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THE GREAT AMERICAN TAX SHIFT

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"In the United States, during the last half century, there has been an organized campaign on the part of special interests deliberately designed to shift the burden of taxation for their own relief and place it on the shoulders of other classes in the community. The relief is aimed in the interest of those who enjoy incomes from mere possession of property and it is to be attained by throwing the costs of government upon all others who have to gain their living by continuous work of hand and brain. These latter are made to bear all these forms of "non-property" taxes which ingenuity can devise to enforce payment out of the proceeds of individual industry, trade and enterprise; the "non-property" taxes, so-called, including taxes on earned incomes, on gross receipts, on sales, on motor fuel and on transport, on supply of goods and performance of services, other indirect taxation and last but not least the American Customs Tariff."

"Those who depend for their incomes on wages or on the indirect wages known as interest can profit only by assisting production; the persistent efforts of such people to remain employed or to keep their capital in use show how they realize this. But land alone produces nothing; rent arises only from the presence of people and their increasing demand for sites and resources, not from any productive effort on the part of the title-holder. The only way in which the title-holders, as mere owners, can secure and maintain their incomes is not by producing or adding to the general stock of wealth, but by controlling the revenue system so that the impact of taxation is diverted away from income derived from rent. In fact, those of them who are jealous of their privileges work at this intensively; by social, economic, educational and political methods they create an atmosphere of confusion on the subject of taxation and this favours the retention of a multiplicity of taxes as part of a "spread the tax base" policy."

"The political scheme which applies a knowledge of economic science to safeguard the privilege of enjoying income from mere possession of title to land, whereas income arising through labour shall be mulctd, is shamefully simple. It consists in having a large part of total public expenditure, such as for road-building and upkeep, school support, health and what may be called welfare services borne out of State and Federal instead of local, taxation."

"The tax shift has been so great that whereas in 1915 the "property taxes" made up 50.5 per cent of the general revenue, they were responsible for only 3.8 per cent in 1950." (*)

Percentage Distribution of Federal, State and Local Government Receipts

	Year 1915	Year 1950
Federal	30.1%	68.7%
State	18.1%	15.5%
Local	51.8%	15.8%
	<u>100.0%</u>	<u>100.0%</u>

(*) Note by reproducer: This shift refers (continued on page 3) (OVER)
to States revenue only. Nonproperty taxes draw mostly from wages.

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Growth of the "Non-Property" Taxes levied by the States' Governments

"Non-Property" axes	Percentage of the Distribution of State Tax Collections by sources			
	Year	Cents	Year	Cents
General sales	1931	0.4	1950	21.1
Motor fuel sales	1922	1.4	1950	19.5
Tobacco products	1930	0.6	1950	5.3
Alcoholic, sales licenses	1932	0.1	1950	6.3
Motor vehicle, licences	1915	4.1	1950	9.4
Individual income	1931	4.2	1950	9.4
Corporation income	1931	5.6	1950	7.3

A report of the State of California Chamber of Commerce shows how the all sources "tax dollar" of that State was made up, the comparison covering a ten-year period : - (*)

California	Year 1935-36	Year 1945-46
Federal taxation	31.0%	80.5%
State taxation	29.0%	12.5%
Local taxation	40.0%	7.0%
	<u>100.0%</u>	<u>100.0%</u>

(*) Reproducers note:

California State Govt. uses no property taxes.

"In an effort to solve the finance problem, an increasing number of municipalities have been forced to turn to non-property taxes for at least a partical solution. While this trend started as early as 1900, changes have been accelerated during the past ten years with notable alterations in the dependency of cities upon the property tax..... Property taxes increased in dollar volume during this period, but the increase in other revenue sources, particularly sales and gross receipts taxes, state aids, service charges and other types of taxes was so great dollar-wise that the proportionate amount received from the property tax was reduced percentage-wise."

"The considerable increase of Federal relatively to State and Municipal expenditure, as noted earlier, is largely due to war and national defence, but this does not alter the fact that all taxation must fall either upon the rent of land or upon the wages of human effort. The interest on public loans must also be raised from one or the other of those sources. The rent of land can be collected by public authority and can be allocated, as the public may decide, to the various levels of government. If rent failed to provide all the revenue required, then direct levies can be made on personal or accumulated estates."

(Excerpts from an address delivered by Mr. Alper, at the Eighth International Conference on Land Value Taxation, Odense, Denmark - August 1952)

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