

TAX FACTS

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Prolonged Business Depression Through "Tax Relief of Real Estate"

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The present agitation to relieve real estate of taxation makes no distinction between relieving improvements, thus reducing the penalty on thrift and enterprise, and relieving situation values or land values. To relieve of tax the products of individual labor, enterprise and thrift, including therein the improvements of real estate, is indeed desirable if the revenue for government can be otherwise adequately and fairly secured. But to relieve of the tax the value of the bare land, as such, a value produced almost altogether by community growth and development, is an entirely different thing. Such "relief" is bad for business, bad for productive efficiency, bad for labor. And it is especially bad in a period of business depression. For it reduces what little penalty we now put on the economically injurious policy of holding land out of use for speculation.

Thus the land speculator finds it even easier than now to hold land vacant and out of use until productive enterprise is compelled, if it would carry on, to pay a speculative price for the privilege of making use of the surface of the earth.

When we are going through a period of business depression, it may seem to the average man that as few difficulties as possible should be put in the way of industrial and commercial activities. It may seem that enterprising business men who are eager to build stores or factories, and to employ idle labor should be encouraged to do so, rather than that the maximum of difficulty should be put in their way.

One of the consequences of "tax relief for real estate" as currently urged by landowners would

be to make the residents of a state pay to support the state, regardless of how much property in it is owned by outsiders. Tremendous blocks of real estate may be owned by non-residents and by outside corporations, whose taxes would thus be tremendously reduced.

This would not be so bad if it were not that land or site values are so much a community product. It is because of the growth and development of a community and, in part, because of its public expenditures for schools, public buildings, streets and roads, that its land values grow. Must the residents who do the work of the community pay the taxes for these things in order that non-residents whose land is valuable through no activity or service of their own may enjoy high rents with little or no taxation!

Much is said about relieving "the poor home owner"; by real estate interests whose chief idea seems to be to get the taxes put more largely upon those who do not own even their homes but are in the tenant class. Now about their proposition to put taxes more largely on the expenditures and the hard-earned incomes of persons who own not a foot of land, as well as upon the expenditures and incomes of home owners, while relieving of tax the community-produced value of land, including the land owned by non-residents and by giant corporations located and largely owned elsewhere?

It may seem reasonable that taxes should be kept high, and even made higher, on valuable land which is being held out of use by speculative owners, so that this obstacle to industry and commerce might be reduced to the very minimum,

(Continued on Page 67)

If the nation would observe a fire prevention week or month or year to clear its statute books and constitutions of unjust, unscientific, higgledy-piggledy tax laws with their resultant deplorable economic conditions, such "irrelevant" matters as unemployment, business depression, over-production, poverty, and so on, would furnish little fuel for these Red flares that threaten to blaze into conflagrations.

Much is said about the foreign birth of Red agitators, but we must not forget that the ranks of the unemployed, the poorly employed and the poorly paid embrace many of our own sturdy American citizens, some of whose ancestors may have come over in the Mayflower, or sister ships, when the only immigration laws recognized were one's own personal courage and determination.

Revolutions are not started by well clothed, well fed, well housed citizens who have steady jobs and good wages. There is no fertile soil to nourish Communistic dreams among people who earn what they get, and get what they earn.

Set capital and labor free from monopoly, lift the burden of taxation from the manufacturer and business man, make land with its natural resources as accessible to every citizen of the United States as it was to Robinson Crusoe, and there will be little talk of Communism or Sovietism to harrow the souls of the little tin gods. Clear out the trash pile of unemployment and business depression by instituting sane and sensible tax laws, by taxing land values that are created by the community and untaxing the products of labor that belong solely to the individual, and you won't care who strikes the festive match. It will flicker and go out without so much as scorching the fingers of the man who holds it.

Any fire department will tell you that the old adage is true, an ounce of prevention is worth a pound of cure.

(Continued from Front Page)

and so that business might revive as easily and quickly as possible.

But this is not the way the matter looks to the land speculator. What he desires is that the tax on speculatively-held land should be as low as possible, so that there shall be as little or no penalty on him as he holds land out of use and hinders industry and so that he may eventually pocket as much as possible of the community produced value of the land. And therefore, undeterred by the needs of industry and commerce in a period of business depression, and with not the remotest idea of distinguishing between labor-produced improvements and community-produced land values, he continues to shout his perpetual refrain of "tax relief for real estate."

STANDARDS OF MEASUREMENT

Realtors say that the tax on real estate is too heavy. They have not yet told us why real estate should bear any tax at all. Until they determine that point they are not in a position to say whether any tax on land is too high or too low or just right. To say that real estate should bear "its just share of taxes" means just nothing at all.

What is the realtor's idea of a basis of taxation from which he draws his standard of measurement? How does he know when a tax is "too much" unless he knows the reason for its existence in the first place. How can a bridge-builder tell when a steel beam is large enough or strong enough unless he knows how large and how strong it ought to be? Levying taxes should be as scientific as bridge construction, it should follow natural laws just as truly. If it doesn't, the economic structure will collapse like a poorly built bridge, and in the wreck we will find business depression, unemployment, "over-production," farm and labor troubles. When the realtors are willing to study the problem of taxation as a science, and not as a game of battledore and shuttlecock, they will understand these natural laws and will know what taxes are and how they should be levied. Meanwhile, it would be interesting to know how they arrived at this "too much" idea.

When hush money talks, it is vociferous.—*Toledo Blade*.

Another form of endurance test is the pursuit of happiness.—*Toledo Blade*.

There's one thing about Dr. Einstein: nobody has ever accused him of plagiarism.—*Louisville Times*.

Amos Woodcock has told the country how he will enforce prohibition, but not when.—*Miami Herald*.

Anyhow, that fine old Irishman, Sir Thomas Lipton, has just about won the human race.—*Western Leader*.

Frequently a philanthropist is one who gives it away when he should be giving it back.—*El Paso Herald*.

What ails the young German Republic is what ails flaming youth everywhere—too many parties.—*Virginia-Pilot*.

Any list of those who rule America is incomplete without the name of the fellow who invents fads.—*Atlantic City Press*.

People used to search their family trees for their ancestors; nowadays they search them for their offspring.—*Virginia-Pilot*.

In a little while all nations will have tariff walls, and then they can all get rich by charging themselves too much.—*Everett Herald*.

Habit gets a fellow. Many a father who worked his way through college is now working his boy's way through.—*Beaumont Enterprise*.

Looks like this tree-sitting business ought to prove one of two things: Either Darwin or Barnum was right.—*Mount Dora (Fla.) Topic*.

Unfortunate man: By the time he gets so much property he doesn't envy anybody he begins to fear everybody.—*New Bedford Times*.