

Land and Freedom

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Comment and Reflection

THE budget for the war, for the fiscal year ending June 30, 1943, is 77 billion dollars. Of this inconceivable sum 24 billions are expected to be raised through taxation, and the balance, 53 billions, through loans. Secretary of the Treasury Morgenthau would like to see more of the financing come from taxation, and most authorities agree that a pay-as-you-go plan should be adhered to as closely as possible. This is lost sight of, however, in the glamour of the new sources of revenue which continue to arouse legislative ingenuity. The talk of a federal sales tax will not down; lobbies and legislators representing vested interests are circumventing any further designs on their income by agitating for this most severely condemned tax, though they are well aware how crushingly it would fall upon the poor.

ON the other hand, the government's reliance upon the purchase of war bonds by citizens, coupled with heavy borrowing from commercial banks for so great a part of the war costs as 63 per cent, is causing an already tremendous public debt to be stretched to a breath-taking all-time "high." The dangers of public debts are well known. Henry George's observations are significant today. In "Social Problems," speaking of the Civil War, George said: "... The wealth expended in carrying on the war did not come from abroad or from the future, but from the existing wealth in the States under the national flag, and if, when we called on men to die for their country, we had not shrunk from taking, if necessary, nine hundred and ninety-nine thousand dollars from every millionaire we need not have collected any debt." George added that the taxation that was imposed fell more heavily on the poor than on the rich. He denounced the device of the issuance of bonds as a subterfuge to coax the rich into merely lending their wealth to save their Nation.

IT is true that in the present war, not only the rich but all citizens are being urged to purchase war bonds. In the drive to sell them it is stressed that our boys are giving their lives for their country and that we, too, should do our part. But how much of a "part" is it to put money in war bonds, with the expectation of being paid back with interest? This is hardly a glorious way of participating in the salvation of our country from the enemies who would destroy her. How

strange it is, from the standpoint of real patriotism, that we have not recalled the old Community Chest maxim, "Give until it hurts!" Surely a certificate acknowledging a contribution, in accordance with "ability to pay," would be a badge of honor more illustrious than the possession of a bond payable at maturity.

A STABLE method of financing the war must be adopted. Loans which further swell the public debt should be a matter of last resort. The very first thing for the government to do is to collect a large part of the land rent of the Nation. If necessary, there could be a graduated capital levy on all land values. From that source probably twenty to twenty-five billion dollars could be raised. Though this probably would not completely finance the war, it would at least provide a sound basis on which to rear an emergency superstructure of finance. The next step should be a levy of direct taxes, so as least to hinder war production—taxes on large incomes, profits and inheritances. Then, if more were needed, voluntary contributions should be forthcoming from patriotic and substantial citizens. Finally, loans from commercial banks might be considered. This sequence of raising revenue would not leave us, as at present, in the ignominious position of relying on loans to the extent of 63 per cent of the war's costs. It would be a far sounder financial system than the present one, with the government still desperately casting about for new sources of income.

THE collection of the rent of land, besides providing a sound base for war finance, would also go far toward accomplishing the economic effects the Administration is seeking. For instance, Morgenthau has stated that he wants special privileges done away with through taxation. Why not consider abolishing, by the correct kind of taxation, the greatest special privilege of all—the land monopoly? We hear much about the critical shortage of needed raw materials. This shortage does not spring from a lack of resources, but from their being withheld by monopoly. Collection of the rent of land would make them available for war production and release the springs of industry. Thus would the supreme task of winning the war be made more certain of achievement. In war, as in peace, the just distribution of wealth provides the best way of fulfilling the needs of our national life.