

Tax Speculation

by RUSSEL CONKLIN

THE taxation problem is certainly the No. 1 economic question of this country today. Legislatures are constantly looking for new sources of revenue; taxpayers continuously complain about ever-increasing levies; and everybody wants the burden shifted to somebody else. But the fact remains that all government revenues come from the same source—the producers, the consumers, and the wage earners, who all turn out to be the same people. Taxes are deducted from our earnings and added to our purchases. Every possible source of new taxes is explored; yet the same people continue to pay in ever more complex ways.

Still there seems to be one group that escapes its fair share of the burden; that is, the speculators. We even encourage them by our 50 per cent capital gains tax on unearned income. These people who do nothing to earn the profits they receive are given favored treatment, while the rest of us "pay through the nose." Why not tap this huge source of unworked-for income and relieve some of the burden on the producers.

Simple justice demands that each man should be able to keep what he earns. Everything that is produced—all wealth—is created through the efforts of somebody. No wealth springs miraculously into being from nowhere. Hence, if somebody is getting paid for what he is not producing, somebody else is not getting paid for what he is producing. All speculators' profits have been taken from those who produced them. Here is a huge source from which to draw the costs of government.

Speculators can operate in any field.

Russel Conklin, formerly the mayor of Great Falls, Montana, is at present a candidate for one of the seats in the State Legislature. He proposes elimination of personal property taxes—no sales tax—and a tax on land speculation. He also urges home rule for cities—abolishment of capital punishment—four year terms for city officials—and a municipal court with legally qualified judges. He finds the subject of taxing speculation is one that comes up often during his talks. He has been asked by the Public Library to make a talk on KRTV about the book that has meant most to him. "Naturally," said Mr. Conklin, "I will talk about *Progress and Poverty*."

Many fortunes have been made in unearned profits from the purchase and sale of common stocks, of commodities, of passing fads or fashions, and of land. In most cases the spectacular profits are short-lived, limited by the action of others who get into the particular market as soon as shortages begin to create speculative prices and profits. Supplies of the over-priced items are rapidly increased until the prices, if uncontrolled by some sort of monopoly privilege, are reduced. When left alone, the basic law of supply and demand soon ends the speculators' bonanza. But not so with land.

The supply of land cannot be increased. The demand is constantly rising. Even normal population growth tends to create a scarcity that raises the price. And the speculators cause an even greater artificial scarcity by holding the land back from normal use. The community goes right on increasing the value of that land, while the speculator reaps large unearned profits. We tax his idle land less be-

cause it is not being put to "profitable use." When he finally does sell and reaps his huge reward for doing nothing, we give him the tax advantage of a half rate on his income tax, called capital gains.

What a vast source of speculative profits goes into private hands, while the government seeks its revenue from the producers and consumers, who

earn more than they are paid and pay for more than they get. A speculators' tax would be so simple to administer; all we need do is make the landowner pay rent for the land he holds and let the improvements go tax free. We might even find that the proceeds would be enough so that we could begin to reduce the much-hated income tax.



GRANT WEBSTER

Grant Moler Webster, a founder, friend and supporter of the Henry George School in San Diego, died on March 9th at the age of 91. He was a former deputy city auditor and was generally known as a loyal defender of the single tax movement.

MRS. CHARLES J. (DORA) OGLE

Mrs. Ogle of Baltimore and Washington, D. C., was a leader in the woman's suffrage movement and the National Women's party. Her husband was secretary of the Maryland Tax Reform Association before his death in 1932. He was one of the founders of the Henry George School in New York and a member of the famed 1932 Advisory Committee. Mrs. Ogle was always ready to assist friends of the Henry George movement in Washington, and she will be sadly missed there. She died on March 7th at age 77, after a short illness.

It is given to those who have been so fortunate as to come in contact with the ideas, the philosophy and the genius of Henry George, to benefit particularly through a better appreciation of what constitutes truth in its ultimate meaning. It is quite natural that there should develop a clarity of understanding as to the real causes of so much of the difficulty and strife that have always prevailed in this world in which we live.

Henry George proposed a fiscal reform. This reform is of supreme importance if ever we can hope for any solution of the social and economic ills that beset mankind today—and as he points out effectively and piercingly, without it scientific and productive achievement becomes a mockery. But as most of us know, the fiscal reform is only a part of the whole.

It comes as an amazing revelation that this simple application could be the sound basis for a more just and equitable existence—a better world based on the ancient Biblical concept of the "dignity of the individual and the sanctity of human life." It is also the answer to the fallacy of Marxian collectivism and its offspring, the communism that we know today.

Basically the free enterprise system that we are supposed to embrace is a just and workable system if we remove its one defect, and apply normal, natural law both in principle and practice. It is not an unusual thing for individuals to devote their lives to spreading the knowledge of this ideal. And what makes this an enthusiastic and gratifying endeavor is the knowing that there is such a thing as a solution.

—Ezra Cohen