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1. The weekly magazine, The Public, published from 1898-1919 edited by [Louis F. Post](#), a prominent [Georgist](#) and the Assistant [United States Secretary of Labor](#) during the closing year of the [Wilson](#) administration.

1911 The “Unearned Increment” Movement in Boston. The Mayor of Boston, [John F. Fitzgerald](#), has not receded from his agitation for the taxation of “unearned increment” of land, but appears from the Boston papers to be pushing it with more vigor and better understanding than ever. He has recently sent to Governor Foss a proposed legislative resolution, which, if adopted., would be the most advanced step in the East, with high official sanction, in the direction of land value taxation, and probably the most advanced anywhere in the United States outside of Oregon;

Resolved, That the Governor with the advice and The Public consent of the Council be authorized to appoint a commission of five persons, citizens of the Commonwealth, one of whom shall be designated as chairman, for the purpose of investigating the present laws relating to taxation of real estate with a view of changing them so as to permit the taxation of the unearned increment of real estate.

The commission shall investigate the laws and systems in regard to such taxation in operation in other States and countries, shall correspond or confer with committees and commissions in other countries considering the same subject, and shall draft an act for the taxation of such unearned increment. The commission shall be provided with suitable quarters in the State House or elsewhere. It may employ all necessary clerical or other assistance and may incur other reasonable expense and shall receive such remuneration as may be approved by the Governor and Council.

The commission shall report in print the draft of the act and the compilation of the data and statistics and such other information as the commission may be possessed of as a result of its investigation and study on or before the second Wednesday in January in the year 1912, and the powers of said commission shall terminate on that date. The total expense to be incurred under this resolve shall not exceed the sum of ten thousand dollars.

In transmitting the above resolution to the Governor, Mayor Fitzgerald explained it with a letter of transmittal in which he said: I desire to call your attention to the pressing necessity of adjusting our tax system so as to permit the taxation of the unearned increment of real estate in our cities and large manufacturing towns.

In many places farms and uncultivated areas of comparatively valueless land have increased in value a thousand-fold during the last 50 years, and the former owners or their descendants have

become immensely wealthy without any exertion on their part. I do not allude to land speculation where not in frequently it happens that great stretches of land are opened by such speculation and the promoter must be admitted to have contributed greatly toward the rise in value, but in the cases I have in mind, the great rise in value of land, especially in cities, is not brought about by the owner and is quite unearned by him.

It is society which brings it about through its activity and at its cost whereas the existing land system causes the gain to inure entirely to the owners and not to the community. Not only would the taxation of this unearned increment add considerably to the revenue of our growing cities and towns, but it would be a step toward the attainment of justice in taxation.

Almost everyone admits the justice and desirability of so taxing this unearned increment that a portion, at least, of it shall go to the community whose industry, skill and labor have caused the increase. Noting then in his letter the Constitutional difficulties in the way of making such taxes proportional, Mayor Fitzgerald enumerates suggested plans as follows, in substance:

1. Deduct from the price of actual sales the cost of improvements and of public betterments paid for since the previous sale, also the price of previous sale, and if the remainder exceeds 5 per cent of the former price impose upon it a special transfer tax.
2. Value real estate decennially, and after deducting cost of improvements and betterments, levy a tax upon so much of the increase as exceeds 10 percent of the previous valuation.
3. If the rent increases in the decennial period more than 10 per cent above a fair return on cost of improvements, tax the increase.

Mayor Fitzgerald notes as follows the objections to each of those three plans:

The tax on transfers or sales would not affect the estates which are not sold and which have been held by the same family or by land trusts for many years and are not in the market; as far as the valuations are concerned, the judgment of the valuers like that of the board of assessors would be fallible; and as to the third, it would not apply to unimproved real estate.

The Fels Single Tax Tour

Pursuing his journey with Daniel Kiefer in behalf of the Henry George movement for the taxation of land values, Joseph Fels has spoken at Stanford University and at latest reports in southern California. He arrived in Pasadena on the 9th, speaking that evening at Throop Institute, and the next evening at the Hebrew Temple. He spoke to a large audience at the City Club in Los Angeles on the 11th.

It was here that in direct answer to a question Mr. Fels is reported by the Los Angeles Herald as saying—No man of wealth can use his wealth to better advantage than by helping to wipe out all taxation on industry and everything created by labor and placing taxation where it rightly belongs—on land values entirely separate from personal property and buildings created by labor.

Going to San Diego on the 12th, Mr. Fels got mixed up in highly sensational but wholly creditable fashion there with a local referendum over a traction question, which came to a vote

on the 14th. The referendum was for an alteration in the city charter so as to take away the people's power over the traction company for 50 years.

It had been urged in behalf of the company that a 50 years' franchise was necessary in order to finance extensions; whereupon Mr. Fels offered to buy it at its physical value on a 25-year franchise and on the same terms as the franchises are held by the company, and to pay the city 2 per cent of gross receipts; also that the city of San Diego may at any time take over all the lines and property for municipal operation, on paying the value of the physical property then in use.

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1. The Mayor of Boston, John F. Fitzgerald and the Unearned Increment

We commend to the thoughtful attention of progressive citizens everywhere, the efforts of Mayor Fitzgerald of Boston to recover for the public treasury some of that “unearned increment,” all of which as he clearly sees and definitely declares belongs to the community and not to the persons on whose land it happens to swarm. His appeal to Governor Foss to try to secure the appointment of a tax investigating commission and not to make some inconsequential report.

The 'Public to formulate an “unearned increment” tax measure, is probably the most he could ask for with hope, if indeed he can hope for that much. There are difficulties, however, not merely on the surface of politics but economically inherent—in any attempt to tax the “unearned increment” of land occasionally and Mayor Fitzgerald evidently appreciates them. They could be avoided by a general annual plan of land value taxation, such as Vancouver has adopted. Exempt all improvements, and tax all land values annually, and you get at least part of the “unearned increment” for the public in the way the public ought to get it—as an annual ground rent instead of a haphazard share now and then in increased capitalizations of ground rent. It would fall on anterior capitalized values also, but are they not “unearned increments” too? Better such movements as Mayor Fitzgerald's, though, than none at all or timid ones. The economic and the moral principles are involved, inadequate and awkward though they may be.

THE SOMERS SYSTEM OF TAX VALUATIONS.

The condensation of Lawson Purdy's speech at Philadelphia on the subject of taxation, which, as verified by Mr. Purdy appears this week in our department of Related Things concludes with a paragraph that necessitates editorial explanation and comment. Explanation because the paragraph alludes in general terms to a fiscal controversy which has become specific in several cities, notably in Philadelphia; comment because, although such fiscal criticism from a source so high and trustworthy ought not to be excluded from *The Public*, yet its publication here without comment might be misinterpreted.

The specific controversy rises out of a valuation contract of the Manufacturers' Appraisal Company of Cleveland with the City Councils of Philadelphia. In so far as they relate to land, the valuations were made according to the Somers system to which we have frequently called

favorable attention. Buildings as well as land were valued, but as we oppose the taxation of buildings, our interest in the controversy relates only to its bearing on land values.

The appraisal company appears to have arranged with the originator of the Somers system for his private collection of valuation data, his rules for estimation, his computation tables, etc., and his services as an expert; and thereupon to have offered the aid of the Somers system in making tax valuations. It is its contracts in that respect with public authorities to which Mr. Purdy objects that (1) if it were possible to procure even a perfect assessment of city lands by paying outside parties to make it, it ought not to be done; and that (2) no office rules for the valuation of city land can take the place of intelligent field work. Interpreted with reference to the Cleveland company and the Somers system, those objections resolve into an expression of two opinions: (1) That if there were even a perfect tax assessment system, it ought not to be applied through the employment of non-official persons; and (2). That no system can reduce the work of fairly valuing land in cities to mathematical rules on the basis of units of value ascertained by intelligent field work. Both objections are at variance with the claims of Mr. Somers and the Cleveland appraisal company that (1) the Somers system has in fact demonstrated in Philadelphia and other cities, and will demonstrate in any city offering the opportunity, that the work of fairly valuing land in cities can be done by mathematical processes on the basis of intelligently ascertained units of value; and that (2) the advisory use of such a system for tax valuations through the employment of non-official persons is analogous to the employment of non-official persons to audit public accounts or other wise to check up the competency or faithfulness of bureau officials or assist them in their work.

The essential claim for the Somers system is stated as follows by the company in question: When the value of a unit foot has been fixed on the four sides of a city block, the exercise of judgment of the value of land in that city block is complete. The Somers system provides a method of applying that judgment accurately and scientifically to all the land in that block.

4. This method of land valuation first attracted our attention early in the year 1901 through a pamphlet by W. A. Somers of St. Paul, Minn., in which we find this explanation of the system: Site value is fixed and determined by local opinion. . . As this opinion is the basis of all purchases and sales, it is evident that it is the true measure of the value of the land, and is the measure which must be used in any successful effort to find the true and full cash value of each piece of property. This opinion may be designated, for convenience, Community Opinion.

https://en.wikipedia.org/wiki/Louis_F._Post

<https://www.nps.gov/articles/000/john-fitzgerald-mayor-of-a-bigger-better-busier-boston.htm>

https://archive.org/stream/publicvolumenbs01postgoog/publicvolumenbs01postgoog_djvu.txt

UNEARNED INCREMENT.

OCTOBER 4, 1910.

DEAR SIR,— Among the parcels of real estate comprising the property of the late Andreas Tomfohrde occur the buildings at 37–41, 45–47 and 51 Court street, with the land attached thereto. Investigation reveals a striking though not unusual state of affairs in connection with this property. The value of the land alone increased in twenty years from \$238,000 to \$695,100, an increase of \$457,100, or nearly 200 per cent. In the meantime the building, either through neglect or from natural depreciation, decreased in value \$42,100, or in round numbers 60 per cent.

This fortunate investor is reported to have made no public bequests, yet he owed every dollar of this added value to the public. He displayed no intellectual or moral quality in acquiring it, and rendered no form of service. His only talent was to purchase and to keep. Meanwhile, the growth of population, the ever swelling tides of travel and of trade, the expenditure of the public money on pavements, sidewalks, lights and fire and police protection, the building of a great court house on Pemberton square — in a word, all the multifold activities of the community at large — increased and enhanced the value of his estate and would have enhanced it equally if its owner had been some absentee landlord instead of a restaurant keeper doing business on the premises.

Of this huge unearned increment of value the owner returned each year about $1\frac{1}{2}$ per cent in taxes. The inadequacy of this return does not require any special argument. Since ordinary processes of taxation fail in such cases, the question arises whether some method should not be devised for returning to the public, which creates it, a larger fraction of the increase of value.

60 MAYOR FITZGERALD'S LETTERS AND SPEECHES.

Under the present system individuals are virtually permitted to tax the people and too often, as in the instance cited, such individuals die without any fulfillment and perhaps without any recognition of their social obligations.

The spectacle of unimproved buildings on land, every inch of which has its appreciable value, is all too common in the older portions of Boston now dedicated to trade and commerce. In all such instances the natural relations are reversed. The community is not served but serves; the owner merely waits and profits by waiting. This practice should as far as possible be discouraged by law, in interest not only of justice but of social progress.

I respectfully ask your permission to consider some plan by which a larger fraction of the increased value of land may go to the community, at least when this increase assumes abnormal proportions, and failing this, the owner may be compelled to maintain some minimum ratio of value between their land and the buildings erected upon it. While the subject is a difficult and abstruse one, conditions are becoming so acute that some form of relief would seem to be required.

HON. JOHN A. SULLIVAN, *Chairman of the Finance Commission.*

January 1912 issues The Boston Common (ind.), Reb. 10. So cau-

uously phrased is the Mayor's inaugural reference to the taxing of land values, popularly known as the Singletax, that it has taken time to recognize how really startling the proposal is. That it should actually be admitted, by the Mayor of a city east of Cleveland, that the taxation of land values might become an issue within a twelve-month, may, to some people, make the millennium appear delusively near. A word of warning, however, to the over-enthusiastic. Two years ago, Mayor Gaynor appointed a Commission on Congestion, made up of men and women of pronounced radical views. They recommended a gradual increase of the tax rate on land; and for a while the press, the politicians and even the Mayor spoke with some enthusiasm of this novel legislative remedy. Recent reports from New York show that the land owners are bestirring themselves mightily in defense of their privileges. They have determined that the people must come to their senses; and that, if they will not, the politicians who rule them must. Mayor Gaynor is consequently reported as belittling the report and personnel of the committee, and there are evidences of a vigorous press campaign from a source well financed. The chances that the legislature will stand out against the land owners are becoming fainter. The lesson, which here in Massachusetts, with our polite traditions and able lobbyists, must be rammed down, is that when a strong, wealthy, privileged class determines to withstand the common welfare, its evil influence upon the legislature is almost certain to overstrain representative principles; and that direct legislation, used intelligently by the people for the public welfare, is an effective and perhaps essential tool of social progress.

