

from funds raised by incurring more debt, disaster is imminent.

The only source of revenue of the American city is its power to tax. Its credit is due to this same power plus the value of its own property. The larger the city's debt which has been incurred for projects which are not self-sustaining, the greater will be the demands upon its taxing power to meet interest and sinking fund charges due to such debt, and the less will be its ability to undertake new improvements and at the same time meet the enormous running expenses of the modern city. It might not be a forced comparison to say that the ordinary service which the city renders to the public through its administrative departments, the expenses of which are met by the regular tax levy, are the dividends which it pays to its stockholders, while for its betterments it must issue bonds or levy special assessments. Every bond issue requires an increase in the tax levy for a term of years in order to meet interest and amortization charges, curtailing by just so much the amount which can be expended upon municipal housekeeping expenses. In order to keep the tax rate within reasonable limits, expenses which should properly be met from the tax levy are often paid with borrowed money. Is not the city which adopts this policy actually doing the same thing as the business corporation which incurs additional debt in order to pay dividends?

The class of improvements which are commonly considered city planning projects are not self-sustaining. They consist for the most part in the correction of defects due to lack of proper planning. The property affected by them has presumably been already assessed for the acquisition and improvements of streets which were at the time considered adequate for its local needs. The widening and rearrangement of streets in built-up sections will, however, improve conditions and increase values, and a part of the expense should, therefore, be placed upon the property benefited.

In the more fundamental work of city planning, where unoccupied territory is being developed, the property will not have been assessed for improvements, and consequently the cost of the acquisition and construction of new streets can properly be assessed upon the adjoining property according to benefit, such benefit representing the entire cost in the case of local streets and a portion of the cost in the case of thoroughfares of metropolitan importance.

One principle should be invariably recognized, namely, where there is local benefit there should be local assessment. There can be no improvement which has been intelligently planned and executed without some local benefit, and it follows that there should always be some local assessment. No improvement, however small or however large, will be of equal benefit to the entire city and to distribute the burden of paying for it over the whole city according to taxable values is unfair in that it is not placed according to the benefit. The owners of property in the immediate vicinity are frequently enriched at the expense of those whose holdings are entirely outside the district directly affected.

Perhaps this statement should be so qualified as to exclude certain great improvements, such as public buildings, bridges, docks and rapid transit lines, and yet there is doubtless a local benefit resulting from these. It may be urged that such things are not included in what is commonly called city planning. If so, the definition of city planning needs revision, for they are certainly most essential parts of any city plan.

The City Club of New York several years ago showed that as a result of the building of the first rapid transit subway in New York the actual land values in those portions of upper Manhattan and the Bronx which were most directly affected were within seven years increased \$80,500,000 above the normal increase for that period. The cost of that part

of the subway passing through the districts where this rise in values took place was about \$13,000,000, while the cost of the entire subway from the Battery north was \$43,000,000. It is quite evident that if the \$13,000,000 which was spent upon that part of the subway traversing the district so notably benefited had been assessed directly upon property, its owners would still have netted a neat profit of some \$67,000,000, while had the cost of the entire subway been assessed upon the same limited district, the net profit to the land owners would have been \$37,500,000. Was it quite fair that property in distant parts of the city, entirely unaffected by this great project, should bear the same proportion of the burden as that which was so conspicuously advantaged?

It is true that this improvement is entirely self-supporting, interest and amortization charges being provided from the rental paid by the operating company, but the local benefit was so clearly established that the rapid transit law was so amended as to permit the assessment of any part of the cost of future subways. Many new subways are now being planned, and some are being built, but it is doubtful if any of them will be self-supporting for years, the route furnishing the most intensive traffic having been followed by the line first built. The property owners along the present operating line having secured their benefit without direct tax, those along the proposed lines are not enthusiastic about being assessed for theirs, and there seems little prospect that the right to assess will be availed of.

To take another illustration from New York: Two new court houses are about to be built, one in New York County, the other in Kings County. In the former case a site has been selected to include a large area which will provide sites for still other public buildings and result in the creation of a real civic centre. What will be the effect upon the neighboring property of the expenditure of the millions required for this site and buildings? There is abundant evidence to justify the prediction that its value will be doubled, if not trebled, by the time the first building has been completed. Is it fair or just that the owners of this contiguous property should be enriched through no action of their own and that they should bear the same proportion of the expense, according to their taxable values, as will those owning property ten miles distant?

It needs no extended argument to prove the equity and wisdom of local assessment wherever there is local benefit. That it has been done to such a limited extent in the past is no reason why it should not be more generally done in the future. That certain property owners have heretofore been treated with such prodigal liberality is no good reason why others should fatten through a continuation of an irrational and essentially unfair policy. To the degree that the assessment plan is adopted, to that same degree will the city place itself upon a cash rather than upon a credit basis.

It may be urged that the adoption of such a policy would discourage the agitation for and execution of many desirable city planning projects, that American cities have been slow to appreciate the advantages of intelligent city planning, and now that there has been a marked awakening it would be unwise to suggest the adoption of a policy which might dampen this new born enthusiasm. A desire for something which involves no direct cost is not a sign of intelligent interest. We are learning that the improvement of our cities pays. That is a hopeful sign. If we have simply reached the stage where we want better conditions only if someone else is to pay the bills, the hope has not a very substantial basis. If we want them badly enough to pay for them ourselves in proportion to the benefit we feel sure will follow, we are making real progress.

Assuming that a case has been made in favor of assessing the cost of all improvements in accordance with pros-