

# A New Tax for Texas?

by JOHN R. FUCHS

**W**E ARE all after the same thing—and that is to establish justice. He who thinks of taxation as merely the means of raising revenue for the purpose of paying the expenses of government, does not know the half of it. Chief Justice Marshall said: "The power to tax is the power to destroy." But let us not forget that he also said, "it is the power to keep alive." What is it that we want to destroy and what should be kept alive, and what effect will taxation have on the production and distribution of wealth?

Alexander Hamilton stated the axiomatic fact that only two things can be taxed—land values and commerce. Certainly if we want to destroy something it should be that which is evil, and we should at the same time keep alive that which promotes the general welfare.

I maintain this can be accomplished by taking the annual "use value" of land. Let us not beat around the bush but get right down to facts. This is one tax which is not a tax at all, but merely the collection of that which belongs to all the people. It encourages and rewards thrift, energy and initiative and brings about a more equitable (mind you not "equal") distribution of wealth, resulting in a real "free enterprise." Nothing is destroyed but special privilege.

Under our present tax system land values pay a relatively small proportion. By taxing the products of labor and capital we stifle the articles of commerce and increase their price to the ultimate consumer, who pays the tax. However, the tax on land values cannot be shifted. Economists are agreed on this, and the Supreme Court

of the United States so held when passing on the first income tax law.

You will ask me the question that I have been asked many, many times during the past 50 years: Will this system produce enough revenue to satisfy all the needs of government? Do you not believe that over 9 million sturdy Texans will pay enough, and gladly, for the privilege of sojourning on a part of this earth, known as Texas? Moreover the sum needed will for many reasons be less: governmental affairs and administration will be greatly simplified; more people will have an opportunity to make their own living, labor will get better wages and real capital higher interest. But let us assume that the system I propose will not provide enough revenue for legitimate governmental expenses, and that we might have to resort to other taxes. Should we not in any event first take that which belongs to the people before we resort to a tax on that which the individual has produced by his "talent and virtue"? What would you think of me if I, on finding your purse which was lost, would decline to return it on the specious ground that it did not contain enough to satisfy your wants?

By advocating collection of the annual use or location value of land I am not claiming that it is a panacea for all ills, but it is the one first great step toward justice, and will make the solution of all other problems easier. Such is the power of justice.

John R. Fuchs, a circuit judge of New Braunfels, Texas, author of *Constructive Taxation for Free Enterprise*, appeared before a Tax Study Committee on May 30th to present an address which a friend referred to as "the Gettysburg address of economics." The excerpts given above are a sample. Included also were definitions of land, labor and capital, and statistics indicating the increase of land values, both on urban and rural properties.