

# Toe in the Door

by WALTER RYBECK

LAND speculation and taxation are the topic of one section of President Lyndon B. Johnson's Message on the Cities, sent to Congress on March 2. This section was overshadowed by a vast number of items including rent subsidies and city beautification, and few newspapers alluded to it. But the White House did broach the topic.

The President modestly admits in the introduction of his message that the program it proposes "does not fully meet the problems of the city . . . We need more thought and wisdom and knowledge as we painfully struggle to identify the ills, the dangers and the cures for the American city."

In succeeding sections he calls for creation of a Cabinet-level Department of Housing and Urban Development, federal incentives to encourage metropolitan-area planning, and establishment of a training institute to overcome the "short supply" of officials skilled in urban administration and planning. Under the heading "Temporary National Commission," he then deals with four subjects including tax reforms:

*"We need to study the structure of building codes across the country . . ."*

*"Zoning regulations also affect both the cost and pattern of development . . ."* Then comes this crucial paragraph:

*"Few factors have greater impact on cost, on land speculation and on the ability of private enterprise to respond to the public interest, than local and federal tax policies. These too must be examined to determine how they can best serve the public interest."*

*"Finally, we must begin to develop*

*better and more realistic standards for suburban development . . ."*

*"To examine all these problems I recommend the establishment of a Temporary National Commission on Codes, Zoning, Taxation and Development Standards. I predict that the body masked by such an unwieldy name may emerge with ideas and instruments for a revolutionary improvement in the quality of the American city."*

This message, now awaiting implementation by Congress, obviously is no endorsement of land value taxation as the foundation for maximum freedom and economic growth. So gently was "land speculation" dropped into the message that those who are not yet awakened to the vast implications of this evil could gloss right over it without notice. In short, Mr. Johnson made it respectable to examine land monopoly, but he did this so undramatically that he drew no fire from the opposition — none to the time of this writing, at any rate.

Background briefings by White House staff members and by Federal Housing Administrator Robert C. Weaver revealed more than did the message itself the administration's awareness that property taxation can be a powerful tool for revitalizing cities.

Asked why he called zoning, codes, standards and taxation the "really sticky problems" of housing costs, Mr. Weaver replied:

*"The taxation thing is obvious. There is a lot of literature which claims that if we simply tax the land and do not tax the improvement on the land, this would be helpful. Australia does this, and some other places. This is highly controversial. The only point of agreement among specialists*

\*Italics here and throughout are those used by the President.

in this field is that there is something wrong and there ought to be a change. We want to get the best opinions we can. Federal taxation is always a problem in that the income tax policy has a great deal to do with land speculation and also has to do with land development."

A White House official, asked to clarify what President Johnson meant on January 4 by impending "important changes" in the program, answered:

"The President intends to set up a commission on zoning and ordinances in an effort to discover ways of making zoning and ordinances, as well as real estate tax structures, become more viable in particular communities. One example, under the prevailing real estate tax structure in most communities now, the improvement of facilities or residences, is not assisted by either zoning or the tax structure... the President is considering this with several people—we have to recommend that the tax structure in communities can be turned around so that it will be desirable, and an incentive will be provided, for private individuals to do rehabilitation and restoration on their own..."

This same official went on to elaborate the importance of incentives to private industry, individuals and the public sector, saying, "This whole idea

is embodied very deeply in the President's personal philosophy."

The door has been opened, albeit just a crack, for those who have long toiled to remove crippling inequities in methods of property assessment and taxation. This invitation to investigate, while revealing considerable interest and depth of feeling on the part of the President and his advisors, should not be misinterpreted as an implied promise they will lead a crusade on this issue at some future date.

For one thing, state and local jurisdiction over property taxation may constrain the federal government from speaking out. More importantly, the President is not likely to push too hard unless assured of some measure of public support.

Thus, assuming Congress supports creation of a Temporary National Commission, the burden of advocacy will shift immediately to those who already understand and believe strongly in land value taxation. They were permitted by the highest elected official of the United States to stick their toes in the door. Hopefully they will have the technical ability, stamina, dignity and persuasiveness eventually to make the door open all the way.

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## קורס חינוך בכלכלה

That's the way you offer a Free Course in Economics in Hebrew—and that's the headline announcing it, in Israeli newspapers. This latest addition to the Henry George School's foreign-language work is based on the Hebrew edition of *Progress and Poverty* published last year in Israel with cooperation of the Robert Schalkenbach Foundation. Other languages are: French, Spanish, Italian and German.

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ทางไปรษณีย์

เชิญขอรายละเอียดได้โดยใช้คู่มือข้างล่าง

And that's the way you tell about the Henry George School in the Thai language. This advertisement was placed in newspapers of Thailand by our first correspondence graduate there, Suthon Hinjiranan, resulting in about 100 inquiries for the course in English. Mr. Hinjiranan has translated *Progress and Poverty* into Thai and it is hoped that it can be published.