From Paul To Pay Peter

By J. Rupert Mason

Since the advent of the New Deal, a gradual, often unseen, yet none the less serious shifting of tax load has been accomplished. Directing and insidiously steering such tax shifting, the land holding lobbyists have at least played a watchful and important part. The fact that neither our industrial nor labor leaders have ever publicly called attention to it, but have seemingly been quite content to complain about the increased taxes they must now pay, without ever attempting to find out the reason, is disturbing those who know why taxes have been shifted from land to industry.

The federal government has borrowed for gifts and grants to the states some 26 billion dollars, under the New Deal; of which 19 billion dollars was outright gift. This is just about the net increase in the present debt of the national government. Had the federal government not made this huge present to the states, they would have been forced to draw at least a part of this sum from land values, within the states. Instead of this, the states have enacted tax-sale moratoriums, which operate to prevent the states from even offering for sale the land which has continued tax delinquent longer than the period normally allowed by state law for redemption. In California, for example, the law granted land holders five years to pay their taxes, before the State could even put the tax defaulted land up for sale. But, since 1932 the legislature has regularly passed moratoriums every biennium as "emergency" measures, so that today the State is still unable to foreclose land on which the taxes lawfully levied by the counties, cities, etc., have been past due and unpaid for more than 13 years. In fact, as recently as January 1939, a new moratorium law unanimously passed the Assembly, and without debate, while in the Senate the only discussion was by one Senator who wanted it made even longer!

In view of the fact that the State of California has levied no taxes upon real property since 1911, and that the taxes levied by most of the counties, cities, etc., are nominal indeed, when compared to the taxes on industry and labor products, this complete stoppage of the foreclosure and sale of tax defaulted land assumes even added interest. Whereas the cost of schools, roads, etc., was formerly spread largely against the real estate directly benefitting, such public works' costs have now largely been assumed by the State, and sales and gas and income taxes levied to meet them. Yet, California and other states are solemnly swearing to Washington that they can not possibly collect more taxes to help meet the relief costs.

If our industrial and labor leaders would only urge the federal Congress to quit borrowing further money to give to the states, or at least require the states to repay some reasonable part of funds advanced, either in money or in sizable tracts of land, which the holders have allowed to stay tax delinquent longer than the time allowed by law for redemption, we should soon begin to witness some democratic, real "pump priming"; that is, more prompt payment of taxes by dodging land holders. Our ten year depression has left a vast new frontier on the doorstep of the states for unpaid taxes. It needs tackling, constructively, and until we are able to convince the New Dealers that tax-evading and tax-avoiding land holders must pay the taxes they owe, just as definitely as income or other taxes, or suffer the consequences, there may be little point in agitating for heavier taxes upon land values. Whenever I have sought to discuss this matter with public officials, they think me radical indeed when I suggest that the state laws governing land tenure should be respected and enforced, and not be changed. They nearly all seem to have the notion that a land holder should be given as long as he may want to pay the taxes owing against his land, and if that isn't long enough, he should then be given still more time.