

# *The Frustration of Taxation*

by MABEL L. REES

Dear Dad,

On reading this letter I hope you will not be too much surprised or hurt. I know it has always been understood between us that when I was graduated from college I would join your real estate firm, but now I'm not sure I want to, or that you would care to have me for a partner. I've got some new ideas about taxes with which you might not agree.

Of course I appreciate your generosity and self sacrifice in this year of bankruptcy and depression (1930) in making it possible for me to spend my vacation in this luxurious resort of Glenrock, but last week I became involved in two local occurrences that made me realize the topsy-turvy nature of our tax system and the urgent need for a change.

One incident took place in Glenrock—the other was in Hooker's Point, a slum district if ever there was one, only three miles away. Here's what happened.

Last Thursday I went out for a walk and found myself at the gateway to the grounds surrounding the mansion of your millionaire acquaintance, Dana Gregson. He happened to be standing nearby as three large vans drew up. Almost before I was aware of what I was doing I stepped inside the gates and exclaimed, "Not moving I hope."

He was not offended at being addressed by a stranger, but answered in a tired tone, "yes, I'm planning to live in town and I'm not only moving but demolishing the house as well. It will all be in the papers tomorrow morning." Then he paused uncertainly and said, "let me see, you are?"

I explained that I was Stanley Everard and that I had once been introduced to him when he stepped into

your office in the city. He nodded and told me that because of losses in the recent crash of the stock market and the big increase in his real estate tax he was taking drastic measures to escape the latter expense in the future.

"Shortly before the panic," he went on, "I built a new guest wing and a conservatory. Because of these additions my taxes have soared. Isn't that a fine way to encourage free enterprise?"

Before I could answer he went on, "I'll keep the land—I own over 500 acres—for the tax on the value of the land is much less than the tax on the buildings. Every year more folks are discovering the advantages of living in this beautiful spot and some day I hope to build a hotel here from which the rents will more than repay me. I'm sending the contents of the house to storage, and the parts of the building that I can salvage, such as the carved woodwork, marble trim and stained glass windows, will be disposed of by auction, and . . ."

At this point, Dad, we were interrupted by the screeching of nearby police and ambulance sirens, and Mr. Gregson said, "Some help may be needed, let's follow them."

So saying he beckoned to his chauffeur who was superintending the loading of vans, jumped into his Rolls-Royce and asked me to join him as we took off after the racing emergency cars.

In about five minutes we arrived at the scene of a terrible disaster at Hooker's Point. One of several old five-story tenements there had swayed from its foundation and crashed to the ground, hurling some of the occupants into the street and burying others beneath the rubble. Fire had broken out and engines were going into action.

A young man who turned out to be a social worker in the neighborhood was trying to administer first aid to some of the frightened children. It didn't take Mr. Gregson long to size up the situation. The nearest hospital was too small to accommodate all the injured so he offered to have the less seriously hurt people driven to Glendale in his car, explaining that his chauffeur could make several trips and that his guest house could be used as a temporary shelter. His suggestion was gladly accepted and an intern and nurse accompanied the victims.

I stayed to talk with the social worker, a Mr. Farnsworth, and learned that numerous complaints about the dangerous condition of the buildings had been lodged with the owners of the dilapidated tenements and with the town authorities, but little if anything had been done. Not only had repairs to leaking roofs and crumbling walls been delayed, but without the required permits, the owners had cut up larger flats into smaller ones for more families, thereby increasing their returns. To make matters more deplorable, only a short time before this catastrophe a modern development company had tried to buy the whole row of squalid homes in Hooker's Point and erect an ideal housing project. However, with

the tax on their present old buildings so low, and their land value worth more and more with no increases in the tax, the owners wouldn't sell.

Next day I went back and continued my talk with Frank Farnsworth. He and I have much in common. What's bothering me is this—if owners of *poor* housing are rewarded with a premium of lower taxes, and owners of good housing must suffer the penalty of higher taxes, isn't there something wrong with our present tax system? Judging by the instances of housing destruction that took place here perhaps it may be a mistake to tax *any* kind of housing. Along this line of thought Frank pointed out that land can't be destroyed no matter how much its value may vary, and that payment for its ownership would be a better source of public revenue than any other. I wonder.

Well Dad, I'm signing off now but I'd like to cut my vacation here short and bring Frank home with me to continue this discussion when I see you.

As ever,

Stan

P.S. Frank says that the *frustration of taxation* is the canker that is eating out the heart of our civilization. What do you think?

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A seminar on "Pathways to Peace" will be held at the Heathcote School of Living center in Freeland, Maryland, May 27 and 28. Mildred J. Loomis, of Brookville, Ohio, director of the school, will be the chairman.

Ralph Borsodi, the founder of this movement and author of many books on decentralized living, has a new one on *Epistemic Problem — The Nature of Truth and How to Communicate It*. It insists that social science must have a vocabulary like physical science, where one word means one thing only. Department heads in the University of New Hampshire worked with him on this in showing how one might build such a vocabulary.

In view of the proposals for "one world" police authority, it may be noted that Ralph Borsodi suggested such a world military authority at the end of World War II. His plan had one feature not found in any others, namely, that he would have a "world authority" collect the economic rent of all oil and mineral resources. He held this would remove the central cause of modern war — the struggle of the nations for control of land, oil and minerals.