

Land and Freedom

Vol. XLII

MARCH-APRIL, 1942

No. 2

Comment and Reflection

A GREAT hue and cry have gone up against "hoarding." We believe this subject can bear more extended treatment. To keep *goods* out of use in times like the present is denounced as a treasonable interference with our program of all-out production. Then there is the related psychology that brands as unpatriotic those who would evade their share of the tax burden. But, conceding the truth of these indictments, why do our government heads prefer to ferret out such secretive and labyrinthic processes as hoarding and tax evasion and yet remain unobservant of our tremendous *unhidden* sources of wealth? Far more sinister than any hoarding tendencies is the vicious practice—before our very eyes—of allowing a few to keep stored up a vast portion of that nationally created value known as economic rent.

THE supreme task before the Government is the prosecution of the war; and holding a central place in the picture is the problem of financing the war. The people are most anxious to bear their share of the load. But the matter of *methods* of raising revenue is the big practical question. With war expenses constantly mounting, the question becomes more and more insistent on solution.

DESPITE the imposition of stiffer income levies accompanied by increased governmental borrowing, Congress in its ignorance is obliged to cast about for new forms of taxation. Even the idea of a federal sales tax is making alarming headway. In the face of general condemnation of this abominable tax as one which bears most infernally on those least able to pay—and all out of proportion to the revenue raised and the expense of collection—it yet appears to be holding its own as a proposal of desperation. Our befuddled legislators know not where else to turn.

AT the moment, however, when hallowed traditions are being invoked, would it not be timely to recall some of them as applicable to the financing of our war efforts? Where is the precedent for a federal sales tax? Yet there is ample precedent for a federal *land tax*. At the very beginning of our nation's history, as far back as the cherished year of 1776, we find it sanctioned by our statesmen. At that time a proposal to tax land according to population was submitted to the Continental Congress. Two years later, the Articles of Confederation (Article VIII) authorized a tax on land (it is interesting to

note, according to *value*), "to defray the charges of war and all other expenses to be incurred for the common defense and general welfare."

THERE are many other instances in our history when the principle was employed—in 1798, 1813, 1816 and 1861. The legislation of 1798 may be considered as typical. In Chapter 75 of an Act passed on July 14 of that year (Vol. I, p. 597, United States Statutes at Large), there is a provision for the raising of two million dollars by a direct levy on the land values of the nation, pro-ratable among the States respectively. While this law also provided for the taxing of dwellings as well as land, the legislators were especially aware of the *rent of land* as a source of revenue; for the Act provides that the lands and dwellings are to be assessed *with a due regard to situation and with reference to all advantages, either of soil or situation*. By a more than seeming coincidence, Chapter 76, immediately following, is entitled "An Act to Augment the Army of the United States." Might not these two pieces of legislation well be accepted as a providential guide in our present hour of trial?

ARTICLE I, Section 2, of the U. S. Constitution states that "direct taxes shall be apportioned among the several States . . . according to their respective numbers." This provision does not, of course, offer the best method for taxing land values. But levying a tax according to population is not inconsistent with the principles of land value taxation; for land values are admittedly highest where population is densest. It might be added that at the time of the adoption of our Constitution the principle of levying a direct tax according to population was, in the words of Alexander Hamilton, "the least exceptional among those that are practicable."

A TAX on the value of land has the sanction of reason. It also has historical support. If we are disposed to turn to our forefathers for guidance, is there any reason why our present government cannot also resort to a land value tax during this critical period of our history? Engaged as we are in a struggle involving our national life, will we listen to the voice of reason and tradition, or will we dissipate our efforts by maintaining, let alone extending, the present hodge-podge system of revenue measures? We are fighting for our precious land. Let us not refuse to accept her help in our common defense.