

# Change The Property Tax

By ROBERT M. HUTCHINS

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We may need a tax cut, but what we need even more is a drastic revision of our whole ramshackle tax structure.

Taxes should reflect and promote sound public policies. The real property tax, which is the main support of local, municipal and county governments, reflects and promotes almost every unsound public policy imaginable.

It encourages urban sprawl and land speculation. It thwarts urban rehabilitation, construction, investment in building and improving homes and orderly development.

## Tax on Raw Land

The reason is that the tax is based on the market value of the property. Raw land has a lower market value than any other kind of real estate.

Therefore, the man who buys raw land and does nothing with it pays comparatively little in taxes. The more he puts into it, the higher his taxes. He is penalized for making raw land into a farm or a place to live. The more he spends on the farm or on his home, the more he is penalized.

The man who lets his property run down will pay lower taxes than the man who keeps it up. This is one of the causes of urban blight.

The speculator drives the prospective buyer in search of cheaper land farther and farther from the center of town. This is one of the causes of urban sprawl.

The speculator, by forcing up the price of land, puts a premium on squeezing the most housing into the smallest area. This is one of the causes of suburban slums.

The tax system almost compels the buyer of land to become a speculator. If he improves his land, his property tax will rise. If he improves it, and gets any revenue from it, his property tax and his income tax will rise.

If, on the other hand, he sits on the land, does nothing with it and finally sells it at a great profit, he will pay little by way of property tax and will be taxed on the profit at the favorable rates applied to capital gains.

The profit will result from growth of population and the development of the community.

The speculator can take no credit for it. His efforts, energy and sacrifice did not produce it. He is like any other monopolist who corners a good thing. All he has to do is to wait until those who need it will pay his price.

## The New Tax

The remedy is absurdly simple. It is to take the tax off the improvements and put it on the land.

The owner would then be taxed on what the community had done for him in raising the value of his land. He would not be punished for what he had done to build up the community by using his land.

If the tax were on the land and not on the improvements, the incentive to gamble in land would be removed. We might then hope for sound utilization of our living and working space, a commodity that is getting scarcer every day.

## DR. HUTCHINS AND HIS CENTER

By BROOKS ATKINSON

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"I don't think I am pessimistic, but I don't see why I am not," said Dr. Robt. M. Hutchins, president of the Center for the Study of Democratic Institutions.

He had in mind the general stream of life today. But he might have been referring to his own democratic institution, which tries to think objectively about the complex problems of our unruly civilization. The center is getting close to the bottom of the original 1952 Ford Foundation grant of \$15 million to the Fund for the Republic. All the fund activities are now concentrated in the center, which is housed in quiet splendor on Eucalyptus Hill overlooking the Channel, the Santa Ynez Mountains and the sweet city of Santa Barbara.

It costs about one million dollars a year to pay the staff and overhead of the research center, print the pamphlets and distribute the tapes on contemporary subjects. The bill for printing and distributing comes to \$250,000 a year. Two of Dr. Hutchins's associates are cheerfully pessimistic. W. H. Ferry, one of the two vice presidents, is never so ebullient as when he is predicting disaster. "We are on our way out," he says triumphantly. Frank K. Kelly, the other vice president, is equally exuberant. In a glow of geniality, he says he expects that the center will be dismantled and stored away in October, 1965. Attempts to raise money from general sources have not yet been success-

ful enough to scoop up one million dollars a year.

But Dr. Hutchins, a graver man than his vice presidents, cannot believe that the United States will not support the center, which he regards as of real value to the future security of our national life. "If you are headed towards a new political and economic situation, it would seem wise to think about it," he says. And that's what the center does five days a week. Now in his early sixties, Dr. Hutchins believes that the aim of living is education, that a genuine democracy is a community in which everyone is learning, and that our basic problem today is how to create opportunities for learning. Long ago he accepted as his major premise Aristotle's assertion that men of all kinds want to know. Having always acted on that premise, Dr. Hutchins expects that the center will continue to act on it because it is not only sound but essential. Disinterested thought seems to him the highest form of civilized life, and he is right.

Since the center has no political program, it cannot be easily described in a society that is always looking for the angle. A Roman Catholic scholar, Simon Scanlon, a Franciscan, has described it most graphically in a miniature magazine called *Way*. He compares the center to the medieval studium—an organization of scholars that stood between the people and the centers of power and interpreted the universe to both. The medieval studium was subsidized so that it could enjoy freedom from economic pressure. It also enjoyed political exemption.

What the center busily interprets lies in six basic fields: corporations, labor unions, religious institutions, defense, the mass media and the political process. Every working day Dr. Hutchins rings a bell at 11 o'clock. And for the next two hours, scholars on the staff and visiting consultants discuss, analyze and criticize papers written on these subjects. When a paper has survived criticism and discussion, it is printed as a pamphlet and sent—for the most part free—to institutions, organizations and individuals who may need such counsel.

About 140 pamphlets have been written and printed in editions of 25,000. Some of them, notably A. A. Berle Jr.'s "Economic Power and the Free Society," have been reprinted in editions of 100,000, because public response has been so great. The pamphlets have also grown into a long shelf of books that have been expended out of the original material and are issued by commercial publishers. The center has led the study of the effects of automation on society. Dr. Hutchins believes that the center can take a large share of the credit for alerting the United

(Continued on next page)

## **DR. HUTCHINS**

(Continued from Page 11)

States to the problems that automation creates.

Personally modest, responsible, intellectually independent, highly educated in subjects affecting mankind, Dr. Hutchins

is an American of considerable stature. In public education he continues the American pioneer tradition. He finds the West Coast a congenial environment for applying disinterested thought to important public problems for the enlightenment of the nation as a whole.