



Gaston Haxo's "expert opponent" (July HGN, Land Broker Talks Back), has done a fine job of garbling the facts, and ends up as a propagandist rather than an economic expert.

It is unbelievable that "in 1962 the tax from land was 25.2 per cent of the total income of the people of that county" or that some shopping centers pay as much as 28 per cent of their gross" as (land?) tax. It is apparent that no survey of land values has been made in Pinellas (Florida) County, for the percentages noted as land taxes are far from realistic.

We suspect that some of these "shopping centers" were promoted by speculators and that the shopkeepers now find the cost of doing business there, under the contracts they signed, may amount to 28 per cent of their gross sales. That only 5 per cent of the county land is in the hands of speculators does not rule out that some of the 95 per cent who have held the land in their families for 10 to 100 years are speculators too.

He begs the point when he states that unimproved land taxes are capital taxes while those on improved and used land are really income taxes. The truth is that any time taxes are paid on unused land the purpose must be for future profit (speculation) or for personal pleasure. In the latter case the tax cost does not come from capital. And it is a poor business man who cannot pay his land taxes from the income produced on that land. The Expert has Expunged all meaning from the words he uses. The "facts" presented preclude an intelligent answer.

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The land broker (referred to above) considers the "real estate" tax a use or income tax as it applies to buildings, and a "capital levy" as it applies to land. The reverse is nearer the truth. The tax on buildings applies whether or not they are used or produce income. This may mean the difference between keeping a building and tearing it down, or putting one up or not. If buildings count as capital, the tax paid as a necessary condition of owning them is a capital levy.

With land it is quite different. While the taking of its full economic rent by taxation would be a "capital levy" from the viewpoint of present owners (their "capital" is such only because they now enjoy most of the economic rent), the taking of the rent could continue because of the economic value of land to users. The tax on land would then become a "use tax." "Ability to pay" would be assured by "benefits received."

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It should be made clear to the land broker that the purpose is not to increase taxes but merely to change the tax base by removing the penalty now placed on improvements, thus spurring progress for the benefit of all.

In a static community such as he describes there would be very little effect, but wherever a boom occurs or new road or rocket base is built, the great increase in land values would in part be recaptured by the taxpayers who made the improvements that increased the land values, so the improvements in value would be paid for by those who benefit, not by others who receive no benefit. This is free enterprise. Our present tax methods work in opposition to enterprise, slowing down progress and bringing on depressions.

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