

## CHAPTER VI.

# Some Fiscal Reasons for Taxing Land Values Heavily

Adam Smith enumerated canons of taxation which have stood the test of many years. Among the most important of his canons is the first fiscal reason for taxing land values heavily.

"The patrimony of the state must not be impaired," while, too, "taxation must be equal."

This is more generally phrased to-day, "Don't tax anything that you want to keep or anything that can run away." Admittedly land can't run away, nor can its amount or usefulness be lessened by taxation, nor its uses.

Revenue from present sources in cities in this country and abroad, as well as from many suggested sources, tends to drive industry out of a city and state and to reduce the taxable base, or to involve a larger expenditure by the municipality.

Since the largest and most important levy in most American cities is upon general property a consideration of the fiscal effects of taxing buildings at the same rate as land must be considered. The right of dependent citizens to support by the municipalities in which they have a legal settlement is generally recognized. It is equally generally recognized that it is more expensive to care for a patient in a hospital than in a home, to try to patch up a broken-down constitution than to keep the individual in good health. Revenue therefore, from taxes upon buildings which as has been shown are shifted upon the tenant even if he is trying to support a family upon a deficit, and from taxes which require him to pay more rent thereby reducing his vitality through deprivation, and hence his earning capacity, is a very expensive revenue because it compels an expenditure by the city of many fold the total receipts from such taxes to remedy the suffering and injury caused thereby. The securing of revenue from such taxes on buildings which lessens the supply and increases the cost of good ones while increasing the profits from old ones is manifestly short-sighted. Waiving all considerations of humanity and economy to be effected in industry, from a purely fiscal point of view the city can't afford such extravagance as paying \$5.00 for hospitals and care of the poor to collect \$1.00 from taxing houses.

*Heavy taxation of land values does not impair the patrimony of the state and is an equal tax.*

*Revenue from taxes on buildings involves incommensurate city expenditures later.*

*Creating paupers by taxing property is expensive.*

Former Commissioner of Public Charities in New York, Hon. Robert W. Heberd states the case not only for New York, but in principle for every American city when he said:

"Congestion of population is contributing very largely to the \$10,000,000 a year which New York spends on her departments for the prevention and the cure of disease."

High rents are a most fundamental cause of congestion of population and room overcrowding. The same bad fiscal effect follows the taxing of buildings used for commercial and manufacturing purposes.

The total receipts of the one hundred and fifty-eight cities of the United States which in 1908 had a population of 30,000 or over, from special property and business taxes, business licenses (exclusive of liquor licenses) and permits amounted to \$20,764,643, or about one-twenty-third of the total revenues of such cities in that year. Such taxes militate against business and at the same time against the city's best fiscal interests.

The proposal to tax foreign business corporations or individuals doing business in a city, but living in an adjoining state is a slightly different proposition, but nevertheless tends to discourage business in the city levying such a tax.

New York City's system of taxing personal property and buildings has driven practically every large factory making heavy goods such as machinery out of the city and over to New Jersey. This is fiscal suicide.

Heavy taxation of franchises is suggested, but in so far as corporations holding municipal franchises are limited to a certain net return any tax on such franchises merely tends to increase rates and reduce the grade of service, while cheap rates and rapid service are both essential in American cities—pending the distribution of factories—to improving the living conditions of workers therein.

A tax upon automobiles for instance to take an illustration of manifestations of "conspicuous consumption" cannot be shifted, but if heavy would doubtless reduce the number of persons using automobiles and hence the demand for cars, chauffeurs, oil, garages, etc., with all the labor employed in these lines of production, while being a heavy tax upon industry in which they are extensively used and hence tending to drive factories out of the city levying such taxes.

The New York Special Tax Commission which reported to the Legislature in 1907 recommended a graduated habitation or occupancy tax, as a substitute for the personal property tax, to be levied

*Taxing personalty and buildings drives out factories and reduces the city's taxable base.*

*Taxing franchises of companies whose profits and charges are regulated hits poor people.*

*A graduated habitation tax will require wealth to pay more of the cost of government.*

upon homes or mansions based upon the assessed valuation of land and buildings, but with a sufficiently high exemption so as not to affect those who have only a moderate income.

Similarly a progressive tax upon skyscrapers or buildings which exceed a certain cubage or volume is entirely feasible and not inconsistent with the taxation of land values since a skyscraper is in the nature of a special privilege absorbing much of the capacity of both streets and other means of transit which are both supplied at public expense. A tax upon excess volume of buildings is therefore only a species of franchise tax for a special privilege over the charges for which neither city, state nor federal government exercises any supervision or control.

*A progressive tax on skyscrapers is justified as a franchise tax.*

Taxes on dogs, carriages, etc., are valuable as a means of driving them out.

A too heavy inheritance tax, as the experience of New York State during the past year has plainly demonstrated, drives capital out of a state, and while from a moral point of view this should not deter a state from imposing a right tax—it is a fiscal mistake.

A progressive income tax for municipal purposes would also tend to drive wealth out of a city, while an income tax is manifestly unjust and an inheritance tax only slightly less so which fails to distinguish between a lazy and an earned income.

On the other hand the heavy taxation of land values is a stimulus to the improvement of land, thereby increasing its utilization and the taxable base of the city. A heavy tax on land values increases the patrimony of the state and is equal.

2. The tax upon land cannot ordinarily be shifted, and a tax which can be shifted, and is hence uncertain, is always bad from a fiscal point of view.

*A tax on land can't be shifted.*

Starting with Adam Smith nearly all economists are agreed that a tax on land cannot be shifted as the following quotations show:

"Though the landlord is in all cases the real contributor, the tax is commonly advanced by the tenant, to whom the landlord is obliged to allow it in payment of the rent."—Adam Smith, "Wealth of Nations," Book V., Chapter II., Part 2, Art. 1.

*Adam Smith.*

"A tax on rent would affect rent only; as it would fall wholly on landlords, and could not be shifted. The landlord could not raise his rent, because he would have unaltered the difference between the produce obtained from the least productive land in cultivation, and that obtained from land of every other quality."—Ricardo, "Principles of Political Economy and Taxation," Chapter X., Section 62.

*Ricardo.*

"A tax on rents falls wholly on the landlord. There are no means by which he can shift the burden upon any one else. . . . A tax on

*Mill.* rent, therefore, has no effect other than its obvious one. It merely takes so much from the landlord and transfers it to the State."—John Stuart Mill, "Principles of Political Economy," Book V., Chapter III., Section 2.

*Thorold Rogers.* "The power of transferring a tax from the person who actually pays it to some other person varies with the object taxed. A tax on rents cannot be transferred. A tax on commodities is always transferred to the consumer."—Thorold Rogers, "Political Economy, 2nd edition, Chapter XXI., p. 285.

*Seligman.* "The incidence of the ground tax, in other words, is on the landlord. He has no means of shifting it; for, if the tax were to be suddenly abolished, he would nevertheless be able to extort the same rent, since the ground rent is fixed solely by the demand of the occupiers. The tax simply diminishes his profits."—E. R. A. Seligman, "Incidence of Taxation," pp. 244, 245.

*Fillebrown.* As Mr. C. B. Fillebrown states, "Ground rent is as a rule, 'all the traffic will bear,' that is, the owner gets all he can for the use of his land, whether the tax be light or heavy. Putting more tax upon land will not make it worth any more for use, will not increase the desire for it by competitors for its tenancy, will not increase its market value."

*Wall Street fears the taxation of land values.* Wall Street voices its realization of this fact and of the basis of large fortunes in land values in the following statement in "Market Letter" issued, August 21st, 1911, by Mr. Byron W. Holt:

"While the land-tax value may be an excellent device for raising city revenue, it will, if carried far enough, work havoc not only with investors in real estate mortgages, but with investors in many railroad and industrial stocks, the value of which comes largely from real estate."

*Land can't be hidden.* 3. Land cannot be hidden as can other sources of revenue, and as its value is always increasing automatically, it is a certain and definite source of income—which can be most readily and cheaply collected.

The assessed value of land in a city can be more definitely ascertained than can any other conceivable form of city revenue.

Even making allowance in valuing buildings for age and depreciation, it is difficult to arrive at their fair valuation. Attempts to assess personal property result in raising a race of liars instead of raising revenue.

*A land tax is cheaply collected.* The sum that will be yielded from licenses for business, trading, bootblack stands, lodging houses, etc., is always an estimate. Most cities in the United States recognize this fact and estimate the amount to be raised from all other sources except the tax on real estate and personalty and then upon the ascertained assessed

value thereof determine the tax-rate to raise the revenue needed to meet the city's expenditures.

The cost of collecting any other tax than the tax on land is very much more expensive, since it involves not only a large amount of bookkeeping but as well detective work in ascertaining or guessing at wealth.

4. Taxation of land values is an adequate source of revenue for every city in America.

If a fair rate of taxation on land were not sufficient to meet all legitimate municipal expenditures there would be less point in arguing for the adequate taxation of land values.

As has been stated earlier relatively few cities separate land and improvement values, but the conditions in those which do sufficiently prove the potentiality of this source of municipal revenue.

#### NEW YORK CITY.

The total assessed value of land in New York City in 1910, exclusive of "Real Estate of Corporations" and "Special Franchises" was \$4,001,129,651 while the total levy upon land and buildings for all municipal and county purposes was \$115,080,377.79.

The total ordinary budget of the city, that is the sum appropriated by the city for current expenses, was....	\$157,773,145.53
The "Corporate Stock" warrants paid amounted to.....	71,747,316.46
The Special Revenue Bond warrants amounted to.....	7,396,455.75

That is, these total municipal expenditures were..... \$236,916,917.74

Other levies were, however,	
On Special Franchises and Real Estate of Corporations .....	\$9,804,795.50
On Personal Property.....	6,589,809.77
All other sources (estimated), including revenues of Bank Tax, Mortgage Tax, Excess of Excise Tax, State School Fund and Previous Appropriations.....	32,030,989.45

Total .....	48,425,594.72
-------------	---------------

Amount to be raised by taxation on land alone.....	\$188,491,323.02
--	------------------

It will thus be seen that to raise the total expenditures of the city in 1910, including corporate stock and special revenue bond warrants paid, by taxing land values alone the rate would have been only \$5.90 per \$100.00 of assessed value which would not be

*The rate to meet all of New York's expenditures in 1910 would have been \$5.90 per \$100 of assessed land values.*

entire confiscation of ground rent since 1 per cent to 2 per cent would still probably have been made by the owners of the ground rent, the landowners. This is "single tax" and paying all the city's expenses by a tax upon land values alone.

It should be noted, however, that land in New York was not assessed at selling price in 1910 and its assessed valuation in 1911 was nearly \$555,000,000 greater, so the tax-rate on full value would have been much less. "Real Estate of Corporations" and "Special Franchises" also are excluded from heavier taxation since reduction in charges to the consumer by any corporation whose charges and profits are determined and limited by a Public Service Commission is more important than securing taxes to be shifted to the ultimate consumer. Robbing Peter to pay Paul is an out-grown game when governmental control and regulation is established.

To raise the total expenditures in 1910 of New York City, exclusive of the revenue from personal property and taxes on "Real Estate of Corporations" and "Special Franchises" by taxing land values, would have required a tax-rate of only \$4.78 per \$100.00 of assessed value, while to have raised the so-called "budget" exclusive of the Corporate Stock budget and the issues of special revenue bonds, by a tax on land without taxing buildings but taxing personal property, banks, mortgages, etc., as was done would have required a tax-rate of only \$2.87 per \$100.00 of assessed value. The important point which has been fully established is that a much higher tax-rate can be safely imposed on land than at present and all taxes on buildings can be abolished without in any way "confiscating" ground rents, and it should be noted that this is not the "single tax."

## BOSTON.

The figures prepared by Mr. C. B. Fillebrown for Boston in 1907 are so graphic and convincing that we reproduce them. He found that 125 pieces of real estate in various sections of the city were sold at prices averaging one-fifth higher than their assessed valuation, indicating that they were assessed at five-sixths of their true value, and concludes.

"Based upon the foregoing ratio, the following conservative estimate of the gross land value of Boston is submitted for scrutiny and criticism:

## A CONSERVATIVE CALCULATION OF BOSTON'S GROUND RENT.

If the assessed valuation* of Boston's land for 1907, which is in round numbers.....	\$653,000,000
Is five-sixths of its selling value, then the addition of one-fifth .....	130,600,000
Would give us as the net selling value.....	\$783,600,000
Adding to this the capitalized value of the amount of tax now on the land, \$15.90 per thousand on \$653,000,000, or \$10,382,000 at twenty years' purchase.....	207,600,000
Would give as the true capitalized ground-rental value....	\$991,200,000
Add moderate estimate for franchises, say.....	108,800,000
And we should have as a basis of assessment under the single tax a total capitalized ground-rental value of at least .....	\$1,100,000,000
At 5 per cent this would indicate for Boston a ground rent of .....	55,000,000
Or considerably more than double the total taxes of Boston.†"	

Putting this in another way: To secure the total levy of \$20,- 886,335 on land, buildings and personalty by taxing land values on the basis of the assessment at five-sixths of the actual value, would have required a tax-rate on land of \$3.19 per \$100.00 of assessed values, while on the real value of land, the tax-rate would have been \$2.66.

*Boston's city and state tax in 1907 would have required a tax-rate on full land values of only \$2.66 per \$100.*

\* The official figures are:

	Valuation.	Rate.	Tax.
Land .....	\$652,995,300	\$15.90	\$10,382,700
Buildings .....	417,869,400	15.90	6,646,200
Personalty .....	242,606,857	15.90	3,857,435
	\$1,313,471,557		\$20,886,335

† Boston's income from taxation in 1907 was:

Land values .....	\$10,382,628
Buildings and other improvements.....	6,644,212
Personal estate .....	3,857,449
Polls .....	369,966
Corporation taxes .....	1,087,793
Liquor licenses .....	1,079,585
Boston's total city tax (including state tax).....	\$23,421,542

## CHICAGO.

The assessed land value of Chicago in 1911 is \$395,911,111, but Assessments are only about one-third of true value, so that the full value is \$1,187,733,334.

*Chicago could in 1911 have raised its budget by a \$4.88 tax-rate on full land values.*

The total municipal budget in Chicago in 1911 is \$58,054,000. To have raised this total budget by a tax on land alone would have required a rate of only \$4.88 per \$100.00 of full assessed value, though the rate on the valuation used would have been \$14.66. Chicago's net bonded indebtedness in 1910 was \$30,897,000. Naturally the "full value" of land is a relative matter, depending upon many factors, and the estimate that the full land values of Chicago were three times the assessed valuation may be a little high; but the important point is that even on the basis of the assessed value of \$395,911,111, the total tax-rate to raise Chicago's budget for 1911 by taxing land alone would have been \$14.66.

## BUFFALO.

The assessed value (full) of land in 1910 was..... \$169,340,615  
The assessed value (full) of improvements in 1910 was..... 165,462,150

Total ..... \$334,802,765

The city budget in 1910 was \$7,704,137.03.

To have raised the total municipal budget by a tax upon land values alone would have required a tax-rate of only \$4.55 per \$100.00 of full assessed value, while to raise the actual levy upon land and buildings for all purposes, amounting to \$7,332,180.55, would have required a tax-rate of \$4.33 upon land.

The net bonded debt of Buffalo in 1910 was \$22,168,128.58, while the total principal received from sale of bonds during the year amounted to \$3,635,241.89.

## OMAHA, NEBRASKA.

The assessed value of land in Omaha in 1910 was..... \$12,218,095  
The assessed value of buildings..... 12,723,471

Total ..... \$24,941,566

Both land and buildings are assessed, however, at only one-fifth of their full value, and the tax-rate on both for city purposes in 1910 was \$6.29 per \$100.00 of assessed value, the tax yield



being \$1,568,824.50. To raise the levy by taxing land only the rate would have been per \$100.00 of full assessed value only \$2.57.

### WORCESTER, MASSACHUSETTS.

The full fair value of land in Worcester in 1910 was.....	\$47,032,750
The full fair value of buildings.....	63,414,450
	<hr/>
Total .....	\$110,447,200

The levy on land and personalty was \$1,971,838.06, and to raise this by taxing land values alone, the tax-rate would have been \$4.19.

### WASHINGTON, D. C., (City and County.)

The assessed value of land in 1910 was .....	\$151,711,966; real value, \$227,567,949
The assessed value of improvements was .....	133,441,805; real value, 200,162,707
	<hr/>

Total assessed value in 1910 was... \$282,153,771; real value, \$427,730,656

The total real estate tax for the fiscal year ending June 30th, 1910, was \$4,277,306.57 and the personal tax, \$1,007,022.41; total \$5,284,328.98. To have raised this sum the tax-rate upon the full value of land would have been \$2.33 per \$100.00 of full assessed land value, while the actual tax-rate upon land, buildings and personalty was only \$1.50 upon a two-thirds valuation:

*Washington could have raised in 1910 its levy on land, buildings and personalty by a \$2.33 tax-rate on full land values.*

### SPRINGFIELD, MASSACHUSETTS.

The assessed full value of land in 1910 was.....	\$48,704,680
The assessed full value of improvements in 1910 was.....	46,279,980
	<hr/>
Total .....	\$94,984,660

The municipal budget in 1910 was \$1,830,420.

To raise this budget by taxing land alone would have required a tax-rate of only \$3.76 per \$100.00 of assessed value, instead of the actual tax-rate of \$1.58.

The assessed value of land increased from 1910 to 1911 by \$3,407,080 or almost exactly 7 per cent.

### KANSAS CITY, MISSOURI.

In 1910 the assessed land value was....	\$60,355,420
The assessed value of buildings was.....	49,614,480

The total net municipal expenditures were only \$3,091,901.11, and to raise this sum the tax-rate on assessed land values alone would have been \$5.12 per \$100.00. Land in Kansas City is, how-

ever, assessed for only 15% to 40% of its real value, and taking even the conservative figure of 50%, the tax-rate on full land values to meet the city's budget would have been only \$2.56. The actual tax-rate on all property in the city is \$1.25 per \$100.00 of assessed value, while a 25c tax-rate is levied on land values alone for park maintenance.

*Land values are an adequate source of municipal revenue in American cities.*

*Cities should include many deferred payments in annual budgets.*

While data is given for only a few cities, it is evident that all the revenue now raised by taxing land, buildings and personal property could be raised by taxing land values alone without approximating confiscation. It is equally patent that in most cities merely to make the rate of taxation on buildings and personal property one-half the rate of taxation on land without increasing municipal expenditures to meet the city's full social obligations, and without paying by current taxation for many public improvements now paid for by long term bonds, will not enable the city to secure any material proportion of the ground rent now taken by the landowners. That this must be taken gradually is no more apparent than that the alternative to such adequate taxation of land values in order to enable the city to secure these ground rents, is municipalization of land.

If 6 per cent net is now considered a fair return upon land values, a tax-rate of 2 per cent while the property yields 8 per cent,—or should yield 8 per cent,—to be divided between the city and the landowner,—is too low a tax-rate. There is a grim but dire irony in the fact that the constitution of New York state limits the tax-rate for municipal purposes to \$2 on every \$100.00 of assessed value exclusive of expenditures for debt service. Even under such a provision, however, the tax-rate on land values in 1910 could have been \$4.51, which would have yielded the considerable sum of \$180,488,541.97, instead of the actual levy of \$70,753,231.24. Six per cent net profit on the assessed land value of New York in 1910 (a low assessment) would have yielded to the owners \$240,067,689.06. There are probably very few who would claim that the rights of the nearly 5,000,000 people who contribute to the land values of the city are to the rights of the owners of ground rents only, as \$70,753,231.34 are to \$240,067,689.06, the potential value to the ground rent owners. They agree that a different division of the profits of land values is in order. While in few other cities is the contrast so striking, the principle holds in all of them.

*Six per cent net profit on assessed land values would have netted New York landowners in 1910 \$240,067,000.00.*

*New York City is entitled to more than one-fourth of the potential revenue from land in the city.*

5. Heavy taxation of land values would reduce the annual municipal expenditures for the acquisition of land for municipal pur-

poses. There is not an American city which to-day owns enough land for municipal purposes, but every progressive city is constantly acquiring land for dock and harbor improvements, parks and playgrounds, sites for schools and other municipal buildings and other public purposes. Such expenditures frequently total one-tenth to one-fifth of the aggregate corporate stock budgets of most American cities, that is sums of \$1,000,000 to \$8,000,000.

"Excess condemnation" has been suggested as a method of enabling the city to secure land without any cost, that is the condemnation by the city of more land than is needed for the specific purpose for which it is acquired, and the resale or leasing of such surplus land as a means of recouping the city for its outlay. Under certain conditions, excess condemnation may be feasible, but it is inadequate as a means of securing sufficient land for the city in several respects. Excess condemnation does not reduce but rather increases the price of land since the courts which determine the price to be paid always favor the individual owner of property rather than the city, while the city has to pay also for the land to be resold a price considerably higher than a private owner would. This means that the city would have to resell its property for which it already has paid a super price, so to speak—at a heavy advance in order to repay the cost of the same super price which it has paid for the property it reserves for its own use. In developed sections of the city land is already very expensive and even the slight increase in value is unwise since as has been pointed out healthy conditions of living and working are as essential as revenues from land. Excess condemnation in such sections of a city would naturally be used chiefly for street widening, transit purposes, and a few public buildings. It is equally important that land in outlying residence sections of a city where the city would acquire holdings for schools, public buildings, parks, etc., should be kept cheap. More expensive land means higher rents under the present system of taxing land and buildings at the same rate. In any part of the city therefore the landowner would gain materially under a system of excess condemnation, while the ultimate user of the excess land purchased would have to pay higher rents. All the city attempts to do by excess condemnation is to prevent the owners of a small amount of land from making as much profit on the land as they would otherwise do, and the city does it in a very costly way.

By taxing land values, however, so heavily as to retain most of the economic rent, land will be much cheaper, and the owner

*Heavy taxation of land values will reduce cost of land for public purposes.*

*"Excess condemnation" of land is only a partial method at best of taxing land values.*

*Some limitations of "Excess Condemnation."*

of land will have an economic motive to sell it to the city for a very low price, just exactly as he will have a motive to use his land for some productive purpose so as to secure a revenue therefrom. With the present system, moreover, of paying for so-called improvements by corporate stock issues to run usually forty to fifty years, and bearing  $3\frac{1}{2}$  per cent to  $4\frac{1}{2}$  per cent interest every acquisition of this nature puts a load of unnecessary debt upon future generations and excess condemnation would tend to increase this debt, the only alternative being that the user of land shall bear it.

6. Heavy taxation of land will facilitate the reduction of city debts.

*Cities run into debt because they don't tax land values.*

It is largely owing to failure to tax land values that cities have piled up their enormous debts instead of meeting the current and recurring expenses by taxation. In 1908 the funded debt of the one hundred and fifty-eight cities in the United States having in that year a population of 30,000 or over, was \$1,937,284,018, which is more than twice the interest bearing debt of the country on June 30th, 1910, *viz.*, \$913,317,490.

The temporary nature of most of the improvements and expenditures for which this debt was incurred is surprising.

City buildings, exclusive of schools and other departmental buildings .....	\$50,788,879
Police and Fire Departments.....	24,444,256
Sewers and sewage disposal.....	133,262,790
Street pavements .....	23,792,014
Bridges and abolition of grade crossings.....	74,227,876
Other highway purposes.....	187,788,081
School buildings and sites.....	220,751,995
Libraries, art galleries and museums.....	22,220,615
Parks and gardens.....	132,826,822
Miscellaneous purposes .....	96,779,353
Funded debt and special assessment loans.....	151,435,677
Water supply systems.....	312,216,444
Electric light power and gas supply systems.....	6,893,500
All other .....	241,474,805
For fundings and refundings.....	252,917,661

*The change from incurring debt to taxing land values should be gradual.*

It is not, of course, suggested that it is practicable immediately to pay off city debts nor to pay for all city improvements as they are acquired. Most of the corporate stock issued in recent years and bearing  $3\frac{1}{2}$  per cent to  $4\frac{1}{2}$  per cent, has been for a period of forty to fifty years, and a large part of the debt has been incurred within the past decade. There are practically no improvements which should not be paid for within thirty years, and twenty years is usually a long enough term, while pavements and constantly recurring needs

and improvements such as schoolhouses, parks and playgrounds should be paid for within five to ten years, preferably the former period. Of course, no one would suggest either that current obligations and debts incurred by cities should be paid so long as cities have the present system of taxation which crushes the lives out of the poorer classes of their citizens. A small increased tax-rate on land values would have obviated, however, any such debt burden as the existing one. One effect of the unholy alliance between the land and the loaning interests in American cities which has created such huge debts is the payment in 1908 by the cities referred to of \$82,272,249 in interest on debt, that is about one-fifth of the total general city expenses. The increase in net debt during the year was \$185,877,856, nearly one-half of the total general city expenses.

7. Higher taxation of land values would encourage the logical and economic development of cities.

As every observer of American cities, especially those with a large area, knows, their growth has been determined chiefly by the landed and other real estate interests. These interests secure the laying out of transit lines to their land in outlying sections of the city and immediately urge the needs of the district for schools, sewers, etc. Thousands, and in many cities tens of thousands, of available lots are left unimproved. The development of the city instead of being concentric, that is from the center out in all directions, is sporadic and irregular. This involves a much greater expense to the city in constructing streets, sewers and in providing transit lines as well as policing these new districts. With such taxation of land values as would secure a large proportion of the ground rent of cities, there would not be any occasion for such competition with its costly waste to the city, because the net return to the owner of land would be more nearly equal. There are in most American cities—and this will be increasingly true, as adjacent areas are incorporated under schemes for city planning—large areas which for many years should not be used for housing or commercial purposes, but which would yield a large net profit if used for intensive agriculture. The way in which several American cities have attempted to meet this situation by different tax-rates is illogical. Thus in 1908, Philadelphia had three tax-rates per \$1,000 of assessed value, \$15.00 on city property, \$10.00 on suburban and \$7.50 on farm property. Pittsburgh had also three similar types of property with tax-rates

*The adoption of business methods of meeting current obligations by current taxation must wait for the adequate taxation of land values.*

*Higher taxation of land values will encourage economic city planning and development.*

*Wasted garden and agricultural areas in American cities.*

*Illogical methods of meeting the problem of cheap lands, by different tax-rates.*

respectively of \$9.50, \$6.33 and \$4.75 with several additional rates for separate political divisions.\*

There were in all in 1902 forty-two cities having two or more different tax-rates.

*Heavy taxation of land values will prevent land booms and premature building.*

If land were assessed equitably, that is at full selling price in the open market, and taxed at a uniform and high rate the owners of what is properly still agricultural land in cities would realize that the stimulus to buildings in the centers of the city and districts near the centers of a higher rate of taxation on land, would be so potent that it wouldn't pay them to construct high tenements.

A relatively small investment yields a large return in intensive agriculture when mixed with brains.

As Mr. H. B. Fullerton, the Director of Agricultural Development of the Long Island Railroad has pertinently put it:

*Faulty valuation of agricultural lands.*

"For some reason, as far as we can find out, absolutely unknown to any one, farm land is considered worth about \$100.00 per acre, and this price is a very common figure, whether the acre be 60 miles from the post-office or neighbor, or whether it be close to a big market and within a mile of a post-office, railroad station and schoolhouse, whether it be a muck soil of unknown depth or a sandy soil 8 inches deep or a clay soil 2 feet deep or an ideal mixture of clay and sand, as upon Long Island, 3 feet in depth.

*Yields from intensive gardening.*

"Few are the potato growers on Long Island who do not get from 150 to 200 bushels annually which are sold, practically always, at 50 cents or more per bushel, and the price as a rule runs from 65 cents to 90 cents, and a yield of 300 bushels is common and 400 bushels per acre is occasional.

*Americans lagards in intensive gardening.*

"Market gardening in this country is just starting. Americans, as a rule, know practically nothing of intensive gardening. The market gardeners about New York are mainly foreigners, the greater part of them Germans, with some French, some Belgians, some Hollanders, some Slavs, and even Chinese and Japanese. Some of these men make the soil return as great a dividend as do the most expert gardeners who are situated in the environs of Paris and who on three acres have raised \$3,000 worth of crops in one year. This yield of \$1,000 per acre has been surpassed many times in this country on fruit, on berries, on asparagus and on many other single crops.

*Land speculators prevent logical and profitable use of land.*

"Long Island's waste land is, much of it, held now by speculators who, paying no taxes to speak of and undoubtedly in many cases none at all, can afford to wait for the natural rise in land value that must invariably come to every square foot lying as near New York City, and especially rapid will be the increase on Long Island because of its climate, tempered by the great bodies that surround it, and the soil, contrary to tradition and science, our experimental farms has proven to be 3 feet in depth."

\* Pittsburgh has this year, however, abolished this classification.

Many other American cities can duplicate these conditions. It is extremely suggestive that a State Senator from the agricultural county of Queens with the approval of many citizens of his county, and of the other agricultural district of New York City, Richmond County, are trying to secure the creation of a Bureau of Agriculture and Horticulture in the city of New York to stimulate and direct the proper and profitable use of acreage holdings and vacant lots in these two boroughs for intensive gardening. They state in their brief for such a bureau that the proposed higher taxation of land values will necessitate such use of land and mention that some of the most successful and profitable gardening in the world is carried on in these two boroughs which are a political part of the most congested city in the civilized world, while they equally recognize that the adoption of a normal standard of housing will not create a demand for all vacant land in the city for many years to come.

*Bureau of  
Agriculture  
and Horticulture  
practical  
in New York  
City.*

*Normal housing  
conditions  
don't require  
the immediate  
use of all a  
city's vacant  
land for housing  
purposes.*