

The Spiral of Frustration

Urban Dynamics by Jay W. Forrester, a professor at Massachusetts Institute of Technology, is a much talked about study in which the author points out that excessive low cost housing in cities draws such great numbers of depressed persons that the job opportunities fall far short of the demand, resulting in a downward spiral of frustration and crime.

Professor Forrester, in testimony before the subcommittee on urban growth of the U.S. House of Representatives, expanded this view by saying legal and tax structures and the zoning laws "practically guarantee that we generate slums."

Cities are built by internal economic pressures, and he believed they could be revived and remain self sustaining if the incentives that cause decline were eliminated, such as the graduated state income tax, payroll tax and tax on improvements rather than land. This destructive process which repels the people and activities most needed to maintain stability and vitality, is widely recognized, he said, but "the short-term pressures are thought to be so high that little is done to get off the declining spiral."

He deplored the property and income tax laws which permit old buildings to decay with little tax penalty. The income tax laws which allow a building to be depreciated several times against current income give an old building value and help to keep it in place even though it contributes to urban decline.

Professor Forrester stated in his supplemental paper: "Perhaps the quickest way to force a recognition and correction of the fundamental causes of urban decay would be to remove all expectation of future financial assistance to the cities by state and federal governments. The trend toward interpreting urban problems as a financial demand on higher levels of government must be reversed. Higher levels of government can be most effective in exerting pressures for local action and by altering the tax policies that encourage the perpetuation of old buildings in declining areas and by reversing the policies that favor housing over jobs so that residential construction will no longer rise beyond the economic population-supporting capacity of the area."