richard W. Hill of the New York Division of Housing followed; and finally Philip Cornick, a municipal consultant, known and loved among Georgists, read a splendid and awesome paper on "The Property Tax and Housing."

Immediately there were hurried attempts on the part of reporters and serious students present to get copies of this address for further study and reference. So insistent was the demand and so valuable is the material contained therein, that plans are being made to reproduce this speech in full. In the next issue of HGN we hope to announce when this will take place and where copies may be obtained.

Younger students in the audience who have grown up with federal housing, may not have been aware of the fact that until 1914 private builders managed to keep abreast of the growing demand for dwellings, despite an unprecedented immigration movement and high birth rate. What has caused this general acceptance of and reliance on federal housing?

The answer is, private building has been taxed out of low income housing entirely and slowed down elsewhere. To understand this, compare state and local real estate taxes for three periods. In 1902 the per capita was \$9.22 for the nation as a whole. In 1932 it was \$40. Today for the City of New York alone, it is \$120.

Mr. Cornick suggested that one way to help stop the spiraling inflation

would be to reduce the pressures for grants in aid for public housing, federal school construction, highways, etc. which add to the staggering load of federal debt—and he queried, would it not help to shift the burden of taxation to land values?

In an effort to test the advisability of a change to the land value system for New York, the speaker said the tax rate to produce the \$933,071,709 needed to balance the budget has been computed at \$4.16 per \$100 of total land value. Adding to this the borough assessments, the basic rate necessary to produce the same levy on land value alone would be \$12.70 per \$100.

"I know of no precedent anywhere for a tax rate like that to be applied to any kind of a property tax base," the expert concluded. "There is no source of information we can draw on to indicate whether the taxable land value of \$7.3 billions on the current rolls is about right or too low; or whether it would disappear completely if burdened by a tax of \$13 per \$100.

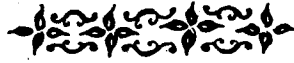
"Since we don't seem able to do more than cite opposing opinions from our own experts on this basic question, we are in a position where we will need to make up our minds. What our answers are as individuals will not be of great immediate importance. But if we were the city fathers assembled here to decide whether or not to change the present real estate tax to a tax on land values only, great issues would depend on our vote.

"Because of the way in which the tax on buildings has driven private builders completely out of the market for low rent housing, a vote to continue it, is a vote for more pub-

lic housing, more federal borrowing from banks, more inflation, a further march on the primrose path down which France has been moving for 55 years toward national oblivion. Our history since 1914 seems to me to prove that once our policies with respect to paying for wars had started us on the inflationary path, the relationships between the inability of private building to meet the demands for more housing for people

with more money but less buying power established a vicious circle that must be broken. The land value tax may not, at this late date, succeed in breaking that vicious circle. But it would certainly not strengthen it.

"Personally, I would rather fail while I was striving to avert disaster, than sit back and wait for it to overtake me. I vote for trying the land value tax."



MANY UNHAPPY RETURNS

Like Providence, the U. S. Treasury giveth and the U. S. Treasury taketh away. This month it taketh away—even more than usual. It is especially rough on those who receive what is charitably labeled earned income. One fares better "in oil" or by chiseling out some capital gains.

Sitting even prettier are those with unlimited expense accounts or tax-exempt investments although the best "out" is to set up a non-profit organization and forget about taxes. However, when the untaxed begin to outnumber the taxed, it means trouble because the latter tend to lose their zip and to experience a sharp rise in mortality. Eventually diminishing returns diminish to a point of No Return.

Of course, politicians have a solution of sorts based on the discovery that governments can spend not only what they take in but what they don't take in. Since the latter is limitless, governmental spending always tends to approach infinity. This gimmick is known as deficit financing. In the economics books it is also called Inflation.

In spite of which, the revenuers and their bloodhounds continue bleeding the citizenry although, sensing that the paying customers are getting restive, they have programmed some snappy sales talks on taxes. TV entertainers declaim that paying taxes is a patriotic privilege and that nowhere else on earth can this privilege be exercised so unreservedly. Now we defer to no one in patriotism and willingness to pay taxes but it irks us to hear sleek mercenaries (obviously feeling no pain) read canned commercials on the joys of so doing.

One expiring taxpayer, having given his all, gained immortality with the quip that the only sure things in this world are death and taxes. We might add that one cannot escape the latter by resorting to the former. The tax collector pursues us just as inexorably in the grave as in life—and with less likelihood of an argument. The original American Dream of a tax-free Cornucopia is long since gone where the woodbine twineth.

*Oh, ashes to ashes, dust to dust,
If the Federals don't get you, the Locals must.*

—From Arizona Progress
Herbert A. Leggett, Editor.