

Decentralize Taxes!

THE Hon. Robert E. Waldron, Majority Floor Leader of Michigan's House of Representatives, spoke to friends of the Detroit Henry George School in December on "The Need for Michigan Tax Reform." Mr. Waldron is on a number of committees dealing with labor, taxation and social problems, and he worked closely with Governor Romney in his recent bid for tax reform. He has introduced bills in both the regular sessions and special session of the legislature, which would permit separate and different rates of taxation on land and buildings.

The speaker expressed the view that local governments could meet their own expenses better than state governments, and that state governments could meet theirs better than the federal government could, and to this degree he considered himself a decentralist. Taxation, he believes, is something which individuals view in various ways according to their philosophy of government.

In reforming Michigan's tax policy he said the legislators tried to consider first the fairness and ease of collection. Other questions were: will it contribute to social reform, and will it yield a reliable amount consecutively (no reference to its effect on production). The design was to be reform by shifting rather than increasing taxes, with the shift scattered so as to help all segments of society. The sales tax was not relieved from all goods, but only from food and drugs. The flat rate income tax was 2 per cent on wages and $3\frac{1}{2}$ per cent on corporate earnings. Cities were given an additional option of local income taxes. Aged homeowners were allowed an exemption on prop-

erty taxes. Provision was made for an overhauling of property assessment procedures by a training program for all property assessors, reorganization of departments of equalization, establishment of standard practices for determining cash value of property, and greater facility in appeal procedures. He considered tax reform only one part of fiscal reform, and said most of these suggestions would be included in other proposed legislation at a later session next year.

Mr. Waldron first heard about differential taxation from James Clarkson, a former faculty member of the Henry George School in Detroit, now mayor of Southfield, a flourishing city near Detroit. Although Clarkson is a Democrat, his views had a profound effect on Republican Representative Waldron's knowledge of taxation. He told the Georgist audience he would be happy to introduce the differential taxation bill because he believed in it and he would keep introducing it just as long as his constituents wanted him to.

The chairman, George R. Averill, called attention to the significance of taxation and its effect on nineteen democracies that have fallen because of internal decay. As warning symbols he pointed to examples in the Detroit area of great amounts of unearned increment going to private individuals. Mr. Waldron however predicated hopefully that as far as Michigan is concerned, this year's deficit will be only 23 million as against $85\frac{1}{2}$ million last year, and in 1964 the state will actually have a surplus in its treasury if expenses do not exceed their present level.

"In some cities they tear down buildings to save taxes. They might try tearing down some taxes to save buildings." — B. J. Dahl, in *Wall Street Journal*