



Growth spurts in cities

By Dr. Mason Gaffney

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Mason Gaffney

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(Editor's note: This is the fourth article from Dr. Mason Gaffney's paper, "New Life in Old Cities." The Insights column published in the Sept.-Oct. 2006 issue of GroundSwell entitled "New Life in Old Cities" was actually the introduction in his 35-page paper. "New York City Reborn 1920-1931" was published in the Nov.-Dec. 2006 issue of GroundSwell. His section E. on Chicago, "Georgists and Chicago's Growth, 1890-1930" from the following part III. of his paper, was published in the May-June 2006 issue of GroundSwell and is not reprinted here)

III. Growth Spurts in some Other Cities

Data gathered originally for comparison with NYC, also point us to some other cities that grew rapidly during parts of 1890-1940. Some grew faster, percentage-wise, than NYC. What, then, is special about NYC's spurt? In several of the other cities, rapid growth was associated with Georgist-oriented policies and attitudes similar to those of NYC under its Al Smith Act, and its Lawson Purdy assessment practices. This supports C.J. Post's and Geiger's and Polak's assertions of cause and effect.

A. Cleveland, 1900-20

Cleveland grew by 109%, 1900-20. For most of this time it was under the administrations of single-taxers Tom L. Johnson, 1901-09, and Newton D. Baker, 1911-16. Charles Barker, biographer of Henry George, describes Johnson as George's "field commander". In 1906, Mayor Johnson inaugurated a low 3-cent trolley fare which entailed possible deficits he intended to meet by taxing real estate. In 1909, Johnson formally put in place reformed machinery for land assessment. W.A. Somers, who had supplied his "standard unit" system of mapping land values to Johnson in 1901, was made Chief Clerk. Somers supervised the first quadrennial assessment (Post, 1915, p.91). Johnson and Somers raised assessments from \$180m to \$500m, with a new emphasis on land values. For the first time, there was a fair assessment in Cleveland (Russell, p.291; Bremner, Chap. 14, pp.153-64).

Johnson and Somers analyzed property assessments, and found that assessors had been undervaluing holdings in rich neighborhoods, and overvaluing those in poor. Johnson, a master showman, put up large maps illustrating this, inviting discussion and suggestions from the public. To aid understanding, he pushed "the Somers unit system" — a system later used by Purdy in NYC. A Standard Unit was one front foot, 100' deep, with formulas to adjust for corner influence, depth influence, etc.

To win support for up-valuing land and down-valuing buildings, Johnson set up a city-sponsored Tax School in 1901. The biggest landowner in Cleveland sued to stop it, and won, but by the time the Tax School closed it had operated for 20 months, and prepared the public mind for a large rise of land assessments (Johnson, pp.127, 129; Bremner, pp. 129, 136, 157-58). Johnson's parting view upon leaving office in 1909 was of his candidates taking control of the City Board of Equalization, which had the last word on assessed valuations (Bremner, pp.162-64). To this day a bronze statue of Johnson stands

in downtown Cleveland, holding a book out for all to see, and on it is engraven Progress and Poverty.

Johnson's City Solicitor and ally, Newton D. Baker, was another remarkable leader, who later nearly edged out FDR for the Democratic Presidential nomination in 1932 (Cramer; Neal; Moley). Baker won the mayoralty in 1911, after an interregnum of just two years. Baker implemented Johnsonian policies until President Wilson appointed him Secretary of War in 1916. This high-level appointment recognized the political power of the single-tax movement in that era, a power that later historians and economists have wrongly trivialized. Baker left behind an improved infrastructure, and the city debt that financed it, so the City needed heavy land-value taxes for some time to come. Peter Witt, often described as "a fiery single-taxer", ran to succeed Baker and lost only narrowly, indicating that Johnsonian policies retained a large constituency. After 1916, though, Cleveland slowly fell into old-line Tory hands (Cramer, p.7). It also began its long slide into its present torpor and mediocrity. From 1900 to 1920, Cleveland's population had more than doubled. If Cleveland had continued growing at the Johnson-Baker rate, its population today would be 15 millions or so, double that of NYC, and 30 times the half million it actually has now. Its masses of voters would dominate Ohio politics, which helps explain the efforts of the Taft and Hanna machines in the 1912 Ohio constitutional convention, to be described below, to block its pro-growth policies.

B. Detroit, 1890-1930

Detroit's soaring growth, 1890-1930, obviously involved the auto industry, but why did that industry focus on Detroit? There was no St. Lawrence Seaway — that opened in 1959, when it failed to arrest the decline of most Great Lakes cities, whose leaders were failing to stop their internal decay. Growth began under Mayor, then Governor Hazen S. Pingree (Lorenz, pp.17-18; Johnson, p.91). Pingree had called Tom Johnson to Detroit in 1899 to help beef up its street car system and lower fares, under public ownership (Lorenz, pp.17-18; Johnson, pp.91-97; Bremner, p.42; Bemis). It is one of the great ironies: The Motor City, whose auto firms did so much to destroy mass transit, originally attracted them by providing cheap mass transit for their workers. Pingree was growth-oriented, but not annexationist, and was in tune with Johnson. Growth after Pingree, however, entailed vast annexations, nearly quadrupling the City area by 1930. During this period Detroit subsidized sprawl massively, resulting in one of the worst cases of excess subdivision in the U.S.A. at that time (Fisher and Smith, 1932; Fisher, 1933), although there was keen competition for that superlative. Historians have neglected Pingree as compared with Johnson and Baker of Cleveland, and Jones and Whitlock of Toledo, but Joseph Dana Miller rates Pingree with Johnson and Whitlock as a "true single-taxer" (Miller, pp. 411-12).

Table I ("Population, NYC and Comparison cities, 1890-2000, Ranked by 1900 Populations") shows a sensational collapse of Detroit after 1950 or so. A weak market for autos? Hardly: Detroit's fall coincided with the Interstate Highway System and the greatest auto sales boom in history. The St. Lawrence Seaway opened in 1959, opening more export markets. Foreign competition came later. Detroit's leaders, auto-oriented, forgot the Pingree policies that had launched Detroit earlier. During Detroit's fall, the brand new suburb of Southfield elected a latter-day single-tax Mayor, James Clarkson, who appointed a single-tax assessor, Ted Gwartney. During the Clarkson-Gwartney era Southfield boomed vigorously, until opposing forces got Clarkson kicked upstairs as a lifetime judge. Thereupon, Southfield immediately stagnated.

C. Toledo, 1890-1920

Toledo tripled its population, 1890-1920. Much of this occurred under single-tax Mayors Samuel M. "Golden Rule" Jones, 1897-1904, and his disciple, Brand Whitlock, 1905-1913, a graduate of Gov. Altgeld's populist administration in Illinois. Many cities grew fast in this period, but Toledo grew by 200%, outpacing most other cities. Books by Jones and Whitlock tell much of the story.

Toledo peaked out after 1920. The shackles of the 1912 Constitution blocked Toledo just as they did Cleveland. In addition, according to Milwaukee Mayor Daniel Hoan,

the railroads with their key landholdings choked Toledo by tying up its waterfront (Kerstein, pp.42-43). Hoan had taken drastic action to take control of Milwaukee's waterfront, with its city-owned port and parks. Chicago had earlier done the same. It was Hoan who led the fight for the St. Lawrence Seaway Project, fighting railroad corporations all the way.

D. Milwaukee, 1916-40

Milwaukee grew fast for 30 years under its "socialist" Mayors Emil Seidel (1910-12) and Daniel Hoan (1916-40). Hoan's tenure was the longest of any Mayor of a large American city; he was nationally recognized as the best mayor in the country, and Milwaukee under Hoan was the best-governed city (Kerstein, 1966). This was a period of slowing growth in most other cities in Table I.

Hoan's brand of what others labeled "sewer socialism" consisted in applying the principles of marginal-cost pricing to Milwaukee's infrastructure, meaning keeping transit and utility user-rates low, and meeting deficits by raising property taxes. Hoan also expanded social services, and pressed city assessors (in Milwaukee these serve at the mayor's pleasure) to up-value land and down-value buildings (Hoan, 1936, pp.26-27). Hoan had his assessor distribute maps of city land values, block by block, to enlist citizen aid and support for assessing land first, and buildings "residually" — the quick and easy way, as well as the theoretically correct way, to raise assessed values of land and lower those of buildings. This is the system spread by W.A. Somers, and at that time known by his name. Like all progressive mayors of the era, and like Tax Commissioner Purdy in NYC, Hoan studied and learned from the achievements of Tom Johnson (Hoan, *passim*).

Hoan also took control of Milwaukee's waterfront from the rails for the City, creating the Port of Milwaukee and a string of lakefront parks. Hoan was inspired by civic reform in Chicago, where he had lived from 1905-08 under Mayor Edward Dunne (q.v.), and taken his law degree. He modeled himself on Clarence Darrow.

Later Mayor Frank Zeidler (1950-60) was also a "socialist" of sorts, and well-intended, but without Hoan's keen mind. He believed annexation was the way to provide cheap housing for workers so he annexed all of northwestern Milwaukee County, doubling the City's area. Then he stepped down in 1961 for Henry Maier, whom he mistakenly thought would carry on the Hoan tradition. Maier turned out to be retrograde, consumed by national ambitions and a do-nothing strategy of blaming all the City's problems on its suburbs and an imaginary conspiracy of enemies. Under his leadership, Milwaukee started rapidly to hollow out and lose population.

The formula for growing and revitalizing cities seems to be the same, whether under a "socialist" like Hoan, a colorful populist like Johnson, a reluctant dilettante like Whitlock, a leading citizen like Purdy, or a lawyer like Clarkson: supply infrastructure, keep user-rates low, raise land taxes, attend to the details of assessment, and go easy on buildings. It is simply the economists' theory of "marginal-cost pricing" as articulated by Hotelling (1938), and later developed at length by William Vickrey in many books, lectures and articles (Arnott).

F. San Francisco

Many cities outside the northeast quadrant were implementing growth-oriented, George-like policies in this era. Here is a case study of one, San Francisco, to represent the genre.

Born-again San Francisco, 1907-30, makes an edifying case study in regenerative tax policy. Its calamity of 1906 wiped out most of the city. It had no State or Federal aids to speak of. The state of California had oil, but didn't even tax it, as all other states do. It did have private insurance, but so did and do other cities. It had no power to tax sales or incomes. It had no lock on Sierra water to sell its neighbors, as now; no finished Panama Canal, as now; no regional monopoly comparable to New Orleans' hold on the vast Mississippi Valley. Unlike rival Los Angeles (whose smog lay in the future) it had cold fog, cold-water beaches, no local fuel, nor semitropical farm products, nor easy

mountain passes to the east. Its rail and shipping connections were inferior to the major rail and port and shipbuilding complex in rival Oakland, and even to inland Stockton's. It was hilly, more so than any other major American city; much of its flatter space was landfill, in jeopardy both to liquefaction of soil in another quake, and precarious titles subject to the public trust doctrine (Wilmar, 1999). Its great bridges were unbuilt — it was more island than peninsula. It was known for eccentricity, drunken sailors, tong wars, labor strife, racism, vice, vigilantism, and civic scandals. In its hinterland, mining was fading; irrigation barely beginning. Lumbering was far north around Eureka; wine around Napa; deciduous fruit around San Jose. Berkeley had the State University, Sacramento the Capitol, Palo Alto Stanford, Oakland and Alameda the major U.S. Naval supply center.

Yet, after the quake and fire of 1906, San Francisco bounced back so fast its population grew by 22%, 1900-10, in the very wake of its destruction; it grew another 22%, 1910-20; and another 25%, 1920-30, remaining the 10th largest American city. It did this without expanding its land base, as rival Los Angeles did; and while providing wide parks and public spaces. Far from spreading out, it had to pull back from the treacherous filled-in level lands that had given way in the quake and over which the State was assuming greater control (a 1909 Statute prohibits the privatization of any tidelands or submerged lands anywhere in the State — Wilmar). On its hills and dales it housed, and linked with mass transit, a denser population than any city except the Manhattan Borough of New York. For a sense of its gradients, see the chase scenes from the films *Bullitt* or *Trench Coat*. It is these people and their good works that made San Francisco so famously livable, the cynosure of so many eyes, and gave it the massed economic power later to bridge the Bay and the Golden Gate, grab water from the High Sierra, finance the fabulous growth of intensive irrigated farming in the Central Valley, and become the financial, cultural, and tourism center of the Pacific coast.

How did a City with so few assets raise funds to repair its broken infrastructure and rise from its ashes? It had only the local property tax, and much of this tax base was burned to the ground. The answer is that it taxed the ground itself, raising money while also kindling a new kind of fire under landowners to get on with it, or get out of the way.

Historians have obsessed over the quake and fire, but blanked out the recovery. We do know, though, that in 1907 San Francisco elected a reform Mayor, Edward Robeson Taylor, with a uniquely relevant background: he had helped Henry George write *Progress and Poverty* in 1879. George, Jr.'s bio of his dad calls Taylor the only one who vetted the entire MS. George's academic biographer, Charles Barker, credits Taylor with adding style and quality and ideas to the work. Barker and George's earlier academic biographer (Geiger) consider Taylor to have been the major single influence on George. Taylor's call for action appears on p.396, introducing "The Application of the Remedy". If you had helped and swayed the man writing *Progress and Poverty*, and composed its call for action, and then became reform Mayor of a razed city with nothing to tax but land value, what would you do?

Reams are in print about how Henry George was not elected Mayor of New York, but nothing about how his colleague E.R. Taylor WAS elected Mayor of San Francisco. While George was barnstorming New York City and the world as an outsider, Taylor stayed home and rose quietly to the top as an insider.

In 1907, single-tax was in the air. It was natural and easy to go along with Cleveland, Detroit, Toledo, Milwaukee, Chicago, Houston, San Diego, Edmonton, many smaller cities, and doubtless other big cities yet to be researched, that chose to tax buildings less and land more. Vancouver, above all, was a model and inspiration. Civic leaders seriously considered going further. "The Commonwealth Club (San Francisco) Reports for 1914 reflect that more time was devoted by the club to consideration of it (the single tax initiative) than any other, ... Again, as in 1912, much of the debate centered around the success of the tax policies of the British Columbia cities, ..." (Echols, 1967, p.59).

It was the Golden Age of American cities when they grew like fury, and also with grace: "The City Beautiful" was the motif, expressed in parks and expositions like San Francisco's 1915 Panama-Pacific International Exposition. The idea of city parks,

recreational land for all the people, melded with the idea of national parks: San Francisco housed major leaders of the movement like Franklin Lane, John Muir, William Kent, and others.

Mayor Nagin of New Orleans today pleads that Katrina wiped out most of his tax base, so he is impotent. By contrast, in 1907 Mayor Taylor's Committee on Assessment, Revenue, and Taxation reported sanguinely that revenues were still adequate. How could that be? Because before the quake and fire razed the city, 75% of its real estate tax base was already land value (S.F. Municipal Reports, FY 1906 and 1907, p. 777). S.F. also taxed "personal" (movable) property, but it was much less than real estate, and "secured" by land. The coterminous County and School District used the same tax base. If we saw such a situation today we would say the local people had adopted most of Henry George's single tax program *de facto*, whether or not they said so publicly. San Francisco was the epicenter of Luke North's 1916 "Great Adventure" initiative campaign for a statewide single tax — a campaign that won 31% of the State's voters. (Large Landholdings, 1919; Miller, 1917, p.51; Geiger, 1933, p.433; Young, p.232). From 1912-22, North and others qualified a single-tax initiative at every biennial election (Echols, 1979, *passim*). Even while "losing," such campaigns raised consciousness of the issue so that assessors were focusing more attention on land. Thus, in California, 1917, tax valuers focused on land value so much that it constituted 72% of the assessment roll for property taxation, statewide (Troy, 1917b, p.398)—a much higher fraction than today.

It was a jolt to replace the lost part of the tax base by taxing land value more, but small enough to be doable. This firm tax base also sustained S.F.'s credit to finance the great burst of civic works that was to follow. Taylor retired in 1909, but soon laid his hands on James Rolph, who remained Mayor for 19 years, 1911-30, a period of civic unity and public works. "Sunny Jim" Rolph expanded city enterprise into water supply, planning, municipally owned mass transit, the Panama-Pacific International Exposition, and the matchless Civic Center. S.F. supplemented the property tax by levying special assessments on land values enhanced by public works like the Stockton Street and Twin Peaks Tunnels. Good fiscal policy did not turn all the knaves into saints, as Gray Brechin has documented in *Imperial San Francisco*. Rolph burned out after 1918 or so, and fell into bad company with venal bankers and imperialist engineers. But San Francisco still rose and thrived.

G. Cincinnati, Ohio politics, and Decadence

Set against those cities with spurts of rapid growth there were others frozen in time. Lincoln Steffens, in his "Tale of Two Cities," contrasted Cleveland, the best-governed American city, with Cincinnati, one of the worst, and we will do the same.

After 1890, Cincinnati poked along only slowly under its various "business-friendly" administrations. All during the years of Tom Johnson and Newton Baker in Cleveland, and Samuel Jones and Brand Whitlock in Toledo, Cincinnati was the power base of the old Tory guard who opposed them and all they stood for, and put Ohioans McKinley, Taft and Harding, three of our stodgier presidents, in the White House (Steffens; Russell, pp.131, 136, 149, 155, 174, 203, *et passim*; Bremner). Under their guidance, Cincinnati grew so little and shrunk so much that it now has fewer people than it had in 1910, shriveling from 363,000 in 1910 to 331,000 in 2000 (see Table I). In April, 2001, Cincinnati erupted in destructive *emeutes*.

Mark Hanna of Cleveland made McKinley President, and himself Senator. Hanna enjoyed support from the richest American, Cleveland John D. Rockefeller, and from Cincinnati bosses Cox and Foraker, but could not control his own front yard because Johnson did (Russell, p.120). Hanna routinely maligned Johnson, defining him as a "socialist-anarchist-nihilist." Socialism was the equivalent of anarchism, said Hanna, and it was an anarchist who had shot McKinley, so there. Johnson, a native southerner, was a "carpetbagger followed by a train of all the howling vagrants of Ohio."

It went beyond name-calling, and beyond Hanna. "In Cleveland, as in these other (Ohio) cities, there was organized as if by instinct a sympathetic, political-financial-

social group whose power and influence made itself known the moment it was touched..." (Hauser in Preface to Johnson, 1911, p. xxii.)

Ohio was not alone in having such a power structure. Judge Ben Lindsey of Denver memorably described another such case in *The Beast*. Ohio was unusual, though, in having Tom Johnson. Johnson, inspired by Henry George, had the courage, skill, dedication, and personal wealth to face *The Beast* and tame it.

Johnson died in 1911, but the spirit outlived the body. Single-taxers were hard at work in the Ohio constitutional convention of 1912, pushing for direct democracy to overcome plutocratic and boss rule. Herbert S. Bigelow was the leader; "fiery" Peter Witt was active. Like U'Ren in Oregon they believed that the Initiative and Referendum would open the gate for the single-tax. Journalist Yisroel Pensack examined the Proceedings of this convention. They show landowning anti-Georgists concentrating their forces against such an outcome, to the extent that Ohio's Constitution now provides that I&R may be used for almost any purpose EXCEPT to enact the single tax (letter to the writer). Professor William Peirce of Case Western University confirms Pensack (2003). Oliver Lockhart wrote that the Convention was dominated by "fear of the single tax, which element (sic) was in control of most of the convention machinery" (1912, p.730). Francis Coker quoted the then-new Ohio Constitution to the point (1913, p.196). Thus the Cincinnati power group, based on a failing city, branded its mark on a whole state — while also giving the nation three mediocre Presidents: McKinley, Taft, and Harding. Since then, Toledo and Cleveland have joined Cincinnati on the sick list.

In upstate New York and downstate Illinois, it is the same. People there gaze with distrust on the "anti-business" radicals and sinners in the big city, and their high property taxes, while people and capital and businesses keep moving from the farms and small cities to the big one (and its suburbs). Something is askew with popular perceptions of cause and effect. Data presented herein tell a different story.

H. Are Pro-labor Mayors Bad for Business?

The population growth records herein suggest an arresting hypothesis, that left-wing administrations are good for business — productive business, that is — and "pro-business" administrations are bad. San Francisco and New York, with their leftwing democratic traditions, seem to hold up well compared with other old cities. San Francisco's recovery from the quake and fire of 1906 was fast and impressive, under its Mayor Edward Robeson Taylor, 1907-09, and then enduring under Mayor James Rolph, 1911-30. George's major biographers consider Taylor to have been the greatest single influence on George.

Mark Lause has named NYC as the focus of radical politics back to 1820 or so, during the time it was emerging as our largest city. During this long growth period after 1820, NYC government was collecting a large bite from land rents to support public services (Geiger, p.427). The whole state, in fact, used land taxes to finance the Erie Canal, opened in 1825.

Even Los Angeles, with its "open-shop" reputation, came close to electing a socialist mayor, Job Harriman, in 1913. Like Chicago and San Francisco, L.A. had natural handicaps to overcome, and used city government for public works to raise private land values — just don't call it "socialism", was the ethic of the dominant L.A. Times and its allied ruling class. L.A. raised property taxes to spend lavishly on public water supply, public power, harbor facilities, sewers, city-owned rails, and other public works. In 1934, L.A. voters even supported Upton Sinclair of Pasadena for Governor. Sinclair's "EPIC" program included a large element of Georgist land taxation and redistribution.

As reported above, Houston, under single-tax assessor J.J. Pastoriza, grew by some 25%, 1911-15, until a court ordered him to go back to the old ways (Geiger, pp.434-35). Harris Moody, assessor in San Diego, single-handedly used his administrative latitude to convert the property tax to a land-value tax over several years, 1920-26, until stopped abruptly by court order (Mahoney). At this point the city skyline froze for the next 75 years (Andelson). Vancouver, B.C., quintupled in population, 1895-1909, after

exempting first 1/2, and then 3/4 of building values from the property tax, as described by 8-term Mayor Louis Denison "Single-tax" Taylor (Marsh, 1911, pp.33-37; Rawson, 2000).

Detroit's explosive growth was triggered by Mayor and Governor Hazen Pingree, battler against railroad corporations, other land speculators, and transit monopolists. Chicago's long growth record came under a series of leaders who supported labor unions, education, parks, and welfare, and made a virtue of battling monopolies, from Bradley's "Anti-monopoly League" of 1881 and socialization of the lakefront through muckrakers Tarbell and Lloyd to the exile of transit magnate Samuel Yerkes. Milwaukee's rapid growth came under two avowed Socialist Mayors, Emil Seidel and Daniel Hoan, who seized the lakefront from the rail corporations and created vast public parks. Cleveland's growth came under the radical anti-monopolists Tom Johnson and Newton Baker. Toledo's burst of growth came with single-tax Mayors Samuel "Golden Rule" Jones and Brand Whitlock. Pioneer land assessor William A. Somers traveled busily on loan from city to city, instructing local assessors in his Georgist techniques. Out west, San Francisco's swift recovery from its quake and fire began under Mayor Edward Robeson Taylor, who had helped Henry George write *Progress and Poverty* in 1877-79. Vancouver's leader was 8-time Mayor Louis Denison "Single-tax" Taylor. In Seattle it was Mayor George F. Cotterill, who looked to Vancouver for inspiration. In rural California it was the virtually unknown "C.C. Wright" and "L.L. Dennett" of Modesto. I do not pursue those threads here, but they surely call for review of stereotyped ideas about "pro-business" governments and "leftwing" governments. They also refute the idea that Georgism never weighed in politics. These were not isolated local events. The principals "were very conscious of being part of a national movement, and they were in close contact ..." (Morton, pp. ix, 8).

I. The Puzzle of Pittsburgh

Pittsburgh is a Georgist anomaly. Urban and tax scholars routinely cite Pittsburgh, with its "two-rate property tax plan" (lower on buildings, higher on land) to exemplify a tax-induced growth effect roughly like what New York's law induced. Whatever happened in Pittsburgh, however, has not made its population rise. Its fall after 1980, especially, is steeper than most cities in Table I ("Population, NYC and Comparison Cities, 1890-2000, Ranked by 1900 Populations").

No one publishing on Pittsburgh's Plan, pro or con, has addressed this exodus, to my knowledge. Various studies have shown rapid building in Pittsburgh under its two-rate regime (Cord, Oates and Schwab, Tideman and Plassmann). None of these looked at population. Whatever the answer, champions of the Pittsburgh graded tax plan need to explain this outmigration.

One reason for it is that Pittsburgh's plan, compared with New York's, is not focused on housing. It has the effect of encouraging commercial and industrial building which might actually take land from residential use within the city limits, while stimulating residential demand in the suburbs. Pittsburgh is also tightly constricted in area, unlike NYC, and perhaps should be compared with Manhattan, rather than all of NYC.

Another reason for an exodus is that Pittsburgh under Mayor Richard Caliguiri imposed a wage tax of 4% during the 1980s. He also raised gross receipts taxes. In 1989 a new mayor, Sophie Masloff, commissioned research by Ralph Bangs of the University of Pittsburgh to explain the exodus from Pittsburgh, and Bangs' respondents identified the wage tax as a major cause (letter from Pittsburgh researcher Daniel Sullivan, 29 Dec 2000). Neither Masloff, 1989-93, nor her successor Tom Murphy has abated the wage tax. Murphy abated taxes on certain large businesses that agree to locate in Pittsburgh — but not on their workers.

A third reason is that the graded tax rate — lower on buildings than on land — applies only to tax rates imposed by the City of Pittsburgh, not to the overlapping property taxes of the School District or of the County, Allegheny. The effect on taxpayers is thus heavily diluted, so that many of them are scarcely aware of any two-rate tax plan.

A fourth, and perhaps the weightiest reason is the least visible, in normal times: the City of Pittsburgh does not control its own assessments the way Johnson did in Cleveland, Hoan in Milwaukee, Purdy in NYC, and Clarkson in Southfield.

The Allegheny County Assessor controls tax valuations, and this officer has another agenda, which includes undervaluing land. Pittsburgh's assessed land values were so low in 1999, "they weren't anywhere near reality," said George Donatello, operations director for Sabre Systems, a contract assessment firm retained to reassess Allegheny County in 2000 (Belko). In 2000, land was only 10% of the property tax base in Pittsburgh: an absurdly low figure that lacks all credibility (Pittsburgh Councilman Daniel Cohen, cited in Snowbeck).

Sabre Systems revalued Allegheny County land at triple the amount, but the powers in Pittsburgh responded by ditching the graded tax plan. Modern crusaders for "two-rate" tax reform resist addressing and dealing with malassessment, because they fear reassessment as a political liability. Perhaps it is, but without Purdy-style assessments, the "Pittsburgh Plan," for all its publicity, is form without substance, more nominal than real. It is tempting to "Let sleeping dogs lie," but the reason reassessments awaken the dogs is because valuation of the tax base is where the real bite is, and without real bite there is no real reform.

Scholarly researchers, too, have neglected malassessment, because it is messy, and the modern academic style is to build complex econometric models that are top-heavy and fragile, even with good firm numbers, and often impossible when the input numbers are fuzzy. Models are mechanistic and mathematical, with no room for the attitudes and personalities of civic leaders which, as we have seen, make a world of difference. There is wide latitude in the assessment process, latitude that can be used either to subvert a Pittsburgh Plan, or, as in Pastoriza's Houston, 1909-15, or Harris Moody's San Diego, 1920-26, to subvert the taxation of buildings and move toward a de facto single-tax regime.

Pittsburgh City officials who support taxing wages are obviously not oriented toward encouraging immigration, so the wage tax may be just one of several anti-personnel devices. The lessons seem to be 1) that one must look at the whole of city policies, not just the apparent structure of the property tax, to determine the overall impetus of public policy on population; 2) Pittsburgh's officials have been more interested in favoring capital than labor; 3) where there are two or more overlapping jurisdictions levying on property, a change in just one of them may not amount to much; and 4) property tax reforms may be subverted by contrary assessment practices.

IV. L'Envoi

Population growth is not always a goal of civic policy. Many cities discourage immigration, while seeking to import and retain taxable capital. Federal tax policies of recent times, shifting more and more of the tax burden off property income and onto labor income, have diluted or offset normal local incentives to attract people. Population, however, is surely one measure of city health, even from the particularistic local view: a thriving city attracts people.

From a distributive and full-employment view — the one taken here — it is vital to the interests of labor to have cities vie to attract people by fostering good use of their land. That is, indeed, the main point of Progress and Poverty, George's major work. Competition for people is also vital to the interests of all people as consumers, especially of housing. In this neo-Malthusian era, it is useful to point out the obvious, that luring people from city A to city B is a zero-sum game, from a national population view. Indeed, luring people from farms to cities generally lowers overall birthrates.

"Labor" as used here includes most people: everyone except passive-aggressive landowners. As to the last, however, the rise of land prices in NYC (which C.J. Post and Pleydell and Wood document), and their fall in torpid cities and neighborhoods, says that landowners, too, gain from urban health and vigor. As to savers, and active investors in new buildings, and other productive entrepreneurs, interurban competition tends to raise the marginal rate of return on capital, too. How is all this good news

possible? A healthy economy generates surpluses that belie the Chicago School slogan that "There is no free lunch." Land rents are the free lunch, the substance of Nature's bounty and the evidence of things unseen. The question for us is who will get them, and how use them.

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