

RAYMOND MOLEY

Penalty for Excellence



A CASE has appeared in the courts of New York which shows clearly one of the most important reasons why our great American cities are dying at the centers and why, beyond their downtown areas, they have sprawled out into ugly, uneconomical congeries of gaping vacancies and hit-or-miss developments, like the planless meanderings of a desert river bed.

In New York City the most interesting street is that part of Park Avenue from a slightly church at 60th Street down to a new tower of Babel. This horror on the horizon is the Pan Am Building, which rises above the rear haunches of what was once the symmetrical Grand Central Terminal. In that stretch of the avenue there are three hotels, a club, and a beautiful church. The rest are towering office buildings, mostly bearing the names of renowned corporations and banks.

But outstanding on the avenue, and indeed in the nation, is the Seagram Building, a 33-story bronze and glass structure set back to accommodate a plaza 100 feet deep where there are fountains and trees. At night the Seagram structure is a tower with low-intensity light glowing from all sides. It has received many awards and citations. One of these hails it as one of six buildings in the world which by sacrificing commercial space "enhance the architectural beauty of the community."

The government of the City of New York has pounced upon this structure with an assessment which means that builders from here on must, if they are to enjoy the lightest tax burden, sacrifice every consideration of public enjoyment and beauty by utilizing every inch of land for greater rental space above.

In six years the assessment of the land which the building and plaza occupy has risen 31.5 per cent, and on comparable land across the avenue the assessment has gone up only 5 per cent. In determining the value of the Seagram structure for tax purposes, the city used the cost of reproduction as a measure, instead of the capitalized amount of the net rental income as in

other, box-like buildings. Thus, the Seagram tax assessment per square foot of rentable floor space is \$33.98, while for a near-by building on the avenue it is \$17.74. The annual additional tax burden is \$383,000.

WHEN Seagram carried its case to the intermediate court, the Appellate Division, the city's assessment was sustained, and the most bizarre reasoning was offered in justification for the decision. The court said that the method of using reproduction cost in this instance, rather than the capitalized net rental income, was justified because the unique character and beauty of the structure provided "prestige" of commercial value to the company. This means that the city and the court abandoned mathematical calculations and flew into the misty realm of psychology.

A great but sadly neglected economic philosopher, Henry George, wrote 80 years ago: "If I have worked harder and built myself a good house while you have been contented to live in a hovel, the tax gatherer now comes annually to make me pay a penalty for my energy and industry. . . . If a railroad be opened, down comes the tax collector on it as if it were a public nuisance." I might add that in the last few years those in New York who have maintained slums upon their land have made fortunes through urban renewal. Everybody's taxes enrich them, while those who have built and improved the city have taken all the risks.

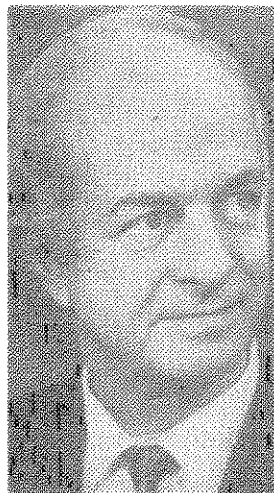
While I cannot charge politics as a factor in the court's judgment, there is no question in my mind about the political motivation of the city. It must get vast revenues for its wasteful programs, and it seeks to lay the heaviest burdens on such areas as Park Avenue, where most of the buildings are owned by great corporations owned by stockholders over the nation. There are few votes on Park Avenue, while there are many in the great dreary stretches of Brooklyn, the Bronx, and Queens.

The Seagram case now goes to the Court of Appeals.

NAMES IN THE NEWS



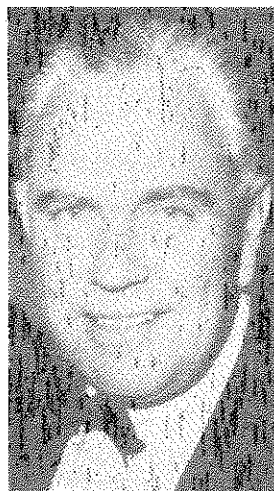
President Sukarno of Indonesia, who has been chief executive of his nation since it proclaimed its independence from the Netherlands in 1945, was given the office for life last week. It was given to him by the Provisional People's Congress whose members he himself selected. The Sukarno reaction: he accepted, but said "It would be well if an elected People's Congress would review the matter in the future." Significantly, he also said: "Sukarno cannot be toppled."



Dr. Linus C. Pauling, the Nobel Prize-winning scientist who is a foe of nuclear testing and an advocate of nuclear disarmament, filed a million-dollar libel suit against *The National Review*. Also named as defendants in his suit against the conservative weekly magazine were its editor, William F. Buckley jr., and publisher, William A. Rusher. Dr. Pauling charged that the magazine falsely branded him "a traitor, a collaborator with subversive foreign and alien elements" and "a moral nihilist."



Tigran Petrosyan, 34, wrested the world's chess championship from a fellow Russian in Moscow last week. His victim: Mikhail Botvinnik, 52, who had held the title almost continuously since 1948, and of whom Mr. Petrosyan once said that he could predict four out of five Botvinnik moves. The new champion won at the end of a two-month confrontation by drawing the 22d game of a scheduled 24-game match. He won five games, lost two, drew 15.



Adm. George W. Anderson will be named Ambassador to Portugal, President Kennedy told the nation last week—thus ending speculation about the future career of the outgoing Chief of Naval Operations. Adm. Anderson, 56, will be ending his two-year term as a member of the Joint Chiefs of Staff on Aug. 1. Shortly after the President announced he was dropping Adm. Anderson as Navy chief, he expressed full confidence in the officer.