

Letters to the Editor

FOR A SURTAX ON LAND.

Levies on Improvements Held Unjust and Undesirable.

To the Editor of The New York Times:

In the Real Estate Section of your issue of last Sunday, under the heading "Would Base Tax on Land Income," Morton R. Cross makes a valuable contribution in stating: "Our whole system of taxation is wrong. * * * Land has no value except in so far as it can be made to produce income." He fails, however, to make the proper distinction between land and the improvements upon it when he complains that the "sound economic value of real estate is being destroyed" by high assessments and taxation.

Taxes upon improvements are undoubtedly too high and would be even if based upon "income-producing ability." Incomes from improvements are the natural reward of labor and industry and are the private property of those who create them. Taxation of improvements, except under government necessity, is legalized larceny.

Taxes upon land, however, are not high enough whenever and wherever there is equity to private interests in land ownership. Government revenue from land is only part of the income it can be made to produce. The normal purchase price is the capitalization of that part of land-producing income not taken by government.

Income-producing ability of land is directly the resultant of all social and industrial activities bearing upon that land, and the rent of land, the annual income, belongs in full to the government as trustee of the general welfare. That government which fails to take all of the rent of land is guilty of criminal neglect and also of legalized larceny for taxes levied upon improvements to the amount that it neglected to take out of the rent of the land.

In the words of Mr. Cross, "the operation of New York City is a business." It would be good business as well as honest business for the city to take in the form of taxes more of the land rent than it now takes. Instead of attempting to scale down assessments or tax rates upon all real estate indiscriminately, the city should levy a surtax, if only one-half of 1 per cent, upon all land values exclusive of whatever improvements there may be upon the land.

Additional revenue would be created to meet the needs for increased governmental expenditures and also provide for proportional exemption of all improvements. In turn, there would be increased industrial activity and private profit more than enough to pay the surtax on land. Our national as well as local economic recovery or progress program must be based upon greater reward to labor and industry and to investments in them rather than upon rewards to land owners as such, for the "land, in itself, has no value except as improved—is made to produce income whether by farming, industrial, mercantile or other uses."

JULIAN P. HICKOK.

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