

# The Farmers and Taxation

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[From a talk before the Pomona Grange of Chenango County, N. Y.]

**A**N editorial in the June 6 issue of *Collier's* magazine, after pointing out the dangers of inflation, added: "Well, then, who has all this extra cash or all of it that counts as a stimulus to inflation? Just two groups, labor and the farmers. Are we doing anything to drain excess buying power from these two enormous groups? The answer at this writing is, no, not directly. The most direct and one of the most effective ways would be a general sales tax of 2%, 4%, 5% or more on consumer's goods. That would really hit the mark; would really put a brake on unnecessary buying. Incidentally, it would raise heavy revenues to help pay for the war. Surveys show most people favor it."

This is typical of the misinformation handed out by the press controlled by vested interests. I hope to be able to show you that sales taxes burden farm people out of all proportion to their income.

One of the best statements of the force for good or evil inherent in taxation is made by Prof. Ely in his book, "Taxation in American States and Cities." I quote: "Taxation may create monopolies, or it may prevent them; it may diffuse wealth, or it may concentrate it; it may promote liberty and equality of rights, or it may tend to the establishment of tyranny and despotism; it may be used to bring about reforms, or it may be so laid as to aggravate existing grievances and foster hatred and dissension among classes; taxation may be so controlled by the skillful hand as to give free scope to every opportunity for the creation of wealth, or the advancement of all true interests of states and cities, or it may be so shaped by ignoramuses as to place a dead weight on a community in the race for industrial supremacy."

It is my belief that organizations of farm people should study this question much more if we are to remain a free people. We cannot exist as free people if our system of taxation encourages the monopolizing of our great natural resources by a small group of extremely wealthy people, while our farm folk sell their products in a competitive market, the way of free people.

We have allowed the politicians to shape our tax laws. They have told us they would relieve us of our excessive tax burden by taking taxes off real estate.

It is time that we farm people study who owns the State's and Nation's real estate and land values. In New York State only  $3\frac{1}{2}\%$  of our assessed taxable real estate values is in farm property. Recently a certain taxpayers' organization was jubilant in having passed a law repealing a real estate tax supporting our State Armory, yet the fact is, we as farm people only paid  $3\frac{1}{2}$  cents out of every dollar collected. How

this bill for the State Armory is to be paid, this organization does not tell us, but I believe if we investigate, it will be found that farm people will have a larger share of this bill to pay than they had before.

It is not strange that the wealthy people of Westchester County formed a taxpayers' organization to relieve real estate from taxation, because it is to their interest to do so; I do regret that such an organization can find support in this county, because it is not to our interest. Westchester County, with about one-half the territory of Chenango County, has an assessed valuation 68 times greater because of its nearness to New York City. Therefore, on a real estate tax, they pay 68 times what we pay. On the other hand, they have only 13 times the number of motor vehicles owned in Chenango County, so if the tax is on cars or gas, they would only pay 13 times the Chenango County tax. This certainly is a great saving for the people of Westchester County, but gained at the expense of our much poorer county.

In our nation, 90% of our great wealth is owned by only 13% of our population. We should all know that few, if any, farms are included in this 90%; the great bulk of it is made up of mineral, oil, coal and timber lands, our great privately owned water power, our valuable city real estate, railroads, etc. 87% of our population, made up of laborers in the great cities, farmers and small business men, own only about 10% of the nation's real estate.

To show the relative burden of a tax on land values, real estate values, and gasoline for motor vehicles, on the people of Chenango County, I wish to use a few figures. To raise a fund of \$70 millions for the State Treasury, we collect four cents per gallon on the sale of 1,768,288,000 gallons of gas used in our 2¾ million registered motor vehicles. This tax produced, in 1939, \$69,693,000 gross tax, or a net tax of a little over \$60 millions.

We could raise \$70 millions collecting a tax of \$2.70 per thousand on the assessed real estate values of the State's total taxable real estate values of \$25,766,412,000. We could raise \$70 millions by collecting a tax of \$6.65 per thousand on the assessed land values of \$10,525,000,000.

The average consumption of gas per motor vehicle was, in 1939, 643 gallons. Using this figure, we find that Chenango's 12,778 registered cars paid a gas tax of \$328,650. A tax of \$2.70 per thousand on Chenango's \$29,522,540 of taxable real estate values would take from the county \$80,000. A tax of \$6.65 per thousand on the county's \$9,116,600 of taxable land values would take from the county \$60,000.

Our figures for gas tax may shrink some during the coming months, but I would like to stress the fact that all forms of sales taxes take from the people in proportion to their numbers, with little regard to their wealth, or the amount of their income.

Farm people make up about 23% of the population, and pay about 23% of all forms of sales taxes. I am sure farm people wish to pay their fair share of the nation's taxes, but it seems obviously unfair to expect us to pay 23% of the taxes, when our total income is only about 6.3% of the total national income.

For some time past, I have endeavored to bring these facts of taxation before the people of Chenango County. We have here strong Grange and Dairymen's Leagues, and Farm and Home Bureau organizations. Shouldn't we, as farm organizations, give more time to a study of how taxes bear on our county, and insist that our representatives at Albany and Washington levy taxes that don't "create monopolies," but that give "free scope to every opportunity for the creation of wealth?"

The facts point to the solution: To collect the revenue needed by our Government, we must collect from the people who receive from the Government the greatest benefits, i.e., from the holders of valuable land. To encourage production and the full use of our natural resources and labor, we should abolish as rapidly as possible all consumption or sales taxes. Our Grange leaders have at times opposed the sales tax. They would make their action more constructive by also endorsing the taxation of land values.