

## SOWETA, USA

by Edward Dodson, Cherry Hill, NJ  
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(The letter is in response to the writer's suggestion that the poor minorities are being segregated economically and physically, a type of apartheid, where workers will be transported to jobs in the suburbs, then back to their segregated neighborhoods that have few, if any, amenities and stores and services, etc.)

Noel Weyrich raises important issues and concerns regarding the present public policy responses designed to expand employment opportunities for the poor, largely minority population of Philadelphia. The circumstances are common to almost every metropolitan area in the country.

What we learn from Noel are the complexities resulting from the way our cities have expanded outward. In the process we have changed the definition of "neighborhood" from a place where people live, work and play to a place where people who hardly know one another commute from and to.

The focus right now is on expediency, and all of the measures described by Noel work to some degree to mitigate the problems. A long-term, enlightened approach to regional growth and development still faces enormous political and financial obstacles.

Many changes in public policy must occur simultaneously. The City cannot depend on cooperation and shared interest from the suburban communities. Instead, the City needs to convert itself into a magnet for people, financial investment and economic activity. Efforts along these lines have been made in piecemeal fashion for decades. What I am suggesting is an initiative to turn the City into one enormous enterprise zone -- not without protections for environmental quality, health and safety -- but in a way that draws incrementally on the strength of the Central City, the various strong and historic residential areas and with the potential to rebuild the largely abandoned sections of the City as demand by businesses and residents for these locations returns.

The first order of business is to revamp the City's approach to raising revenue. The City loses out to the suburbs in many instances because of the high wage tax and taxes on businesses. It is not surprising that in the face of a declining tax base (and the shrinking of Federal assistance) that the City's practice has been to tax any income stream, any transaction and any asset they can. The destructive consequences are now generally understood; however, not much has been done to remove the tax burden where it ought to be removed.

More than a dozen other Pennsylvania cities have taken some steps in the right direction by restructuring the real

estate tax toward a land-based property tax. The ideal tax rate on property improvements is "zero" so that no one is penalized for building new homes, office buildings, shopping centers, factories or warehouses. None of the cities in Pennsylvania has gone that far -- yet. The ideal tax rate on parcels of land is a rate that yields a tax roughly equal to what the parcel would bring if leased

out. A high tax applied to parcels of land means that owners of vacant or underimproved land must dig into their pockets each year in order to sit on land others could use to create jobs and commerce.

What about business assets and income? The City must gradually reduce (ideally eliminate) taxes on business equipment and other assets as well as on revenue earned. As an interim measure that would level the playing field and simplify the tax structure, the City might consider one business tax -- a gross revenue tax at a low rate, say 1%, with no deductions, and a sunset provision that says the tax will be removed altogether at the end of 10 years.

What about personal income taxes? The wage tax needs to be scheduled out of existence. People should not be penalized for working in the City of Philadelphia.

The above changes may seem too simple, too straightforward to be effective. On the contrary, the changes would reward the behavior we want -- enterprise, job creation, commerce, housing construction and rehabilitation -- and stimulate landowners to become investors rather than speculators.

The City of Philadelphia already has enormous assets on which to build a broad prosperity for all its citizens. The above measures release the positive energy necessary to lift people out of poverty and rebuild neighborhoods. The thousands of people who struggle daily in their neighborhoods to create a sense of community cannot, in the end,

succeed unless elected officials recognize the tax system as a primary source of the City's problems and take action.

(On a personal note, quality of life concerns caused me to move from Philadelphia back in the early 1980s. As with hundreds of thousands of others, I took most of my purchasing power with me.)