

"ANTI-POVERTY" EXPENDITURES THAT CHEAT FEDERAL TAXPAYERS AND THE POOR

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THE EFFECTIVE ANSWER TO COMMUNISM
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Following decades of discrimination against Negroes, we are now definitely moving in the direction of "open housing." This means that Negroes who can afford it, will be able to buy or to rent as good housing and in as good locations as can Caucasians.

But the Negroes who can **not** afford it, along with many Whites who **also** are unable to afford it, must still live in slums, **unless!** And here we are close to a basic cause of poverty.

Certainly one part of the poverty problem is the high cost of housing. But why is housing so costly?

The last official Federal report we know of gave the number of vacant lots held out of use in American cities as between 12 and 13 million. This land was being held out of use by speculators in the hope that the extension of roads, both Federal and state, of railroads, bus routes, water mains, sewer mains, electric light and power lines, telephone lines and the general growth of population and industry — not any of these advantages being brought about by the speculators — would make the speculators rich! So building lots are **far more expensive** and decent housing for the poor less easily attainable.

The effective way to end this unfairness is to reform our local tax policy by abolishing—or, at worst, greatly reducing—the tax on buildings and other improvements, and correspondingly increasing the tax on land values.

The spread of slums—or gettoes—is also a significant part of the problem of poverty. And our local real estate tax policy certainly accentuates the slum evil. For this tax policy punishes by increasing his taxes, any owner of slum property who **improves** it and **rewards**, by **reducing** his tax burden, any slum owner who lets his slums become more slumlike and less fit to live in. If the part of the real estate tax levied on improvements were done away with, and the tax on the community-produced location value of land were correspondingly increased, our property tax would no longer encourage either slums or land speculation.

Federal subsidization of housing and of slum clearance and redevelopment, despite its advocacy in high quarters, is **not** the answer. That kind of answer is consistent only with a very ancient complaint, viz., that "the aristocracy are willing to do anything for the poor except to get off their backs."

The personal exemption in the Federal income tax, of \$600, plus \$600 exemption for each child, is the same, as regards the number of dollars, as it was in the 1930's. But prices are now very much higher than in the 1930's, so the exemption in terms of food, clothing, shelter, etc., is **very much less**. In other words, the Federal tax burden has become appreciably greater on the poor.

Furthermore, this Federal subsidization is a definite **encouragement** for state and local governments to **continue** their anti-incentive tax policy that promotes slums, landlordism, land speculation and the high cost of housing.

Landlordism is not peculiar to South America or to other distant countries. We of the United States have it, too. Tenants in our own America must pay rent to their landlords for the latter's **permitting** them to work on and/or to live on and/or to draw subsoil deposits from those parts of the earth which **geological** forces and **community produced** situation advantages have made reasonably productive and habitable. Must these geologically produced and community produced advantages continue to **go mostly to landowners?** Why do "liberals" urge Federal subsidization of housing and slum clearance with tax money drawn from truly earned incomes, including even the wages of the poor? What is so horrendous about increased taxation of the **geologically produced** and **community produced** location value of land!

(over, please)

Following are relevant passages from pages 223 to 239, inclusive, of
"Toward a Better Understanding of America"

By

Hon. Thomas B. Curtis, M. C.*

"Much potential revenue goes unrealized because tax assessors assess vacant land far below its asking price. For example, idle land priced at \$20,000 an acre on Long Island, is commonly assessed as low as \$500 an acre . . . The 1962 Census of Governments showed vacant lots assessed an average of 20.5 percent of 'true value' whereas the figure for non-farm homes was 30.6 percent . . . Also the site tax—or land tax as it is often called—can be used to deter slum formation and land speculation . . .

"Also the various formulas for emphasizing the 'land' portion of the property tax deserve consideration. One plan already having legal status is the so-called Pittsburgh plan which taxes land at twice the rate of improvements. Earlier in this paper, I elaborated on the necessity of assessing land at a higher rate than the improvements. An extreme response to this need is the policy of shifting the entire burden to the site value alone. This procedure has been successfully executed for as many as 70 years in Australia. New Zealand, Denmark and a number of cities of South Africa have also successfully conducted this tax program."

* This study is part of "Materials Compiled and Prepared For the Sub Committee on Urban Affairs" of the Joint Economic Committee, Congress of the United States, August, 1967. The title of the entire volume is "Urban America: Goals and Problems."