Brookings Talk - N. Orleans
Norfolk

Foreign - Relations Promise

Norfolk

Those absent — they read my ~~stuff~~ contribs. after talking to you. (1)
Mediocrity in int. env.

~~Women take everything personally. [Me, I noticed I was conjuring Taffy, S.C.~~

~~Man~~ Mem. I learned to write. .. I read lit. Computer. Osmun for his selections, esply. ~~is~~ Florence & ~~Aberdeen, is far away from everything.~~

Osmun told you my brief hist. as a Cavalier. Didn't tell you I ~~the day we painted but the el on Queen Charlotte hotel~~ 4 yrs. as (Tarheel) in vale of humility below. 2 mts. of conceit, long way between drinks. I know Cavalier has 0 to learn from a Tarheel. To hasten to ~~say~~ I have also been a (Virginian.) (If that helps any) ~~Didn't tell how I recently it was to be named Jeffrey~~

~~Helps conceal remains of Vt. patois.~~ Befor. of Yankee.

~~I take everything personally.~~ Every city thinks it's unique. ~~To the extent true, you all know more about subject than I.~~ ~~I'll speak in generalities.~~

One of pleasures of being prof., used to be, no one took you seriously. Recs. distributed generalities. Now, all changed. ~~How incarnation I feeling old life was a previous incarnation.~~ If you detect rhadean levity, owt of keep'g w. gravity of subject, pls. excuse habits of a previous incarnation.

Returning to qn. of my origins — forgive me, but I know that is regarded seriously here — have kn. .....

so I'm not really a Tarheel or a Yankee - I'm a (carpet bagger?) A sucker. Is why I accepted Last time I noticed that carpetbag, cost $863.

Know O re Norf., except you build ships, from time to time; & think world ec. upd. collapse w/o Kennedy (author.)

Women take everything personally. [Me, first thing I noticed about Norf. was it is c. 600 miles from Taffy, S.C.]

Everyone thinks his city is unique. But have much in common. [Even provincialism is universal — Aberdeen man, "N.Y. is so far from everything."]

I'm gambling on having much in common. Discuss topic in a general way.

From viewpt. of ecst. One who knows cost of everything & value of nothing? Makes obscure jokes, like "When I moved ~~to~~ from U. Va. to UNC, ~~raised~~ standards went up in both instns."

Man who's concerned w. trade-offs, like advertize for Va. grad. w. B.A. or =nt; Old Dominion grad. half time.

Worthy causes for which eaten dinners
Urban scale, urban energy -- very glad

Approach - cont. pol.

2. Why contain?

~~a~~ Save soil? Not here - only the allotment has value.

Save x/p'n. is more like it - bring heart of city closer to country, for their mutual benefit. City needs dumps, 7 story rec'n., food, wtr., stone & gravel, labor etc.; country needs everything in city - & city needs the customers. City needs a prosperous hinterland, can ill afford to destroy it by hogging land needlessly.

~~b~~ For the city itself.

~~80% l.v.~~ I support Osman - this is an urban age. Urban energy.
Reverse modern physics, convert energy to matter, energy takes ~~the~~ tangible (or mstble.) form in r.e. value.

80% l.v. -- and you ain't seen nothing yet - just wait 'til you win the vote!

	Fm.	City
Re. value	150%	1.5 tr.
Mortgage debt	20%	> 300%
Prop'ty tax	1½%	> 20% when last seen, and rising fast.

This may be a man made env. in which man has, as they say, lost touch w. land. But land still puts the touch on him. Slum rent is 90 - 100% pure land rent. 10 - 30% of Mke., l.v. = value of r.e.

To contain city to enhance ~~the~~ & develop the high capability of ~~land~~ urban land. — our greatest natural resource.

2 ways of enhancing value, antithetic. Artificial scarcity involves underdevt — putting roadblocks in path of anything new & better for fear of its pulling tenants, labor, & customers from the old. Is in fact greatest obstacle to the positive cont. pol. I will preach, which involves renewing ~~the~~ the city; & getting more use from given land.

a. Cont. for urban efficiency

Not cold-blooded. Not at odds w. human needs. A thing is efficient in terms of some defn. of output. Ecsts. defn. goes back to consumer sovereignty.

Makes us quite a humble profn., cfd. w. others who begin by knowing what is best for us. Use of "we" by René Dubos, & Mark Twain. arrogance. Fascinating to watch a profn. careening down road to ruin. If ecsts. don't take over the world, is bcs. we fail to meet human yearning for authority.

Efficiency in distribn, most obvious. Dense popn. lets you share cost of common facilities. E.g. w+s. works. But to share it, you must have access to it.

Cost of distribn. becomes larger element. Is why are not 2 separate systems for drinking & wash wtr. Problem not the hi cost of makg wtr potable, but ~~if~~ if I may lapse into minstrel show dialect — transportable

Double demand by doubling density, expand diameters by $\sqrt{2}$

But if " " " " area.

a. Double mileage, w/o -$ cost per mile

b. " x-sections at base, & more than double elsewhere.

c. $ pressure at load center

d. Upgrade joints

e. Lower load factors - less pooling of individual variability.

(At this point I usually throw in a dig at WWDC, but w. Mr. Schwarzman here I cannot must be careful. But note problem of medium density)

In practise, a 6th factor, uncertainty. Urban sprawl as we know it is not at all a simple orderly drop in density. Its essence is disorder, chaos, and along w. that comes uncertainty. So we get ~~xxxx~~ overcapacity, followed by undercapacity when all lands filled in.

Autos? The farther from A to B the farther you must drive to achieve a given level of linkage. The less you walk, & ride bus; & car uses half the land.

b. Cont. to help cities grow larger

Not wider, but more pop. & wealthy.

An organism, distributive

Circ. system holds together

Keep arteries open, no limit.

These arteries must overcome space. The more space, the harder the job, until potential urban energy is dissipated in lost time & motion.

Then, primitive fission. 2 or more cities. Lose advantages of size or scale.

pp. ⑤-⑨ in Urban Promise file.

Now, get flex. by migration, not renewal.

Pours capl. into long lines, too long to replace. Leaves desolation behind. Releases pressure on l.v., slows renewal.

d. Cont. for ec. stability.

Danger of land bust.

Esply at 6% & higher propty. taxes.

If all ecsts laid end to end ...

But I will reach conclusion

3. Kinds of containment

A. Negative .. Truman doctrine.

Greenbelts

Snob zoning

Exclusive ag. zones

Underassmt.

Objections

a. Discrim. among landowners.

Millionaires of some, social reformers of others.

b. Discrim. among buyers

Snob zoning reserves most land for few buyers, low prices.

c. Discrim. vs. buyers, guilty.

Artificial scarcity. The policy I objected initially, of enhancing urban values by suppressing compn.

We find mnpy. in every indy., but, like the Puritans Ltr. (of Va.-n E.A. Poe), overlook it in most obvious place. City fathers, often act like landowners' cartel, try to max. l.v. by forcing people in.

d. Most damning - doesn't contain

Leapfrogging. - be brief.
You can't force in the am. people.
Won't work, & wdn't like it if it did.

B. Neutral Containment

Assume you've read pp. ~~13~~ 13 - 17, not repeat.

Stress distrib. aspects of postage - stamp pricing. Is means of spreading thin the central rent & l.v.

Feudal antecedents. French philosophy of property, a device to distrib. equitably, regardless of efficiency

Today, we can do better. Use tax mechanism.

C. Positive Containment

Seduction better than rape. Not necessary to build a fence.

Make central city the most attractive place

Is already best for most things - hi l.v, in spite of everything.

Cultivate & develop the potential

1. Spend more public money there.

3-d street development.

Presently, this only happens when one pvt. owner owns both sides, connects his own bldgs. Sporadic. Or a very large owner builds city within a city. Merch. Mart, Rock. Center, Ville Marie in Montreal, Eaton Center, Toronto.

City needs to develop 3d D. Wacker Dr., a weak

beginning. Morristown, Tenn. Public vertical xptn.

But will pvt. landowners respond to new opps? Public can only create niches & enhance their value. Pvt. must respond.

2. Lower utility rates there. Like lower taxes.

3. Worsens problem of distrib.. equity

4. Need to get more tax money from center, same time encourage full devmt. (a policy pushed by Brookings, Netzer)

p. 18

D. Envoi

Make sure you spell name right.

Thing read my disp. after they talked to you.

Mediocrity in an intimate environment

Remarkable job of pick's out the least memorial ornament of my career for biography.

Congrat. Osmun on relation of rdgs. Esply. adams & Florence.

à bas Knott man.

New Orleans

Every city thinks its unique, resists generalizn. And is unique. But usually not in such ways as to be immune from generalizns.

Pleasure of being college prof. used to be no one taken seriously. ~~As if~~ Now, all changed. But if seems libre under levity, old habit.

~~Not posing as expert~~ Remote ~~N.~~ Orleans but any provinc, if it weren't for Erie Canal, N.Y.C. R.R. & St. Lawrence Seaway.

? from Mke. Not here to tell you shd. do as Mke.

~~(2 cities have much in common — river, CBD sprawl.~~

your gr. the French, we gr. Irish.

Wish Mke. wd. do copy some of yr. fine instns — ~~blue nose~~ square town, where they think a ~~Yankee is a bastard~~ V. Carlé is some kind of church official. Bushwacker.

But I'm a gypsy. Bn. Webfoot, Gold Digger, Canalier, Tarheel, Carpetbagger everywhere. (Ref. of Yankee -- pie for breakfast.)

even a Cimmerian & Yankee. Remain a Yankee. Is why I accepted.

Know O re N. Orl. but same size as Mke: booming like Mke. (while Calif busts — now the boosters are sayg Calif. must grow bcs. so many empty houses to fill.); equally bad CBD sprawl; equally bad relations w. state Cap — we fight about colored ders & taxes, mostly taxes — what do you fight about?; old families fight new families, politicians fight blue bloods -- same everywhere, plus ça change -- "Women take everything personally"

Everyone thinks his city is unique — also his business, home, everything. And are. But also have much in common.

I'm gambling on it. Discuss topic in general way. Let you apply.

2. Why contain?

~~1~~. Save soil? Be brief

Minor - expty. ~~cost~~ here.

Serve xpt. cost is more like it. Bring heart of city nearer to its region.

~~2~~

Contain for sake of city.

80% l.v. So contrary to conventional rhetoric, preach on it every Sunday

Fm. ~~tax~~ r.e.val. $150b? Urban, 1.5 tr., 10x as much.

Fm. debt 20b? " mortgage, >$300b

Fm. prop. taxes $1½b? Urban, $20b, ~~$~~

~~Fm. " " 1% what? Urban, up to 6%~~

I support amon. part of these confs. - urban age. Ress. concd. in ~~which~~ N.Orl. "Energy". If I may ~~forbear~~ perverse modern physics & transform energy into matter, this energy is repd. by r.e. values.

And you ain't seen nothing yet - just wait 'til you get the vote.

[Qualify one phrase on out line - from natural to man-made envir. Do not lose touch w. land. 30% Mkt. bldg. no value above bare land.]

Cent. & artif. scarcity

Not for invidious. Ambiguity of "maintaining urban values"

Osman, student of Hanseatic cities, preservation of town monopoly: policy of provision. laws vs. segating, forestalling, and engrossing. Mercantile System

Cont. for urban effic.

Not cold-blooded. Cons. sov.

~~Mar. case of contract. Options~~

Some aspects

a. Share cost of common facilities

In pvt. language of ecs, realize ecs. of scale from decr. cost opns.

Not just nos., but density

Non-equivalence. Grad. of ~~Wisc.~~ Tulane S.U. w. BA or the equivalent. ~~Baker~~, half time

Double demand by doubling density; vs. doubling area

a. Double mileage

b. " x-section at base, & > double clearance

c. ↓ pressure

d. Upgrade joints

e. Set lower load factor on outer lines

f. Under uncertainty, fail to coord. & synchr., big waster.

Autos

b. Max. access to & devmt. of basic locational factors.

E.g. Mbr's port. Freq. of service

Windows on the world

c. Realize "urban promise", or generate urban energy. Bring together embers of fire. energy.

1. Max. access to basic locat. factors – harbor, ~~pwr~~ railhead, focus of highways. hot spot

2. Support their further devt. – freq. service, dredging, etc.

3. Max. mutual access of people there, & access of visitors to them, mans social animal.

Div. of labor lim. by extent of mkt.

5. Specializn. } Cftr. shopg.

6. Compn. Ch. F. Adams' point – gives the outsider a good bargain, he'll come & spend.

7. Storage -- reserves to draw on. ~~Reliability~~ Reliability

8. Pooling risks, offsetting fluctns. Analogy of ft. share common costs.

flood control & low bloods in N. Orleans upstream & down. Hi local factor, Lower unemplmt – Florence

Better credit for city.

7. Reliability – buyers meet sellers. Reserve supplies

9. Variety. Shopping centers, duplication of homogenized mediocrity. Dependence on nat. adv. brands, clerks know nothing, back to days of mail order. Downtown, unique excellence.

Max. options – ~~Sargent~~ Florence's lib. e.g. Give substance to abstract "freedom of choice".

10. Knowledge. Keep current. Mutual stimulation of minds. Circulate info. Pool info.

11. Turnover – more bus. w. less capt. 14. Place to innovate. Accelerate evolution. Research

12. Flexibility & adaptability – recombination. Versatility. → Coopn. among firms. Subcontractg.

15. Entry opps. for small firms – s.o.c. built, etc.. Florence use city's credit, which pools their strength, for capl.-heavy items.

13. Serendipity 16. Flowering of culture

17. Reputations – collective e.g. Restaurants of French Quarter draw from all over. But I can't remember name of highway rest. where once had delicious meal – nor can I risk a trip to find it.

Think what city means – All depends on easy mutual access. Contain

Contain and grow larger. Gravitation. If draw now for 500 mi., can draw for ~~600~~ 1000

Sargent Florence good on this.

Govt.

III. Neutral Court.

Extend services, wherever one chooses to locate

To p. 13-15

But there remains Problem of distrib eq. Have used utility rates, etc. to equalize advantages of central & outer sites

IV. Positive Court. ~~Be new idea~~

Better approach to distrib. equity

Lets you Δ taxes w/o blocking new bldg. Bring capl into the city. - solve the Boston problem.

V. Envoi

~~Make sure you spell my name right.~~

~~A new idea, 3 stages.~~

If you think mine is still in stage 1 or 2, pls. remember this - I don't care what you say about me, just be sure you spell my name right.

Reactions to Scott Greer, 3-17-66

Census is "decadent" -- doesn't tell us much what's happened since 1960.

Sprawl is -- that doesn't mean it should be.
Greer has more faith in the mkt. than ?.

Electronic comm. doesn't homogenize locations.
Nor telephone. Party lines. One or 2 TV channels, in Ozarks.
Lowest common denom. of taste -- no improvement on folk culture.

Specializn. Plumber, agreement w. banks. They don't do any plumbing, don't extend any credit.
Joke:

Difference between disintegrn. & dispersion.

Auto still has central tendencies. And TV & telephone.
Chicago uses r.r. as streetcar
✓ Auto is subsidized.
✓ Why is suburban land cheap? $4 6 / sq. in Fed. hiway program, vs. 1½ in urban renewal.
TV brings us a few items of hi conformity – Little J T K assass.
In every generation, those who tell us new techn. change everything. But plus ca change, ... God help me if trapped to techn. Is this choice?
Denser city, more TV -- even good FM station, & live theatre.

Whichever jurisdiction adopts good policies would become the central city.


Note the use of 3-D

Dear Mason & Estelle -

Italy is grand and we are thrilled to be here again. We have been very very lucky weather (quite amazing with every indication to the contrary!) & will continue!

My book is now in the press and will be ready for circulation in about 2 months - Abe is well -

Regards

Jack & Dorothea Wasserman

VENEZIA - Il Ponte dei Sospiri
Pont des Soupirs
The Bridge of Sighs
Seufzerbrücke
Puente de los Suspiros

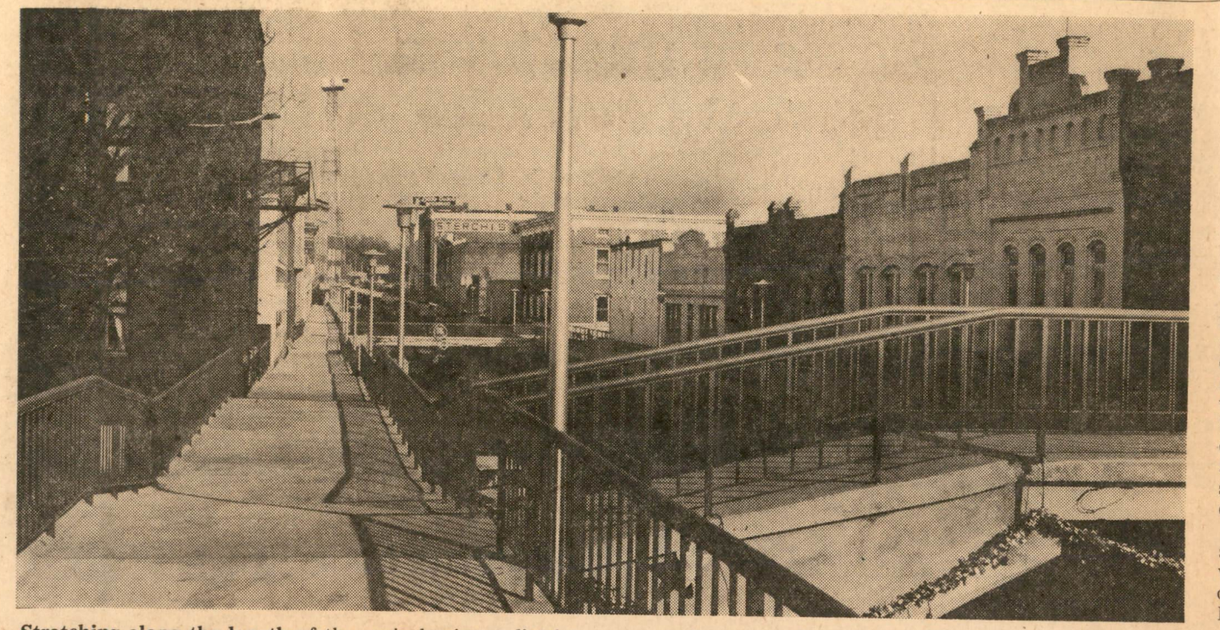
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Walks Put Shopper in the Air



Stretching along the length of the main business district in Morristown, Tenn., is a second story sidewalk. Merchants plan to install doors at this level for offices and convenience to shoppers. The elevated sidewalk is reached by rampways from side streets and from either end of the main street.

Journal Special Correspondence

Morristown, Tenn. — The construction of second story sidewalks is nearing completion here as part of a larger, over-all project to rehabilitate a decaying central business district.

The elevated sidewalks are simply a canopy of prestressed concrete. The difference between the cost of the canopy and putting a sidwalk on top of it was about $10 per front foot. The cost of the entire project is about $150,000, which is being paid solely by downtown merchants and property owners.

The sidewalks provide shoppers shelter from the weather on the ground level on both sides of Main st. Planters have been built into the railing and space is provided within the canopy structure for power lines, telephone conduit and street lighting, thereby eliminating visible overhead wires, cables and light poles. Structural supports house public telephones, waste receptacles, bulletin boards, mail drops, drinking fountains, etc.

Heated in Winter

Rampways to the walkway are on side streets, next to buildings, and at both ends of the downtown area. The sidewalks will be electrically heated to melt ice and snow in the winter. Bridges over the street help separate pedestrian and vehicular traffic.

Store owners and merchants have agreed to renovate their store fronts and will provide doors on the second floor. Many plan to rent their second floors for offices, etc. It is expected that after rehabilitation many who moved away because of decaying conditions will be attracted back to the downtown offices.

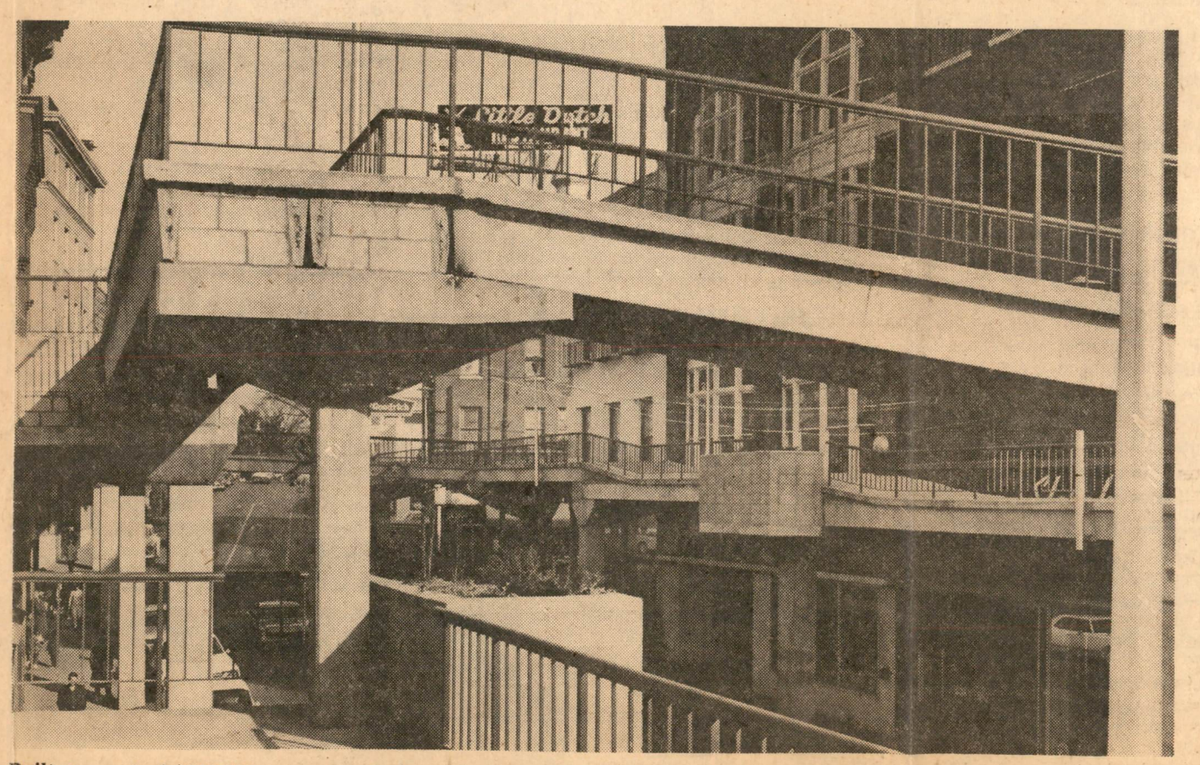
The walkway will also provide a permanent "scaffold" from which to work on the rehabilitation of the store fronts as well as maintenance and cleaning windows.

Damaged in Flood

The rehabilitation project is in conjunction with a five million dollar urban renewal project which includes the culverting of Turkey creek which flooded the central business district in 1963, inflicting $500,000 in damage to the stores.

Since the project began, several out of town businesses have become interested in this city of 25,000 and want to locate in its expansion area. Additional shopping facilities will make it unnecessary for Morristown residents to go to larger cities for some merchandise.

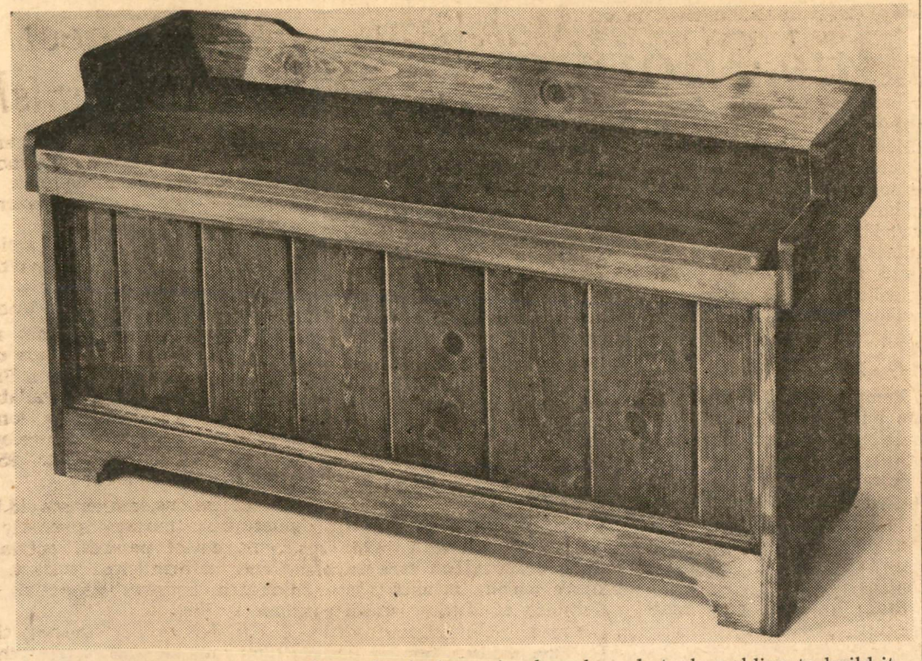
With a modern, clean downtown replacing a rundown, dingy one, merchants predict that business will pick up, customers will return and there will be life in the central business district again.



Built at a cost of $150,000, a system of elevated sidewalks will be open soon to pedestrians and shoppers in Morristown, Tenn. Bridges across the downtown street will help to eliminate traffic problems at street level crosswalks. Space is provided in the structure for power lines, cables and street lighting.

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Build a Better Doghouse in the Spring

It's time to think about chores that can be done outdoors when spring rains make the ground muddy and pliable.

An oft postponed project is a dog pen, and an ideal time to build it is when you can get the post hole digger into the soil without breaking your back.

Fenced-in areas have become necessary for pets as more country places become suburbs and more suburban areas turn into cities and towns.

Some adequate outdoor dog pens may be built for a small outlay of money. But materials such as heavy chain link may be required for strong hunting dogs.

A gate can be built at an entrance to the house (basement or kitchen), or perhaps the unit will be put away from the house. If dogs are yappers, it's a good idea to keep the pen near the house so they can be brought in when they become a nuisance to neighbors.

A pen shouldn't be on the road side of the house since some dogs yap at everything.

Small dogs may be contained in a pen of ordinary wire mesh, stapled to lumber uprights. But with chain link you will need heavy metal stanchions.

When the area is measured and drawn on paper, you will figure a stanchion about every five or six feet. Wire, stanchions, couplings and gate should be ordered at the same time. Everything must come out even, especially in height.

A good plan for a small pen is to make it longer than it is wide to keep the dog moving about. A small square pen may put him in the mood to sleep the day away.

A good size for a big dog is from 18 to 24 feet by 4 feet. If the pen is away from the ouse, he'll need a little dog house for bad weather. It should be insulated so that the dog can get out of the cold or strong sunlight.

The pen should be shaded at one end by trees. The do it yourselfer can spare decorations — a big, inquisitive dog will just remove fancy shingles. A mattress, too, will be in shreds in a few days of inching it around, pulling it and clawing it into position.

A garage attached to a house can make a great kennel for several dogs. One dog owner put cars outside and remodeled a garage into a combination kennel-playroom.

Four dogs live in cagelike contraptions along one wall with each compartment having little push button doors that open into outside runs.

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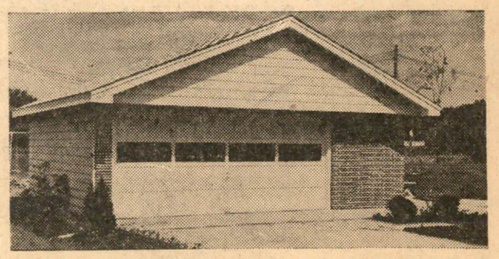
Economists estimate that Americans spend at least 14 billion dollars a year to improve or enlarge their homes. The nation's 64 million housing units have a median age of more than 25 years, with 40% of homes at least 35 years old.

In a survey, 50% of the housewives said their home had undergone some remodeling during the last year, and 54% indicated plans to remodel in the next 12 months.

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Lesson of Iberville St. // Canal St., block east. ~~Large~~ 3 Dept. stores ~~have~~ fronting on Canal St. have elevated passageways over Iberville, linking more space to Canal frontage. Kraus, Maison Blanche, & Holmes'.

Many other cities have sporadic pvt. elevated passageways. Like Venice, Bridge of Sighs.
Needed: systematic public ones, open access, among bldgs.
In hottest spot, at several levels, tapering down.

Bridges need not be midblock, but at all corners.

W. public elevators. escalators

Lesson of Bienville St. Closed, n. of ~~Rampart~~ Basin for 2 - 3 blocks, a lawn for apts.

Lesson of Canal St. a few blocks cater to lower inc., others to carriage trade, others to household goods & clothes, etc. Fncl. distr.; wtn. front, cheap rough bars, flophouses, --- every city full of neighborhoods of distinctive character, catering to special customers.

New Orleans: Throes of Change

And from this city, the New Orleans of To-Day, what message? What tidings and what signal? First and foremost, this, which is our raison d'être, *that it is in the throes of transition . . . all is Change, Alteration, Innovation . . . Here truly "the old order Changeth, yielding to the New."*

As things turned out, the unknown press agent who penned this choice piece of puffery for the New Orleans Chamber of Commerce in 1894 was about seven decades ahead of his time. For long after the Korean War, when nearly every other major city in the country roared to the sound of the trip hammer and wrecking ball, New Orleans' dominant old order of Creole and aristocratic Anglo-Saxon merchants continued undisturbed its leisurely conduct of the city's traditional businesses—shipping and shipbuilding, tourism, retail and wholesale trade. Life in "Big Easy," as the town's Negro citizens sometimes call it, remained graciously indolent, and about this time each year, the revelry of Mardi Gras provided all the excitement required.

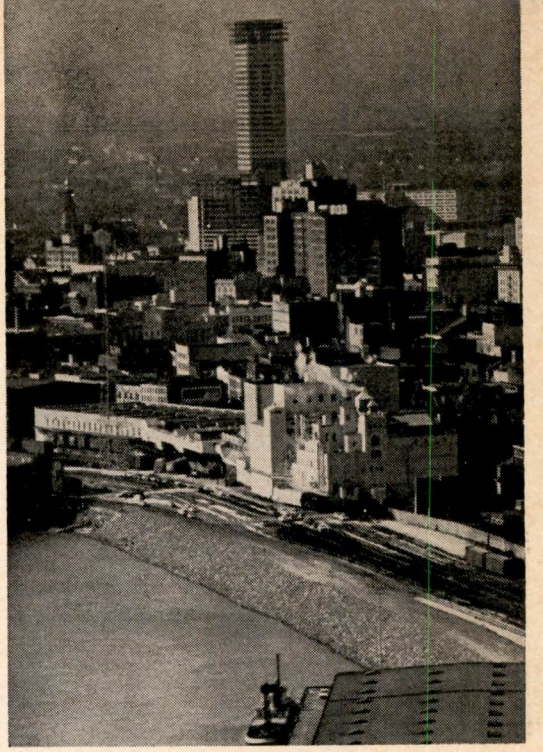
Yet the city's slow economic pace was itself the lure that began attracting shrewd outsiders. And when southern Louisiana's offshore petroleum strikes grew into a full-scale oil and petrochemical boom in the early 1960s and the Federal government began moving into its sprawling Saturn moon-rocket plant smack in New Orleans in 1961, the outsiders pounced.

The Big Shakers: Men like Clint Murchison Sr. and his sons of Dallas oil fame, New York builder Marvin Kratter and Chicago's John Mack launched vast office, residential and industrial schemes. And they were quickly joined by a pair of unlikely local non-bluebloods, Sam Recile, who began selling real estate at 15, and Louis Roussel, a driving entrepreneur. Both are now among the biggest movers and shakers in town. Today New Orleans is a boom town—a circumstance that does not always please the upper crust of the historic old river city. "A diamond is rather smaller than a bulldozer," sniffed one New Orleans matron of impeccable pedigree. "But we would rather have our small diamond than the biggest bulldozer there is." Mustached little Mayor Victor Schiro retorts happily: "The people have had their sleep. Rip Van Winkle is waking up."

Indeed, as the balls and celebrations mounted steadily last week toward Shrove Tuesday's Mardi Gras climax, the awakening was everywhere in sight.

A New Look: The float-filled parades wound through the shadows of gleaming new skyscrapers, like the 45-story Plaza Tower, and past the rubble of decayed old buildings like the Campbell Mansion, which is being torn down to make way for a parking lot. In the Vieux Carré—the famed French Quarter—scores of moldering old Creole buildings have been restored as private homes or combined and remade into chic apartments like the 241-unit Bourbon Orleans. As for the parades themselves, mock rockets and space capsules honoring the city's great new Saturn rocket plant formed the centerpieces for dozens of spectacular floats, and hundreds of mummers dressed as astronauts and moon creatures elbowed those costumed traditionally as fairy queens, mythological figures and imaginary beasts.

In their own way, the colorful city's cold statistics are just as impressive as the changing cityscape. The metropolitan population soared 16 per cent from 1960 to 1,053,900 the first of this year. Spurred by $303 million in insurance payments and loans resulting from damage caused by last fall's Hurricane Betsy, retail sales last year climbed 16 per cent over 1964 to $2.2 billion. Construction activity, also boosted by Betsy's damage, rose 30 per cent to $2.1 billion. And despite a 34-day dockworkers' strike last year, the Port of New Orleans, second only to New York, managed to boost seagoing and Mississippi River tonnage some 6 per cent to 88.5 million tons. In fact, the bustle prompted one perhaps overenthusiastic booster to promise last week: "Someday, the Lower Mississippi will be one long Ruhr Valley."

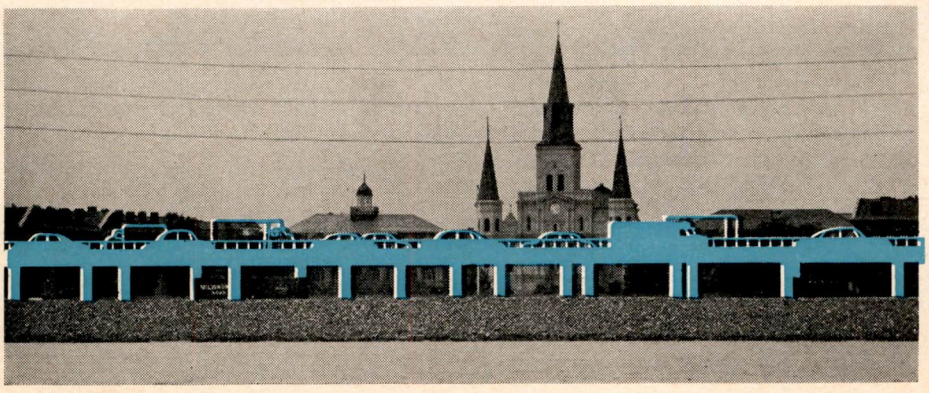


Rebirth on the Mississippi: Glistening

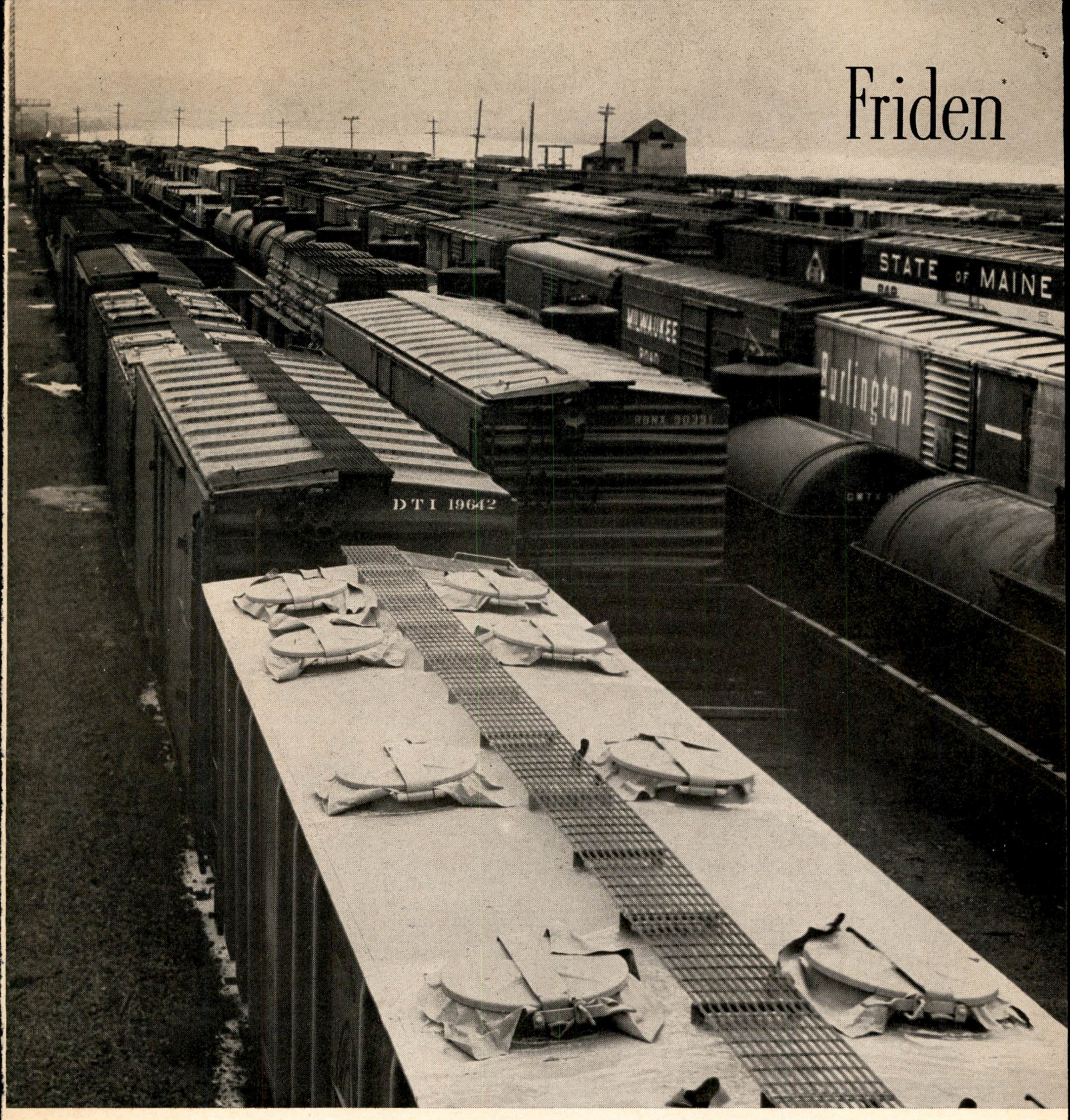
To keep up with all this growth, the local gas, electric and transit utility, New Orleans Public Service Inc., will spend $209 million on construction, almost three times as much as it spent in 1964. In a city where the tinkle of crystal at a well-laid supper party has been a more cherished sound than the ping of a cash register, a whole new financial horizon is opening up. "We are learning that money in the bank is nothing unless it is put to work," said awed Philip Werlein IV, president of an old-line musical instrument house that was the original publisher of the song "Dixie." "New Orleans will never be the same."

But the rebirth of New Orleans has not come about without growing pains; the developers and planners have had to battle the deep-seated antipathy—or outright resistance—of those who like New Orleans as it is. Their view was summed up by an aristocratic businessman, as he sipped a cup of French-drip coffee in the drawing room of his porticoed Garden District mansion one day last week: "We are a rather indolent people."

A Frantic Fight: Nowhere has the clash been more heated than over a proposal to build an elevated, six-lane expressway along the banks of the Mississippi River above a set of sunken railroad tracks. The three-story-high expressway structure would cut the French Quarter off from the river, closing the now open river side of famous Jackson



Hot controversy: Will an expressway (in blue) desecrate Jackson Square?



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Photos by Matt Herron—Black Star

new skyscrapers thrust above the old French Quarter (right foreground)

Square and partly hiding the celebrated St. Louis Cathedral. In addition, a number of the new access roads would be dropped into one corner of the venerable French Quarter itself. A dedicated group of businessmen, architects, lawyers and preservationists called HELP (Help Establish Logical Planning) is frantically fighting this "desecration of New Orleans heritage."

"Is New Orleans destined to be a catastrophe like New York?" asks architect Ronald Katz in anguish. To protest the project, which is in the final stages of approval, HELP partisans decorated a number of buildings along the Mardi Gras parade routes last weekend with black crepe instead of the traditional purple, green and gold bunting.

Snakes and Skeeters: Back in 1959, the New Orleans Establishment scoffed when the Murchisons and other Texas oil interests shelled out $30 million for 50 square miles of undeveloped land on Lake Pontchartrain. The land, the city's elite said, was a worthless mosquito- and snake-infested bog.

But the land also adjoins a government factory that NASA, two years later, picked for its giant Saturn rocket plant, which now employs 11,000 workers. The Texans brought in dredges to fill lowland, constructed a pumping station to drain it, and New Orleans East, as the area is called, now has 5,000 people living in residential areas and two large chemical works and a cement plant, worth $54 million, in its big industrial tract. "We're just beginning to walk," says Harold Cook, executive vice president of the planned 30-year-long development. "In the next two or three years . . . the city is just plain going to explode."

Marvin Kratter, 50, a hard-driving New York developer, also has invested $19 million in 5,000 undeveloped residential acres next to the Saturn complex. But New Orleans has found Kratter "tasteless and rude," in the words of one publication, and he has had trouble with zoning ordinances and in getting the city to service his development with drainage and sewage lines.

In an effort to woo New Orleans, Kratter has given money to such culturally correct projects as the "Save Our Symphony" drive, and offered to donate land for the city's proposed domed sports stadium, where hopefully a National Football League professional team would be installed. So far, these overtures have not helped. Explaining the problem, one New Orleans Brahmin says: "Kratter thought this would be a development just like any other, where you come in, put your money down and expect something to happen. But things just don't happen that way in New Orleans. You have to take the city the way it is."

The most flamboyant of the new developers are Recile, 32, and Roussel, 64. Since they are both native Louisianans, they presumably have a subtler knowledge of manners in the City of Dreams. The mild-mannered Recile, who made his first fortune in real estate and then lost it in oil by the time he was 23, is the real builder in New Orleans. And he is slowly winning local admiration simply by carrying through on his announced projects in the face of almost universal skepticism by ordinary citizens and the city's elite.

Big Step: Backed largely by Roussel, who used a fortune made in oil to buy control of the National American Bank (assets: $236 million) in 1959, Recile took his first big step two years ago, buying a 28-story office structure called the 225 Baronne Building for $12.5 million. The building, New Orleans' first new downtown skyscraper since 1921, had been put up in 1962 by Chicago real-estate man John Mack. Two major tenants were moving out, but Recile quickly refilled 225 Baronne, then the highest building in town.

Recile is now nearing completion of his new 45-story office building called Plaza Tower, which he says is already 95 per cent leased. In addition, his new Bourbon-Orleans apartment hotel is scheduled to open within weeks, and he is creating another French Quarter apartment building, "Le Richelieu Square," by remodeling an old spaghetti factory and a dozen other crumbling buildings. What's more, he has announced he will begin construction on a 72-story apartment, hotel and office structure this fall.

This record has won Recile the nickname of "the Bill Zeckendorf of New Orleans." But there are still snipers. "If a recession sets in," one socialite banker says darkly, "there is danger that his whole financial empire might crumble." "All our projects," replies Recile, "are individually planned and financed. They can weather all storms."

In contrast to Recile, the business tactics of Roussel, a combative poor boy from southern Louisiana's Cajun country, boil down to one sharp word: "Charge!" Roussel even dresses the part





Roussel (left) and Recile: Moving and shaking a city from its sleep

WALL STREET: How to Gauge Stock Prices

The run of news, doubts and rumors in Wall Street last week was no different than it had been since the year started. Business was booming; concern about Vietnam and about possible tighter money and higher taxes persisted; reports of a possible increase in margin requirements circulated again. But while the market had shrugged off its doubts in previous weeks—at worst declining a few points—last week the Dow Jones industrials suffered their biggest loss in almost seven months. The average sold off almost 14 points, closing the week at 975.22.

It might have been the start of the temporary and mild correction that many investment experts expected or simply a case of investors reacting to continuing uncertainty in typical fashion—by pulling back. Whichever it was, most Wall Street analysts were still basically optimistic about the outlook and didn't consider that stock prices, over-all, were too high. As evidence, they cited the important price-earnings ratio. It was well in line with what it has been in recent years and comfortably below the postwar peak set in 1961. Last year, the 30 industrials in the Dow average sold for 16.7 times earnings vs. 21 to 1 in 1961. The broader Standard & Poor's index of 425 industrials showed a similar trend—17.5 to 1 last year vs. 20.4 to 1 in 1961.

Of course, P-E ratios vary widely among different industries. As measured by S&P, for example, office-equipment stocks sold for 36.4 times earnings last year and steels went for 9.8 to 1 (table). There are often wide variations within the same industry. Chrysler, for example, sells for about 10 times earnings and General Motors is up around 14 to 1.

Premiums: Why the differences? "They're determined by what the market feels are the growth potentials in different industries or companies," explains Richard Scruggs, head of research at Goodbody & Co. Lewis Schellbach, chief economist at S&P, adds other reasons. Stocks in cyclical industries usually sell at lower ratios because their earnings fluctuate so widely, and the market discounts this. There are also styles in stocks, however solid or flimsy the reasons. Last year, the vogue in radio and TV manufacturing lifted prices to 26.4 times earnings vs. 21.1 to 1 in 1964, and the popularity of aerospace issues prompted a rise to 13.6 to 1 from 10.2 to 1.

But unthinking reliance on price-earnings ratios—the automatic assumption that a high multiple means investors are enthusiastic about an industry—can be misleading. "The price-earnings ratio is the most used and misused statistic on Wall Street," comments senior vice president Ralph Rotnem of Harris, Upham. "It is treacherous because there are two variables, prices and earnings."

Thus, P-E ratios can shoot up simply because earnings have shriveled, and not because investors are bullish about an industry. Aerospace stocks in the S&P index sold for a stratospheric 232.9 times earnings back in 1961 because General Dynamics suffered a $143 million loss as it wrote off development costs of its jet liners and dragged down earnings for the entire industry.

For the market as a whole, investment experts used to consider 10 to 1 a fair ratio. But between 1949 and 1962, Harris, Upham's Rotnem points out, "there was a bull market in P-E ratios." The multiple went up 328 per cent vs. a 36 per cent gain in corporate profits. That ascent has tapered off since then, but the ratio—now ranging between 18 and 19—is still well above early postwar levels.

Does this mean the current level is vulnerably out of line? Some market experts believe so, but they are in the minority. Most say the P-E ratio is still reasonable. Among the reasons:

- Investors are more growth conscious than ever today and are willing to pay a high multiple in the expectation that earnings will rise in the future. In years gone by they showed more interest in current income.
- The risks of investment are smaller. Both industry and government have shown they can avoid major depressions. And increased sophistication on the part of investors makes the market, over-all, a less hazardous place.
- The old law of supply and demand works toward keeping P-E ratios up. There has been relatively little new stock issued during the postwar period, but the demand, both from institutions and 20 million individual stockholders, keeps growing.

Thus, with few exceptions, market analysts aren't afraid there will be a shake-out in P-E ratios—nor do they look for any big run-up. Any increase in stock prices, many say, is likely to be tied more closely to actual increases in corporate earnings.

WHAT PRICE EARNINGS?

Price-earnings ratios have generally declined since their 1961 postwar peaks. Here is the five-year trend for industrial stocks and for some key industries measured by the Standard & Poor's index.

	1961	1962	1963	1964	1965
S&P's 425 Industrials	20.4	17.0	17.1	17.6	17.5
Dow 30 Industrials	21.0	17.3	17.1	17.8	16.7
Aerospace	232.9	11.1	10.5	10.2	13.6
Airlines	deficit	72.4	14.1	12.1	11.6
Aluminum	33.8	21.1	26.0	22.7	18.9
Automobiles	15.9	10.2	12.5	14.0	14.3
Chemicals	25.1	19.3	20.9	20.3	20.5
Coal—Bituminous	17.3	16.9	17.0	16.5	15.5
Containers—Metal and Glass	17.0	15.6	16.4	14.8	15.3
Copper	14.2	11.6	13.2	12.4	10.9
Drugs	28.5	24.2	23.1	24.1	26.3
Machine Tools	21.3	14.9	14.4	10.5	10.3
Office Equipment	60.2	48.5	41.5	36.2	36.4
Paper	22.2	19.3	19.7	18.2	16.3
Radio-TV Mfrs.	29.2	24.1	26.0	21.1	26.4
Food Chains	19.6	17.6	17.1	16.7	18.8
Steel	20.7	19.1	13.1	12.2	9.8
Textile Products	12.2	8.8	11.2	11.5	11.7
Cigarette Mfrs.	19.2	16.9	12.9	13.5	13.1

of a maverick, wearing a diamond-studded oil derrick tie pin, a gold and diamond watch on one wrist and a matching bracelet on the other. On his office wall is a framed poker hand, a "big dog flush" (Ace, King, Jack, ten, nine of hearts), which he drew in a game a year and a half ago. "I paid $100 to draw the fifth card in that stud hand. It was the nine," he remembers fondly.

As to the New Orleans Establishment, Roussel scoffs: "They don't want to do anything—but they don't want you to do it either." Neither Recile nor Roussel received invitations to Comus or the other top Mardi Gras balls this week, and they have no hope of ever getting into the male citadel of New Orleans society, the Boston Club (where it can take ten years even for a member's son to be accepted). This bothers them not at all, and Roussel is prone to needle the blue-bloods about it. Two lesser men's clubs once approached him for money to help them merge. Roussel readily agreed, on condition they call their new institution the Big Boston Club. Shocked, the supplicants declined—and retired empty-handed.

No Dough: Ironically, one hitch to progress is that despite its rising prosperity, the city of New Orleans itself is strapped for cash. Virtually every local politician for more than two decades has run on a "no tax increase" platform, and taxes, in fact, have not been raised at all. A new bridge across the Mississippi is badly needed. But, as Richard Freeman, head of the local Coca-Cola bottling company and retired chairman of Delta Air Lines, Inc. says: "The money is not in sight. The city must take a hard look at its finances."

Yet progress will not stop, and gradually even many New Orleans conservatives are grudgingly accepting the idea. "Well," said one old-guard banker, "at least New Orleans is getting the buildings, whatever happens after that."

Among the new buildings, the 33-story International Trade Mart Tower was recently topped out on the Mississippi River. In the future, Houston builder Harry MacLean III plans a $12 million, 47-story apartment-office building called Louisiana House, and Roussel is talking about putting up an 84-story office building. Shopping centers, warehouses, banks and dozens of lesser buildings rise daily. And in deference to local feeling, all the French Quarter refurbishing is being carried on with careful fidelity to its French and Spanish provincial architecture.

Indisputably, the city's hope for the future lies with the young New Orleanians who do not feel bound to the old Crescent City philosophy that all a man needs is enough money to live comfortably. Most tingle with a sense of urgency. As John F. White, a 27-year-old broker at Merrill Lynch, Pierce, Fenner & Smith Inc. puts it: "Suddenly people are saying, 'How can we make money on this thing, what can we do?' There's this sudden awareness that we've got to get in on the boom."

EXECUTIVES:

Organization Man

"A friend of my father was interested in a new invention—a roller bearing," Alfred P. Sloan Jr. once explained, with monumental simplicity. "I took hold of it. Then along came the first motor cars. They needed the bearing. So you can see it was nothing but good luck that put me in the way of success."

Luck clearly played a part in Sloan's career, but it was only a walk-on role. It was mostly sheer brilliance and dogged work that enabled Sloan to transform General Motors Corp. from a ramshackle grab bag of car makers in the 1920s to the world's biggest, most powerful and most efficient manufacturing corporation. When he died in New York last week at 90 of a heart ailment, the legacy Sloan left was, quite simply, the modern industrial corporation.



Newsweek—Robert R. McElroy

Sloan: Luck, plus

Sloan was born in 1875, the oldest son of a New England coffee importer, and spent an unremarkable boyhood in Brooklyn. But his record is a model for industrial chieftains. Sloan graduated from Massachusetts Institute of Technology at 20, having covered the four-year course in three years, and took a job as a draftsman with the floundering Hyatt Roller Bearing Co. When the company was threatened with liquidation, he raised $5,000 in loans, moved in as general manager and turned a $12,000 profit in the first six months. In 1916 the brilliant, erratic William C. Durant bought Hyatt for $13 million, and Sloan became an executive in Durant's fast-growing General Motors empire. When Durant was forced out four years later, the new du Pont management made Sloan an executive vice president. Three years later he was president of GM.

It was not an enviable position. General Motors was almost literally a company without management, an assembly of recent acquisitions (Chevrolet, Oldsmobile, Oakland, Cadillac) with no common aims and whose managers actually hid cash from one another. But within four years, he had evolved the basic pattern of GM's epochal "decentralization with coordinated control"—leaving administrative freedom and profit responsibility with the divisions, but forming central committees to handle policy, impose strict financial control and provide central staff services. It was a pattern that was to revolutionize American business and make possible today's giant corporations. In the same four years, Sloan's GM quietly outstripped Henry Ford as the world's biggest automaker.

Boss: Sloan set the tone for a generation of young executives. A soft-spoken, austere man, he took pride in his methodical approach: "Get the facts . . . keep an open mind and work hard." He avoided giving direct orders and pushed responsibility on younger men; but, said one observer, "no one who ever watched a General Motors committee meeting had any doubt where the head of the table was." He avoided publicity, and he and his wife of 58 years lived an inconspicuous social life; Sloan didn't smoke and took only an occasional drink. But he did drape his tall, gaunt frame in impeccable clothing; in his prime, he made the list of the world's ten best-dressed men.

Sloan stepped down as GM chairman in 1956, becoming very nearly a full-time philanthropist with heavy contributions to the Alfred P. Sloan Foundation, the Sloan-Kettering Institute for Cancer Research, and MIT (but even with these outlays, his personal fortune was estimated a year ago at $250 million). He worked for five years on his 1964 book, "My Years With General Motors"—a best seller for 22 weeks and a major addition to business literature. He was stooped and increasingly deaf, but he kept an active mind, a quiet dignity and a bedrock sense of frugality (for years, he carried a homemade sandwich to work in his Rockefeller Center office).

Just before his 90th birthday, Sloan refused a requested interview with a brief note: "I would like to 'fade away' and be

BUSINESS TIDES

BIG-BROTHER STATE

BY HENRY HAZLITT



The annual Economic Report of the President, a child of the Employment Act of 1946, has come to be considered a sort of official economic textbook. Yet it is primarily a political rather than an economic document. I described it here in 1952 as "political propaganda paid for by the taxpayers."

That description would apply to most of the annual economic reports, and certainly to the latest, which reads like a campaign speech. Most of it hammers in the message that you never had it so good and implies that you owe it all to the Great Society programs. The rest of it proposes still more controls and spending programs. All of these, of course, are to be piled on top of all the welfare and subsidy programs that have grown up during the preceding 36 years. The idea that private competition, free enterprise and individual initiative ever accomplished anything is scarcely acknowledged.

These welfare programs are expensive, though in the President's Economic Report, otherwise crammed with euphoric figures, this expense is not mentioned. The government's total cash expenditures in fiscal 1967 will be $145 billion, of which $83.6 billion will be nondefense spending. Both figures will be the highest on record. Compared with only five years ago (fiscal 1961) *non*-defense spending will be up $31.8 billion. Compared with ten years ago (fiscal 1956) it will be up $52 billion.

ALL TO SPONGE ON ALL

All this must be collected from the taxpayers. The government has nothing to give to anyone that it does not first take from the community. Yet Mr. Johnson constantly talks as if his Great Society programs will fill far more needs than the people could fill for themselves. Everybody is to live at the expense of everybody else.

This bewildering multiplicity of new programs adds up to the Big Brother state. Are there any unfulfilled desires anywhere? Then the government will fill them. If there are or ought to be any limits to the sphere and powers of the state, the Economic Report gives no hint of what they are.

The report makes scores of recommendations, but with one or two exceptions (e.g., more pollution control) nearly all of them are questionable. Instead of proposing that the government refrain from further inflation, the report seeks to end the balance-of-payments deficit by continuance of controls. It proposes that international monetary inflation be facilitated by "creation of new [non-gold] reserve assets." It proposes that the aims of foreign aid be expanded. It proposes that the Federal government "rebuild" the cities—i.e., that the taxpayers of every city pay for the rebuilding of all the other cities—as if this somehow relieved them of the cost. It proposes to increase compulsory unionism even further by repealing Section 14(B) of the Taft-Hartley Act. It proposes to raise the minimum wage and so make it still harder for teen-agers and unskilled workers to get jobs.

WHO MAKES INFLATION?

But what is of most immediate importance in the Economic Report is its discussion of inflation and the need of "maintaining cost-price stability." At one point, it is gratifying to see, the report comes close to acknowledging that the primary responsibility for inflation lies with the government's own policies: "The basic precondition for price stability is a fiscal-monetary policy that deters total demand for goods and services from outrunning potential supply." But the report quickly takes this back by adding: "But the extent of the fiscal or monetary restraint that will be needed to avoid inflationary pressures will depend directly on the restraint and moderation exercised by those who have power over wages and prices."

This is a clear reversal of cause and effect. If the government stops increasing the quantity of money, the average level of wages and prices cannot be raised. An excessive increase in the price of any given product will either reduce demand for that product or leave less purchasing power for other products. But if the government continues to print more money, and then tries to sit on individual prices, it will unbalance and disrupt production. Only governmental monetary policy, by commission or neglect, can create inflation.

forgotten. I think having lived to the present age justifies my so doing. I am sorry. I do not want to be discourteous. I cannot afford to be. But I most earnestly ask to be excused."

Alfred P. Sloan Jr. was excused last week, but it did not seem likely that he would be forgotten.

ENTERPRISE:

Shredded Secrets

It was perhaps inevitable that one day in Los Angeles, where the colossal is commonplace, someone would build a $120,000 trash truck. But this truck handles only high-class trash—the discarded secrets of the area's aerospace and other business firms. And it all adds up to a $500,000-a-year business for James O'Conner and his Document Disintegration, Inc.

The truck (actually a 40-ton paper grinder on wheels aptly nicknamed "The Monster") was developed four and a half years ago by O'Conner after a friend at North American Aviation, Inc., complained there was no foolproof, practical way to dispose of tons of discarded but still top secret documents. (For one thing, smogbound Los Angeles prohibits outdoor fires.) O'Conner, a dapper, 53-year-old former banker, found a ready market for DDI's mobile service in the Los Angeles area where, as one prominent businessman noted last week: "Some firms are absolutely paranoid. They think everyone wants to steal their secrets."

On its 72-hour-a-week tour, The Monster services up to 85 customers, with gun-toting guards on hand to see that no secrets are betrayed. With a roar like a jet engine, the unit pulverizes such items as plane specifications, misprinted traveler's checks or stockholder lists into a fine, yellowish fluff which is then buried at city dumps. The customer's cost: from 3 cents to 6 cents a pound.

Cut-up Confidences: Most of DDI's clients have pressing competitive or national-security reasons for keeping secrets from either corporate or cold-war enemies. Examples: IBM (80,000 pounds monthly), North American's Atomics International Division and an aerospace firm that recently asked DDI to "pick up 133 tons of an old proposal that didn't fly." But dairies have called on DDI to destroy old route lists, while a few churches and synagogues have fed pledge sheets and other confidential data to either The Monster or DDI's stationary grinder at suburban Gardena.

After two straight profitable years for DDI, O'Conner is understandably enthusiastic about mining trash for cash. "We dug for tin and found gold," he said last week. "We had no idea how many people needed us."

EXCERPTS FROM
"PROPERTY TAXES AND THE FREQUENCY OF URBAN RENEWAL"
By M. Mason Gaffney
Proceedings of the 57th National Tax Conference, 1964

The property tax has grown large, and is destined to grow larger as municipal debt expansion evolves into debt service and retirement.....For a long time tax levies lagged behind rising real estate values. Now, however, real tax rates have risen, too. In Milwaukee city, for example, we are up to 3% of true market value. And these real tax rates are destined to rise farther.....

....Each 1% of real estate tax rate is equivalent to a 19% tax levied as a lump sum payable at time of building. A 3% tax, such as Milwaukee and many other cities now impose, equals a 57% present lump sum tax, or let us just say about 50% as a good round figure.

Such a level of taxation breathes new meaning into the old saw about the power to destroy. But hereby hangs a paradox, one which the worthy Justice foresaw when he went on to observe that the power to tax is also the power to keep alive, and he might have added "bring to life." The upward assessment of undeveloped land in suburban fringes, and resulting higher taxes, is a prime force prompting the land's development! So the property tax is not only potent, it is potent to different effects, depending on whether buildings or site-potentials constitute the base.

....If the real estate tax as it continues to grow is not to scorch the earth, it must be modified to exempt improvements. That can be done by focusing it on the base of land value or site-capability, which not only permits improvement but positively prompts it.

The welfare economists have told us that an ideal tax base (in respect to incentives at least) would be some sort of faculty, capacity, or potentiality on which we might levy a tax not contingent or conditioned on the taxpayer's productive activity or allocative decisions, but purely on the exogenously determined capability of the base to earn income.....

Land, however, does nicely as a tax base corresponding to the idealists' concept. Its value is determined largely by forces exogenous to the owner. It is appraisable, and is appraised, constantly, separate from buildings.....I do not vouch for the accuracy of appraisals often used. The land-building allocations commonly reported for property tax assessments are often arbitrary and meaningless; the allocations used for income-tax purposes

systematically overstate the depreciable component; appraisals used by borrowers these days are tending to overstate all components. But for all that, land appraisal is an established art that was already as old as history when William the Conqueror ordered the Domesday Books. When the intent is to appraise accurately, we can do it.

....The excessive leverage that is objectionable in property taxation derives from the building tax more than the land tax.

We may also sneak up on the land tax base by various halfway measures....(such as) the Pittsburgh plan, now inaugurated in Hawaii. There are countless more: frontage assessments, flat acreage assessments levied by various special service districts, land taxes levied by California Irrigation Districts, and discrimination within the latitude customarily given assessors--although, as we know, that usually works the other way.

There are in some states special tax abatement laws, like the Missouri Urban Redevelopment Corporations Law which exempts improvements in renewal areas from real estate taxes for 10 years entirely and the following 15 years 50%. In Wisconsin we call it a "freeze" -- an allusion to our climate no doubt. It is the assessment that is frozen, for up to 20 years under certain quite limiting conditions. Milwaukee has two new buildings under the law, with seven-year freezes. Going back to my interest tables, assuming 60-year life and 5% interest, a 7-year freeze is as good as a 30% tax cut over full life; a 20-year freeze as good as a 66% cut. So these laws have already moved quite far towards full building exemption.....

Some jurisdictions allow informal assessment freezes without benefit of law. By their nature, such cases are hard to document, but is is widely alleged that the assessor of one Milwaukee industrial suburb forgets to assess new factories for their first several years.....

Property taxation has profound effects on land use, most of which may be summed up in one general principle: if the tax base is defined so that the tax depends on the use to which land is put, then the tax biases the landowner against the heavier taxed use.....

....Every parcel of land is in constant press or competition between the extant improvement and its prospective successors. Let us call the first the "defender", and the second the "challengers".

In this contest, the fisc is not a neutral party. The fisc, under prevailing tax policies, is interested to have the challenger unseat the defender, because the challenger will bear a higher assessment and pay several times as much in real estate taxes. That consideration is of great fiscal value, so much so that the fisc is often willing to subsidize urban renewal (although it is a peculiar logic to subsidize people to pay their taxes!).

But, as each man kills the thing he loves, so the fisc in its passion for new buildings tends to smother them. For that anticipated flow of taxes, which is of positive value to the fisc, is of an equal and opposite or negative value to the taxpayer. He can avoid it by avoiding renewal, and defer it by deferring renewal, and shrink it, when he does renew, by shriveling his renewal plans. And that is what he does, with the results that we continually deplore, but just as continually impose on ourselves by continuing to tax new buildings.

Let us put the point more generally by asking "when is the economic time to renew a site?"....When the defender ceases to earn a return on the value of the site in its highest prospective alternative use. After then, the bare land outvalues the land-and-defender combination. It is time to salvage the land by demolishing the defender. The defender, even if still sound and usable, has become absolutely worthless.....

....The fiscal deterrent assumes not just a supplemental but the primary role in blocking urban renewal. It may defer private renewal not just for decades but indefinitely, because there are reverberating neighborhood effects, from deterioration of old buildings, which progressively rob sites of their renewability.

There are large areas in our central cities which would be renewed forthwith in the absence of the fiscal deterrent. My student, Paul Downing, is just completing an isovalic cadastral contour map of Milwaukee County land values.....Comparing the bare land values with the combined values of land and old buildings, it is clear that in 10% or more of the city the bare or renewal value of land already nearly equals the defender values. Remove the fiscal deterrent and the challenge values would move well above the defense values, bringing prompt private renewal....

Shifting to the land tax system would not, in general, detract from public revenues, because at any given time there are buildings in every stage of the life cycle. Lower taxes from newly improved sites would be compensated by higher taxes on sites under old buildings. In older central cities, indeed, the old buildings are the majority. Nor would the change discriminate against the older places, for in due time they will be renewed and enjoy the new policy of impartiality towards youth.

The uneven impact of the change is largely among persons--those benefit most who are most in need of credit. That is in harmony with accepted public policy, but it achieves the end without subsidy or public assumption of large contingent liabilities, and without the double incubus of combined bureaucratic and lender conservatism and routinization.....

The building tax not only increases the capital requirements of builders, but throws on them a great deal of risk. The income tax, whatever its failings, has the virtue of falling off when evil days betide so that the fisc shares some risk with the builder. The building tax is not based on income but on an initial capital outlay. It is at its maximum before there is much income, and it continues at a level based on gross outlay, regardless of income. It would be hard to contrive a tax calculated to throw more risk onto the builder in proportion to the revenues raised.....

In conclusion, the property tax need not be a Frankenstein. In its present form it belongs back in the grave whence it so recently lurched.....But if it were converted to a tax on the base of site values it would become a perfectly respectable member of the tax family. In a family with so few of the description, it is an opportunity not to be lightly dismissed.

Certainly it is not to be dismissed with the hackneyed inanity that "it is no panacea." It is not competing with any panacea. History has imposed a curious double standard on deliberations of tax alternatives. Most taxes are adopted because they raise revenue. Land taxes are rejected because they are no panacea. If they simply raise revenue without doing much damage they are a great improvement over what we have now. If they offer additional benefits, so much the better.....