

How To Yoke The Ox

By Clyde Dart

The Committee on State and Local Taxation and Expenditures of the United States Chamber of Commerce, some few months ago, submitted a report interesting for its statistical information. The learned Committee views with alarm an annual tax bill (Federal, State and Local) of approximately thirteen billion (13 thousand million) dollars. While these and other statistics may easily stagger the informed and reflective citizen, it is the method and incidence, and not the amount of these taxes, that should be the real cause for alarm.

The Committee points out that roughly one out of every five dollars earned by the average American is appropriated by the taxing authorities. However, it may be said as a correlative of this that these moneys are not dumped into the ocean but are spent, and as a result, one out of every five dollars earned by the average American comes from Governmental expenditures. It may also be said that if the various governmental agencies utilize these tax moneys wisely, they are merely spending money for good purposes for which they would not be spent had they been left in the hands of their former owners, and as a result, everyone is better off. In short, governmental taxation and expenditures it may be argued, constitute nothing other than a wise and necessary capital investment with a concomitant redistribution of national wealth. However, our conclusion (emotional for the most part) on these matters are shaped and determined largely by the way our pocket books are affected.

Let us look at the figures.

The total volume of taxes in 1936 was about \$10.4 billions of which \$3.9 billions were Federal and \$6.5 billions were State and Local taxes. The total volume of taxes in 1937 was estimated to have been \$11.8 billions of which \$5 billions were Federal and \$6.8 billions were State and Local taxes. Taxes for 1938 were

tentatively forecast as about \$13.5 billions of which \$6.4 billions will be Federal and \$7.1 billions will be State and Local. The 1938 taxes are estimated to be about 60 per cent above the maximum wartime yield of 1921. It is estimated that the national income for 1938 will be only \$67 billions and that the forecasted \$13.5 billions in taxes will equal 20 per cent of the national income.

The figures also show that thirty-six states now levy income taxes. Twenty-two states levy taxes on chain stores. Twenty-eight states levy sales taxes and in the State of New York, the City of New York has a modified sales tax which mulcts the people of from forty to fifty million dollars annually. In addition, there are internal revenue taxes imposed on tobacco and alcoholic beverages which are in their nature sales taxes. All sales taxes and a large part of all income taxes are levies on wages.

The Committee's report is painfully silent on the amount of revenues to be raised by taxing land values. Louis Wallis in an article entitled "The Economic Problem" (September 1936) states that the ground rent in the United States is about twelve billion dollars. Of course, some of this ground rent is appropriated by real property taxes and some of it is reflected in income taxes. But aside from this modicum reflected in the income tax, not one rusty dime of the proposed Federal tax of \$6.4 billions for 1938 comes from this enormous yearly ground rent. The Federal revenues come from tariff, internal revenue, income taxes and other exactions on production. The State and Local governments get a large amount of revenue from sales, license and income taxes. Both the Federal and State governments have inheritance taxes. The taxes on chain stores, regardless of their purposes, are merely assessments on the consuming public, and are tantamount to a reduction of wages for a large part of the people. In short, it may be said that most of these colossal taxes are merely ap-

propriation for public purposes of private wealth. The enormity of this confiscation is emphasized by the realization that the socially created ground rents are permitted to be appropriated by individuals for private purposes.

An epoch making discovery in the early middle ages was the proper way to yoke an ox. Previous methods caused the ox to be choked off so that he had to be rested often in order to get his breath back and otherwise recuperate. The proper method has allowed the ox to work hours on end without the necessity of many stops or breath and recuperation. Historians are just beginning to realize the tremendous social and economic consequence that followed upon this discovery. It is needless to say that most of the taxes pointed to with alarm by the learned Committee of the United States Chamber of Commerce are strangulation taxes throttling production; and that if the tax yoke were shifted to land values the national economic ox would labor ceaselessly to bring forth a bounteous harvest of new wealth.