

movement as tainted with bad faith, notwithstanding the suspicious circumstances. There are too many other possibilities of explanation. Nor have we a word to say against it if it is pathological. But if it is a responsible movement, generated in good faith, nothing can be said in its favor. It has placed itself across a progressive Liberal program, to the embarrassment of progressive Liberals and the delight of reactionary Tories; it has done all it could to thwart the efforts of radical ministers for womanhood suffrage; and its demands would place upon woman suffrage a property qualification which, while liberal with reference to men, would be enormously restrictive as to women.

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AN IDEAL CHICAGO, AND THE COST OF IT.

VI. Of Detailed Plans for Meeting the Cost.

Having seen, with sufficient probability for practical purposes (p. 1086), that the growth of Chicago and the consequent increase in Chicago land values in the next fifty years, if the Ideal Chicago were realized, would be amply greater than the cost of that realization, we come now to a consideration of the practical details.

We assume, of course, that in fairness to all interests the cost ought to be paid out of the consequent increase in land values, if practical provision for this is possible. The policy being conceded—and what honest man can oppose it in principle?—details for executing the plan remain to be proposed.

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The first inquiry in this connection is as to the differentiation of increase in land values that would result without the Ideal Chicago, from the increase which would be due to its idealization.

Without idealization, land values would doubtless go on increasing in the future as they have in the past; but, considering the city as a whole, in a diminishing ratio.

Mr. Hurd in his "Principles of City Land Values," at page 18, truly says: "The life of value in land, whether the unit taken is a city, a section of a city, or a single lot, bears a close analogy to all other life in being nominally characterized by a small beginning, gradual growth, and increased strength, up to a point of maximum power, after the attainment of which comes a longer or shorter decline to a final disappearance. Thus all value in city land undergoes a continuous evolution from a state of non-existence,

through a cycle of changes to a final dissolution, or to a new birth, when the process is repeated on the same land."

We direct attention to Mr. Hurd's "new birth" of value.

Evidently he does not mean that city land values actually disappear after reaching a maximum. That would not be true. What he doubtless means is that there is a maximum beyond which they do not go under the old impulses; and that when this maximum is reached they have a backward tendency unless new impulses give them, as it were, "a new birth." That this is true every intelligent real estate expert knows.

Under that natural law of city land values, the effect of existing impulses in Chicago might soon be spent. Were Chicago to stop growing and improving, Chicago land values would stop increasing and begin to decline.

That this will not occur, but that the reverse of this will occur, is highly probable. Chicago land values will doubtless keep on growing phenomenally in the future as in the past. But it will not be due in great measure to the impulses of past growth. It will be due mostly to new civic impulses. Chief of all these new impulses, and far and away ahead of all other influences, would be the influence of the proposed idealization for which we are seeking an expense fund.

Other influences would come in, to be sure. There would be a wonderful increase of population; there would be a far reaching extension of city area; there would be tremendous improvements and economies in industry and intercourse, in life, work and enjoyment.

Some of these value-creating influences would come in some degree without the idealization; and with idealization the increased value of Chicago land would be somewhat due to those influences. Let that be so, and yet the owner of the site of Chicago could lay no more claim to the consequent values. Why should land owners be entitled to those values? Due to general causes, why should they be diverted to individual advantage? But that is not the question we are discussing. Our object here is to concede to Chicago land owners—however preposterous the concession—all the values so produced.

In an excess of social generosity, we are proposing to leave to Chicago land owners, their heirs, successors and assigns, all the land values that may come from increase of population not caused by the contemplated idealization of the city; all that may come from public or private

improvements not due to this idealization; all that may come from city growth and civic advance of any kind except from the idealization for which we are seeking an expense fund. What we here aim to do is to estimate approximately the proportionate increase which may with reasonable fairness be attributed to that idealization, and provide for meeting the expense of idealization out of that increase after it shall have been realized.

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The question we now put to fair minded men, asking them to answer it with public spirit and regardless of their own public interests, is this: Would it not be fair to assume that of the enormous increase of annual rental values, actual and potential, both within the present city limits and far out upon the prairies to which its limits and the intensification of its civic life would soon extend if we had our Ideal Chicago, at least 75 per cent would be due to the idealization? Would it not be fair to say that of this vast increase, not more than 25 per cent would have come at any given time but for the idealization? Would not this estimate be fair, aye over-fair and extremely generous, to the owners of the land in and about the present Chicago?

We think so.

But if a larger proportion of these social values ought in fairness to be left to landowners, and a smaller proportion be devoted to the expense of idealization, let it be so. Or if, on the other hand, a smaller proportion ought to be left to landowners and a larger one devoted to the idealization, let that be so. The essential point is that the idealization ought to be paid for out of the increase in Chicago land values which it actually causes.

The proportion to be assigned to that expense fund is a detail which the land-value experts would have no difficulty in adjusting with approximate fairness. For present purposes we shall assume tentatively that 75 per cent of the increase would not be an excessive proportion to attribute to the proposed idealization.

All further steps are matters of mere adjustment—including scheme for valuations, possibilities of financing, and legislative authorization.

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As to valuations, the British House of Commons has already formulated a scheme, evidently feasible, directly in line with the principle above set forth.

Its finance bill for 1909, provides for a com-

mission to value the land of Great Britain as of April, 1909, for the purpose of ascertaining its present value irrespective of improvements. At stated periods in the case of corporation land, and at death or sale in the case of land owned by natural persons, revaluations are to be made. On the increase so shown, the tax is to be 20 per cent of the capital value.

Similar methods are resorted to by scores of German cities for a like purpose.

Much of the detail of the British finance bill and of the German municipalities may be omitted here. In any such scheme for valuing Chicago land with a view to paying for an Ideal Chicago out of the increase of its land values which may be attributable to the idealization—say 75 per cent annually of the increased annual ground rent value—we have the primary valuations ready to hand.

Under our taxing system all the land in Chicago and thereabout, simply as land and irrespective of improvements, is already valued for taxation upon its capital value. Let those valuations, say for the year 1909, be adopted as representing the land values of the Ideal Chicago upon the eve of idealization, they to be regarded as the property of the landowners subject only to existing taxation, and to no exaction whatever on account of the idealization. Then let the revaluations for ordinary taxing purposes reveal the increase in land values irrespective of improvements from time to time. Of the increase so revealed, let 25 per cent be considered the property of the owner of the land, to be added to the value of 1909 and subjected only to the same taxation. But let 75 per cent be considered distinctly as capitalized annual profits on the idealization of Chicago; and let this capitalization be regarded as public property the income of which is sacredly pledged to the expense of making, maintaining and extending this great civic enterprise.

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In the above generalized suggestion, we differentiate the increased values by percentages of capitalization—25 per cent for the owners and the rest for the city. But this is only for temporary convenience of statement.

With different rates of taxation, the capitalization of the two proportions would vary. Under a tax of 1 per cent, say, the capitalized value of land of a given annual ground rent value is greater than under a higher rate of taxation; and as this is increasingly so, a tax of 100 per cent on capital value would reduce the market capitaliza-

tion to a point somewhat lower than the actual or potential ground rent—enough lower to yield at least commercial interest on the purchaser's investment.

In practice, therefore, it would be necessary to resort to some actuarial device for securing to the owner on the one hand, and to the city on the other, the proportions of value which we have suggested as fair. This, however, would evidently be mere matter of expert skill. Several devices would be possible. The problem is merely to assign (1) present capital land values, less ordinary taxation, to the landowners as their property; (2) approximately one quarter of the increase in ground rent value, less ordinary taxation, also to the landowners as their property; and (3) approximately three quarters of the increase in ground rent value to the Idealization fund as public property.

If annual values were the subject matter of the problem it would present no difficulties. But as our land markets deal with capitalized rather than annual values, we are under the necessity of ascertaining the varying rates of taxation that would approximately secure present annual values and one quarter of the increase to owners, and three quarters of the increase to the city. The computation however, would be simple.

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Inasmuch as the income from this new source might not be available at first, how should the initial expenses be met?

Precisely as the expense of all public undertakings are met—by the sale of bonds. Yet differently in one particular, namely, that the bonds, instead of running against the mere taxing power of 1 per cent or so on capital value, should run against 75 per cent of the entire increase in rental value over the rental value indicated by the capitalized valuation of 1909.

Thus these bonds would in effect have behind them a taxing power of about five times the present rate, and on three-fourths of the increasing value of a city which all agree would increase phenomenally if the idealizing plans were carried out. And wouldn't it seem like a poor enterprise, this of an Ideal Chicago, if three-fourths of the future increase in Chicago ground rent values would not be ample security for the preliminary bonds?

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The difficulties of legislation we freely admit. But no lawyer, we surmise, can point out any legal difficulties. The only difficulties would be

those which private interests might interpose, politically and otherwise, for selfish ends.

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Here, then, is the suggestion for meeting the expense of an Ideal Chicago such as the Commercial Club proposes, and proceeding with the enterprise without years of delay. Summarized, it is simply this: that bonds be issued, payable (principal and interest) out of a tax equivalent to three-fourths of the increase of annual ground-rent values, the whole contemplated area of the Ideal Chicago to be included in the assessments; and that these bonds be sold as the work of idealization progresses, the proceeds to be applied exclusively to that work.

Doubtless this suggestion is open to many objections, some of them plausible and possibly some of them sound. Let them be considered when they are interposed.

But what are the possible objections?

Isn't it fair that the cost of an Ideal Chicago shall be paid out of the increase in Chicago property values which the idealization causes?

Is there any kind of Chicago property except land that would to any high degree or with any approach to permanency be increased in value by the Ideal Chicago?

Is 75 per cent of the increase in ground-rent values an excessive proportion to attribute to the influences of the proposed idealization? If so, what would be approximately a fair estimate?

Are there any legal obstacles in the way of the necessary legislation? If so, what are they?

Are there any insuperable obstacles in the way of financing the necessary bonds? If so, what are they?

Assuming that the suggestion is fair in principle, what obstacle of any kind lies in its path to which the City of Chicago can yield without stultifying the maxim upon which she prides herself—"I will"? Shall this be altered to "I want to but I can't"?

EDITORIAL CORRESPONDENCE

THE POLITICAL SITUATION IN GREAT BRITAIN.

London, Oct. 30, 1909.

We are on the eve of momentous events. "Unsettled questions have no regard for the repose of nations," as one of the greatest among your statesmen expresses it.

The most vital unsettled constitutional question in Great Britain is as to what power, if any, the House of Lords has over bills dealing with the raising or