

THE NEED FOR NEW POLITICAL ECONOMY IN WASHINGTON

As the global economic crisis continues unabated Seattle's local political establishment's answer to a collapse in tax revenue and massive unemployment is a curious approach of cutting public services when they're needed most while simultaneously going ahead with an unwanted and expensive transportation mega-project. The little money that is available for spending is provided by a broken tax regime that exacerbates some of the very problems our politicians claim to be addressing.

The issue de jour is the Alaska Way Viaduct, a crumbling, 57-year-old double-decker elevated stretch of highway that was damaged in a 2001 earthquake and remains in desperate need of replacement. Having already absorbed over \$14 million of emergency repairs, the only questions facing the people of Seattle are 1) what to replace it with and 2) how to pay for it. Jumping at the chance to fluff their résumés by leaving a mark on the city, our woefully comfortable public officials have fought tooth and nail to either rebuild the Viaduct in an even larger, uglier form than it is now or digging some kind of tunnel. The two proposals are held in such high disregard that when put to a vote, both were decisively rejected in favour of "none of the above."

If the spending priorities of our political elite sound confused, then the system by which taxes are levied is equally absurd. Washington State, wherein Seattle proudly sits, has a universal property tax formula city governments are legally obligated to follow, whereby the value of buildings, improvements, and the land on which they sit are taxed together as one piece of "real property." Some site value is captured, but much of the tax burden falls on physical investment, effectively penalizing the very development that would contribute to lower levels of joblessness.

As state and local taxes are structured to allow land value to remain mostly privatized, it is not difficult to imagine the net result of this arrangement: at best, a taxpayer-financed unearned windfall for real estate moguls fortunate enough to possess land near the completed tunnel; at worst, an over-budget and never-ending construction project saddling the city with an even greater deficit than it has already. Some of the tunnel will be financed through property taxes, but the state has agreed to chip in a couple billion dollars raised from gasoline fees. The Governor has declared that Seattle will be responsible for the inevitable cost overrun.

On the state level, visionary projects are practically impossible as the greatest source of revenue is the sales tax, falling disproportionately on poor and working people which makes Washington's tax system the most regressive in the country. The more money is spent to improve infrastructure, the more the economy is crippled by indirectly confiscating people's income that could otherwise go towards the purchase of goods and services. Meanwhile, keeping the burden of taxation off of land facilitates suburban real estate speculation as investors are induced to hoard valuable land at virtually no penalty in city centres in the hope of eventually selling it for a capital gain. This increases urban sprawl by pushing the population outward to cheaper locations where land is available.

Urban sprawl has reached a point where it threatens some of the region's most iconic fauna with terminal decline. Rainwater is contaminated on its way to the gutter when passing over impermeable pavement where forests and marshes once existed, emptying into the ecologically sensitive Puget Sound. The Southern Resident Killer Whale

is endangered while annual salmon catches have steadily fallen to less than ten percent of their historic levels. Carbon emissions are increasing as commutes from home to work and back again get longer and longer.

Compounding the economic dysfunction and its ecocide counterpart has been a tendency since the 1930s to shift the burden of taxation off of property, which had hitherto been the source of all public state and local revenues, and onto consumers and enterprise. Yet dissent is starting to bubble up in interesting places. Perhaps the most notable attempt to reform our tax system as of late has been a half-baked campaign to introduce a new income tax on the wealthy while also slashing property tax rates by 20%, plugging state revenue shortfalls but exacerbating the sprawl problem. More encouragingly, a 2009 grassroots campaign of anti-tunnel volunteers challenged the mayoral candidate of the Greater Seattle Chamber of Commerce and won. The new Mayor, a prominent environmentalist named Mike McGinn, has opposed the project to the best of his abilities and shattered the political establishment's exclusive hold over city planning. And perhaps most telling of all, a few years ago a concerned citizen filed an initiative of his own to formally proclaim Tim Eyman a "Horse's Ass." Despite eventually being thrown out in court, the popularity of the short-lived campaign imbued the movement for political sanity with a renewed sense of vigour. A definite harbinger of greater things to come over entrenched resistance the ongoing struggle for a better Washington continues - one horse's ass at a time.