Destructive Taxation

MILTON BERGERMAN, chairman of the Citizens Union in New York and a popular radio and television commentator on leading stations, speaking at the annual banquet of the Henry George School, said he was "Mr. Geiger's boy." He recalled that the privilege of knowing Oscar Geiger had given him many beautiful years, and he saluted the school for carrying out the ideals of this wonderful man.

Mr. Bergerman spoke forcibly of the destructive power of taxation and the need for a sane approach by responsible persons. Of the New York budget he said 45 per cent, or $978,000,000 is raised by a tax on real estate (lawyers — and Mr. Bergerman is a lawyer — find it convenient to deal with land and buildings as a unit). The other 55 per cent of the budget is raised principally by sales taxes and a combination of the most unsound taxes ever devised by man, such as a restaurant tax.

All taxes have regressive features which drive people out of town, but it was noted that in a city in need of money nothing is more ridiculous than a gross receipts tax. All these unscientific, blind and confused taxes were the product of hysteria. No one pretended they were sound, but people were starving and no one complained about a sales tax of one per cent. After the emergency passed the tax was made permanent — then it was raised, first to two per cent, then three. That was the "scientific way" in which the tax was instituted.

Why is it so dangerous to proceed in such an unenlightened manner? What's all the fuss about? The same questions can be asked about dishonesty in city government. The danger lies not in what the dishonest person gets out of it, but in what it costs the city. The impact of taking that thousand may mean that the city will lose hundreds of thousands. What difference does it make since the city gets the money, and it all goes for the public welfare?

Indirectly the result of unsound taxation is that it can ruin the government and the economy. "Taxation," said this student of Oscar Geiger, founder of the Henry George School, "never helped anything — it always hurts things — but some taxes might be less detrimental than others."

Referring to Lawson Purdy's contribution to the city when he was president of the Department of Taxes and Assessments in New York (1906-1917), he said New York has a start toward sound taxation because land and buildings are assessed separately, as they are in a number of other cities. Both are taxed at the same rate, however, for the idea of a different rate of taxation for land and buildings is still very limited. Some people, the speaker felt, had recently come round to the idea that you could get some needed housing if you took the tax off buildings, as in the case of the veterans housing provided twenty years ago in New York (see the article by Mr. Hill referring to this).

Finally Mr. Bergerman suggested that someone should start a movement toward sound taxation in New York, and added that 30 per cent of the city real estate, amounting to $12,000,000,000, is exempt from taxation of any sort. He believes the subject cannot be approached sensibly when this much land is tax exempt, worthy though the organizations are. His proposal is to tax all the real estate (land) — find out how much revenue this provides — then decide how helpful the various organizations are to the city and "take it out of the other end."