

# Getting Milk From Half-Starved Cows

## (A Statesman's Recipe)

By Harry Gunnison Brown

Once more—alas when will it end!—we are treated to a proposal for the alleged aid of the politically much-cultivated homeowner, a proposal which would make the acquisition of unencumbered homes definitely harder than now. An Associated Press dispatch states that Senator Sheppard (Dem.), Texas, urged a Senate subcommittee to recommend his constitutional amendment exempting homesteads from taxation up to \$5,000 in valuation. The amendment, if enacted, would prohibit political subdivisions to tax homes up to \$5,000 except to pay outstanding bonded indebtedness.

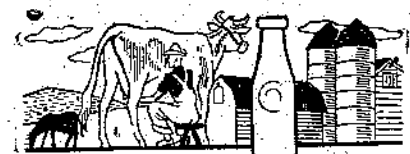
Of course we are treated to the usual misleading ballyhoo. Senator Sheppard stated—what is probably true—that more than two-thirds of Texas families are landless and homeless. And then he further stated that "to correct this situation" exemption laws have been passed not only in Texas but in eleven other states. The Senator is quoted as saying that removal of taxation from small homesteads would "halt and reverse the deadly nation-wide drift of our people into migratory tenancy." Senator Neely (Dem.), West Virginia, chairman of the Senate subcommittee, is reported as remarking that the Sheppard amendment is "very appealing." And in the same news item a Mr. Frank Putnam of Houston, Texas, is referred to as "leader of a national movement for homestead exemption."

Without at all questioning the sincerity of Senator Sheppard, or of others in public life who may support his view, we can nevertheless truly say that the senator has hit upon a proposal which, if adopted in the only way it is likely to be adopted under present conditions of pressure politics, would make home ownership for the poor harder to achieve than it has ever been before in our entire history. True, the scheme might relieve of taxes those who are already prosperous enough to own

their homes. But these, in Texas at least, are, by Senator Sheppard's own statement, not more than a third of the families. And unless the expenses of our states and local governments are to be drastically cut, the money now raised by taxing homesteads **MUST BE RAISED IN SOME OTHER WAY.** Then **HOW** shall it be raised? If present trends are followed, it will be raised by increased sales taxes and other taxes falling heavily on the poor. Those, therefore, whom Senator Sheppard would, presumably, rescue from the unhappy condition of tenancy will be more hopelessly in that condition than previously.

Down in Senator Sheppard's state there was an old farmer who had more cows than he was able to provide with good pasture. One herd he put into a field where the grass and clover were pretty good. But another herd he put into a field where the pickings were indeed very poor. The cows of the first herd gave a good supply of milk; those of the second were somewhat disappointing. But the farmer, Sam Barsambus, had an inspiration. He wanted to "encourage" the giving of more milk by the cows of his second herd. So he rewarded the cows of the first herd, which were giving plentiful supplies of milk, by running his mowing machine over the field occupied by the second herd, cutting off what few clumps of high grass and clover he could find there and giving this as extra feed to the cows in the first herd. This policy, Sam thought, would make the cows in the second herd realize that virtue was duly rewarded and would cause them to give more milk. Senator Sheppard may not know Sam, but "he sure is like him!"

But suppose the taxes now levied on homesteads are made up for—as



they are hardly likely to be in these days of cigarette, gasoline and sales taxes—by higher taxes on other kinds of property, such as stores and factories and apartment houses! We must have stores and factories, of course, and city people of small incomes, who cannot afford homesteads, must often live in apartment houses as tenants. What if the resulting added burden on these types of capital discourages the building of them and makes store and tenement rentals higher than they now are? Would such higher rentals for rooms and tenements and apartments help those who must live in them, to save and buy themselves tax-exempt homesteads? And if rentals for store space are higher, who, in Senator Sheppard's thought, will finally pay these rentals? Will it be only a few rich business men, and never either the small and struggling merchant or the general mass of consumers?

Such a proposal as this of Senator Sheppard certainly does not go to the roots of the evil which he is ostensibly seeking to cure. At best it could be only a surface remedy, even if it did not make the evil distinctly worse.

That the senator's scheme might tend in some degree to increase the number of persons holding formal title to the homes they occupy, we need not deny. Suppose Smith owns three houses and, since only one is his "homestead," has to pay taxes on the other two, in which Jones and Wilkins are tenants; but these two will also become tax-exempt if they are purchased by Jones and Wilkins respectively. Jones and Wilkins, however, are too poor to buy homes and really pay for them, and the added sales taxes and other taxes likely to be levied under Senator Sheppard's plan, to make up for the abolition of the tax on homesteads, certainly won't help these tenants to save the money to pay for Smith's houses. But Jones and Wilkins may become titular owners nevertheless. Instead of keeping them as tenants,

Smith may well realize the advantage to himself of further tax exemption—on three houses instead of one—and may seek this advantage by formally selling one home to Jones and one to Wilkins, accepting mortgages for the full or almost the full value of the homes, mortgages which Jones and Wilkins can probably never pay off and which, indeed, they may never even try to pay off. Thus, such a measure might indeed promote home ownership in some cases, so far as formal title is concerned, while leaving the so-called owners in a position really as hopeless as now or—in view of the levy of new taxes—definitely more hopeless than now, no longer tenants in the formal sense but so heavily and hopelessly mortgaged as to be tenants in practical effect. And, surely, the more tenants are persuaded to assume such pretended ownership and the more homesteads are thereby relieved of taxes, **THE MORE MUST OTHER TAXES BE RAISED.**

How can the senator's proposed reform accomplish any other purpose unless (1) it enables those it would help to earn larger wages, or (2) definitely and clearly reduces the **TOTAL** burden of taxation on them, or (3) makes homes really cheaper to buy?

Those who have read Henry George's great book with real understanding—alas, how few among our legislators have ever read it at all!—know that land-value taxation, by making speculatively held vacant land available for use, does tend to increase the productive efficiency of labor and to raise real wages; they know that such taxation, by making possible the repeal of taxes that now rest heavily on wage earners, would clearly and without question further reduce the tax burden on those whose need is greatest; and they know that such taxation of land values would greatly lower the sale price of land and make its acquisition by would-be home owners far easier than under our present system.

But who expects our political "leaders" to be anything but followers? Who expects them to offend the owners of great community-produced land values, the owners of valuable city sites and extensive plantations? Who expects them to offer any but quack remedies for the

ills of the poor so long as the recipients of vast community-produced land incomes are able to make "tax relief for land" a popular slogan?

No. Real leadership is to be expected from almost none of those in our "best" political circles. Rather must we expect plausible but fallacious reasons for doing things that will harm and for not doing what would help. Thus, in one crisis after another, our statesmen, urged to do something for the evils of poverty, inequality and tenancy, hasten to endorse, with great fanfare of publicity, measures which increase these evils and which tend to destroy the very democracy which these statesmen claim to serve.

Sometimes, doubtless, with blundering sincerity and sometimes with a weather eye on the political support to be gained from a substantial group of voters, our prominent political "leaders" again and again have urged measures which, unprejudiced analysis shows, are but heavy burdens on the masses and on the poor. And because those so burdened are themselves uncomprehending and, often, the victims of misleading catch phrases and slogans (like "broadening the tax base," "tax relief for real estate" and "encouragement of home ownership"), it is by their own prejudices and their own votes that they are laid under tribute to the owners of the earth.