

TAX FACTS

Published Monthly
By The Tax Relief Association of California
333 N. Madison Avenue, Los Angeles, California
Phone: OLYMPIA 7852

EDITORS
STOUGHTON COOLEY - - - NORMA COOLEY

Subscription per year 50 cents

VOL. XI LOS ANGELES, CALIF., JANUARY, 1933 No. 9

THE UNTAPPED SOURCE

Balancing the budget has become a great national sport. In an English weekly, *John Bull*, Viscount Snowden, former Chancellor of the Exchequer of the British Government, proves himself the only statesman, probably in the world, who has the intelligence and the courage to say what ought to be done.

"There are only two ways in which a budget can be soundly balanced. The first is by promoting measures which will improve trade and increase taxable profits and income. The second is to apply unearned social values to public purposes. It is with this latter method I wish particularly to deal." Land values have increased enormously even during the industrial depression, points out Snowden. Much of the land has been held out of use, thus escaping taxation entirely—and there are vacant lot owners in this country who seriously believe vacant land should be exempt from taxation, or nearly so! Viscount Snowden says: "The Ratepayers have had to make up for this exemption of a privileged class by higher rates on their property."

In the leading article of this issue of Tax Facts, Mr. E. B. Swinney explains carefully the same point that Viscount Snowden made in his article, and we add the words of the British statesman for emphasis, in the hope that if we keep saying it and keep saying it, it may finally impress our readers as a thought worthwhile. There are a number of men in public affairs who understand the land value tax, or pretend to. It is astounding that not one of them has the courage to come forward at a time like this when the country is in such dire need, and say boldly what the trouble is and how it can be corrected.

Snowden says: "Taxpayers grumble about enormous taxation; ratepayers about the burden of rates; drastic reduction of essential public services is being demanded; and all the time there is the potential source of public revenue in these land values waiting to be taxed and rated.

"In the Budget of April, 1931, I made a modest effort to deal with this question. The proposals met with strong opposition. In one division the bill came within two votes of being defeated. Every section which had some vested

interest in land fought the proposals vigorously, and tried to get exemption. . . . The first move of my successor was to propose to repeal the Act, but finally it was decided to 'suspend' the valuation. All the machinery for the valuation was scrapped; the special staff which had been engaged for the work was dismissed. This potential source of revenue was abandoned, and taxes on the people's food and other necessities were substituted for it . . . to balance the next Budget soundly, new taxes may be needed. The Chancellor dare not increase the income-tax.

"If he had not killed the Land Valuation Act there would have been the revenue from the land taxes available for him.

"That is a tax which, unlike the import duties, would not 'add burdens on industry and prejudice the export trades.' It would bring down the cost of land, throw it open for use, cheapen the cost of houses, and stimulate employment.

"By strangling the land taxes the Chancellor has deprived himself of one fruitful and just source of revenue. He has done this to entrench the landowners in their monopoly. They are to continue to appropriate socially-created wealth, whilst the rest of the community are to bear ever-increasing taxes on the necessities of life."

The tragedy of the situation lies in the fact that millions of unemployed and of those living on starvation wages would defend with their very lives this system of land monopoly that has robbed them of their birthright—and this is just as true of the boastfully "free" Americans as it is of liberty-loving Englishmen.

Neither our President nor our Congress could, at this time, start the country on the road to recovery or raise any special fund for balancing the budget by relieving the unemployment situation by taxing land values, but while Washington is discussing the income and the sales tax, it certainly ought to mention the land value tax and not act as if there were not a single man connected with the government who understood the subject of taxation. Industry is not so thriving that it can be expected to flourish under a still heavier burden of taxes. And is there anyone who really enjoys paying an income tax?

The Alexander Hamilton Institute tells us that Federal, State and local expenditures "represented 37.7 per cent of the income of the American people in 1932, as compared with 15.3 per cent in 1929, and 8.5 per cent in 1913." Yet the return from taxes was not sufficient to meet the expenditures of government, and our budget is not yet balanced. Must this go on forever? Must we always bow under the yoke of monopoly and privilege? Is it so hard to see that the basic principle of our tax system is wrong and we can never have true prosperity until that is changed?