

What's wrong with taxes?

By Diane Fuchs

Imagine a cigar-smoking fat cat in Uncle Sam pants trodding nonchalantly on a barrel. Striking out from the barrel are naked, pathetically skinny arms and legs. The fat cat is labeled "special interests" and the person in the barrel "taxpayer."

One might expect to see this caricature in *People & Taxes*, Ralph Nader's Tax Reform Research Group newspaper, or in *IN THESE TIMES*. But the cartoon appeared on the cover of the *Taxpayer's Guide to Survival*, a tax and expenditure primer prepared and distributed by the right-wing, business oriented National Tax Limitation Committee. This group, along with Howard Jarvis, suckered Californians into voting for a constitutional property tax limitation measure this summer that not only hurts renters but gives the bulk of its overall benefits to business and big landlords.

The "guide" never explicitly defines the special interests depicted on the cover, but it does make clear who they're not: the banks, insurance companies, multinational corporations, and wealthy investors. The "special interests" come across only in subtle innuendo: the culprits are presented as teachers and school kids, welfare recipients, garbage collec-

tors and firefighters...all of whom apparently wield such clout with weak-kneed legislators and public administrators that the latter have no choice but to spend more and more to satisfy the insatiable demands—and keep raising everyone else's taxes to do it. So conservatives would have you believe.

By pointing to the costs of social programs, the conservatives are diverting attention away from the most ironic welfare system in the country: tax relief for the wealthy—the billions of dollars lost by state and local governments each year through tax loopholes, exemptions, abatements and outright cheating by the *real* fat cats.

Fiscal limitations like Proposition 13 that arbitrarily and inflexibly cut taxes and spending can't begin to solve the problem. While appearing to provide overnight relief, such measures actually do a double disservice. The relief, if experienced at all, will be short-lived—other taxes, charges and fees will be raised to make up for the losses.

In the long run, the quick-fix solution works to obscure the underlying issues, and instead perpetuates the system's inequities—causing all the more hardship and dissatisfaction.

The share of property taxes borne by



individuals has been decreasing in recent years, but the tax has become enormously unpopular, most likely because of its high visibility and upfront, lump sum payment requirements. Surprisingly, though, this tax could be made more palatable—and is actually one of the potentially better tax tools for wealth redistribution.

Over the years, although property includes a broad range of items, the definition of taxable property has become so narrowed that the tax is primarily a real estate tax and one that falls most conspicuously on a necessity, housing.

At the same time, localities have had to rely almost exclusively on it to pay for the broad range of basic services the public takes for granted. As a result the demands on the property tax increase while many forms of property escape taxation.

Solutions.

All the while, the solution to the property tax problem is obvious: tap all of the revenue sources, and combine the tax with progressive income taxation and better tax enforcement.

Anyone concerned with tax fairness should consider the following:

- One percent of the population owns 70 percent of the nation's corporate stock, and as long as they hold on to it they pay no taxes on the market value of that property. Known as "intangible" property, it is worth about \$3.9 trillion. If it were taxed at only one-fifth to a quarter of what real property is taxed it would raise enough revenue to reduce property taxes by as much as half in some states.

- About one-third of all real estate is exempt from taxation. It's worth about \$800 billion—and causes an annual revenue loss of \$15 billion. Because of it, the average taxpayer pays an extra \$310 per year in property taxes. Whether the churches, private universities, hospitals, clubs and assorted associations need or deserve their exempt status is, of course, open to question—but certainly where exempt property is leased or used for profit, the exemptions are unjustified and should be removed.

In the meantime, a growing portion of exempt property is a result of property tax "breaks" to businesses—provided by localities to encourage them to relocate or expand there. They amount to direct subsidies to large corporate interests at

the expense of all other taxpayers.

- Poor tax enforcement is also at fault. Property tax delinquency reached \$570.8 million at the end of fiscal 1976 in New York City and is about \$50 million a year in Boston. The landlords and financially sound institutions benefit the most.

At the state level, large multinational firms can often totally avoid tax liabilities by using complex structures to hide profits or to juggle their books so that profits show up in low tax states or abroad. Getty Eastern, for example, operates its multi-million dollar refinery in Delaware City, Del., without paying a penny of state tax and even shows losses of \$31 million since its incorporation there in 1972.

- Once a loophole, always a loophole. Tax breaks that may originally have served some justifiable function often simply lose their effectiveness but are allowed to linger on. So it is imperative that they be scrutinized for what they pretend to achieve and actually do. "Tax expenditure budgets" listing all tax loopholes and their estimated cost in lost revenues are being tried in a number of states—while others are considering sunset laws on state mandated property tax exemptions.

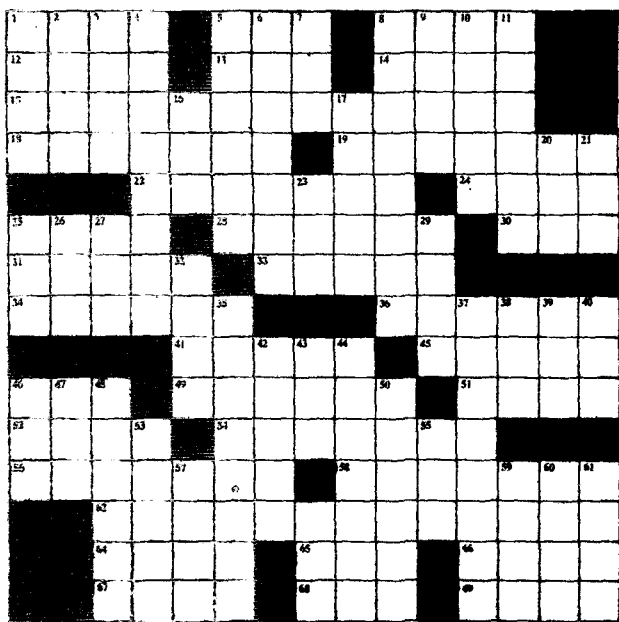
- And lastly, the sales tax, a good source of revenue, has potential for being a more progressive source. Right now, it is clearly the most regressive (everyone pays the same 4, 5, or 8 percent regardless of income). But by reducing or eliminating the tax on food and medicine, and extending it to cover services purchased primarily by businesses and the wealthier sectors of society—such as advertising and consulting firms, architects' and lawyers' services, the burden on lower income families can be minimized.

The revenue collected from such structural and administrative tax reforms would be adequate to fund programs that give comprehensive credits or rebates ("circuit breakers") to homeowners and renters for a share of the tax burden. In some states there would be enough revenues to permit removing the property tax on all owner-occupied homes.

These reforms would redistribute the burden of regressive state and local tax systems so that moderate and low income families are not compelled to carry the heaviest part of the tax burden and the real "special interests" are made to pay their fair share.

Games People Play

by David Mermelstein



Across

- Gr. goddess of love; Abbr.
- Predecessor of DDE
- Tax or lien; Br.
- Dissolute person
- Car org.
- Brutally governed land
- Game sweeping the country? (Advertised in *ITV*)
- 62 ACROSS is author of *Alienation: Marx's Conception of Man in Capitalist*

- TV patterns
- More severe
- Theater signs
- Guitar ridge
- Ancient city of Asia Minor
- Bishop's seat
- Ventilated
- Baltimore players
- One of the zones
- Ravi's instruments
- Movement tactic
- Dispute
- Bath towel word
- Liqueurs
- Sicilian volcano
- Crafts companion

- Classroom supplies
- Branch of mechanics
- Tennis equipment name
- Originator of 15 ACROSS: recently denied position at Univ. of Md.
- Bitter herb
- French possessive
- Ireland
- Mind
- Richmond was its capital: Abbr.
- Bernadette and Agnes: Abbr.

Down

- Geometric shapes
- Rich man's game
- Un-American Org.
- Hero of the '60s
- Murky
- Lecherous
- Feathers companion
- These are bad for your health
- Work units
- Seasons
- Scornful expressions
- Bridge or tennis term

- Pertaining to urine
- Preacher or shad
- Houston, from Oklahoma City: Abbr.
- Sgt., for example
- Overweight
- S.A. city, for short
- Make a mistake
- Bhutan's continent
- Reduced price: Abbr.
- Commanded
- Bridge supports
- Tman: Abbr.
- Stocking tear
- Homophone for 30 ACROSS
- Brief
- "_____ Yankee Doodle..."
- Cuddles
- Possesses
- NYC subway line
- _____ Mater
- Membranes
- Commemorative pillar
- Devout: Abbr.
- Fe
- Leave out
- Infrequent
- Directions: Abbr.
- Citation abbreviation

GUNS

Continued from page 24.

at the gun desk. Cheap guns are taken out to an unidentified location at sea and dumped. Higher quality arms are sold by lot to local dealers.

Since passage of the National Firearms Act of 1934 that banned the sale of machine-guns, sawed-off shotguns and silencers, the Treasury Department's Bureau of Alcohol, Tobacco and Firearms (ATF) has been the main federal agency responsible for the regulation and control of firearms above and beyond the patchwork of state laws and regulations. Under provisions of the Gun Control Act of 1968 the 1600 agents of the ATF license and inspect all gun dealers and make sure they comply with the law: that a person must be 18 to own a long-arm or 21 to purchase a handgun and that they must sign a federal form swearing they are not ex-felons, mentally defective or addicted to drugs such as marijuana.

J.P. Stathes, resident agent in charge of the San Diego office, must, with the fewer than 20 ATF agents under his command, inspect, investigate and build cases on all federal gun violations in the San Diego County area. "Most of our cases are based on violations of the federal registration form," he says. "False statements on this form constitute a felony. Usually



this involves an ex-felon purchasing a firearm. We also make cases on people selling illegal weapons or selling weapons on the street, without a dealers' permit. A lot of this information is generated through informers or from legitimate arms dealers who don't like seeing other people playing outside the rules of the game."

The ATF recently proposed that new serial numbers be required on weapons to make them easier to trace and that gun manufacturers, wholesalers and dealers be required to report quarterly the number of guns sold and their serial numbers. Congress defeated the proposal by a vote of 314 to 80 and cut \$4.2 million dollars from the ATF's budget as a punitive measure. This seems a fairly accurate reflection of the relative lobbying strengths of the industry identified, million member National Rifle Association as opposed to the four-year-old, 70,000-member Coalition to Ban Handguns.

Part of the American tradition.

The issue of gun control is said to hark back to the Second Amendment to the

U.S. Constitution, which reads: "A well-regulated militia, being necessary to the security of a free State, the right of the people to keep and bear arms, shall not be infringed." This item, part of the bill of rights, was specifically designed to prevent the formation of a standing army or a federal take-over of the state militias. The federalization of the National Guard in 1934 would seem to have a greater impact on the Second Amendment than the individual who keeps a .357 in his or her dresser drawer.

But if the law remains murky and subject to change the ready availability of civilian firearms has firmly established itself in the U.S. cultural tradition. The Whiskey rebellion, John Brown's raid, the Molly McGuire, the Homestead Strike, the Wobblies, the Indians and the Black Panther Party are all a part of that tradition, as is Billy the Kid, Jesse James, Al Capone, Charles Whitman, the KKK and the Hanafi Muslims.

Perhaps the contradictory nature of the gun question is best summed up by Daniel Heller, an unemployed crop duster living in East San Diego. "I'd like to live in a peace-loving society where questions of class, race and personal identity could be resolved through rational dialogue," he says. "But in the absence of that I'm glad to have my .38 special close by my side. Between the killer cops and the armed robbers I just wouldn't feel safe without it."

David Helvarg writes regularly for IN THESE TIMES.

THE INSIDE STORY

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for those who disobey, the social pressure it exerts to keep people in line where it is dominant, the material power it can exert through civil governments in states with which the Vatican has concordats.

Compromises rather than solutions.

How will John Paul face these challenges? What new creative input will he provide for problems that affect more and more lives with the progress of science: contraception, euthanasia, test-tube babies, cloning, abortion? His record to date is not encouraging. Except a period of less than two years following his ordination to the priesthood in 1935, when as an assistant pastor he was dealing with the daily problems of real people, all his experiences have been as a teacher (21 years) and as an administrator (20 years), a bishop who deals with pieces of paper rather than flesh-and-blood people. He is clearly on record as committed to retaining the existing rules on contraception, clerical celibacy and ordination of women.

On all of them, his experience as a teacher of dogmatic theology will incline him to conservative positions. This subject, as taught in the Roman universities when he studied there in the 1930s, was highly legalistic and traditional, guided in its concerns by the Code of Canon Law that had come into effect in 1918. His choice of name, the attempt to wear simultaneously the mantle of John XXIII, Man of faith and instinct, and that of Paul VI, the Hamlet-like intellectual, suggests that he will search for compromises rather than solutions.

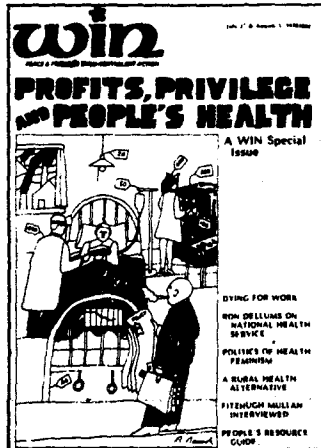
If this pessimistic evaluation is anywhere close to the mark, we fear that the reign of John Paul—and he has a life projection of 20 or more years—will continue the alienation of many committed Catholics, a process that has caused significant defections since it became clear that Pope Paul's implementation of the directive of Vatican Council II was more cosmetic than substantive. The defection can be expected to be greatest among people who are already alienated by the church's obsession with protecting the institution while failing to address their concerns: war and peace, justice, fair sharing of resources, acceptance of their life styles and priorities, updating of worship to substitute contemporary symbols for relics of the past that today suggest magic more than meaning.

The conflict John Paul inherits stems from a deep philosophical divide regarding the nature, function and purpose of the church. Catholics are still not agreed on the meaning of *aggiornamento*, the updating of the church that was the goal of John XXIII's efforts. For the Roman Curia, as for the other traditionalists living in the realm of fixed essences dear to medieval thinkers, the life of the church must remain intact on the plane of institutions and theology: only a modernization of "systems" is permissible. The progressives, the existentialists who insist that our purpose in life is to continue the creation and perfect the human condition, want a radical reinterpretation of Christ's message in order to bring into existence a living community.

So we face the alternatives: restoration or invention; fear of change or readiness to risk; a finished theology or a daily evaluation of concrete meaningful signs of the times. We fear John Paul will see his job as a modernization of systems.

Gary MacEoin's many books include one on Vatican Council II. His latest, *The Inner Elite*, is a sociological evaluation of the 111 cardinals who elected Pope John Paul I. Nivita Riley, with Master's degrees in religious education and counseling, has worked with the official church structures in different countries in religious education and community development.

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LIFE IN THE U.S.

PRISONS

Prisons begin bursting at the seams

By Mark Swartz

A NEW, HARD-NOSED JUDICIAL approach to prison sentencing, especially in those states that have recently enacted the liberal reform of determinate sentences, has resulted in dangerously over-crowded, volatile prison conditions from California to Maine. Ironically, the determinate sentencing laws that were passed by four states were intended to ease frustration and anxiety in prisons.

In the near future, according to corrections officials, the situation can be expected to reach catastrophic proportions as the impact of longer determinate sentences are felt in the ever-swelling prison populations.

California, Illinois, Indiana and Maine have implemented determinate, or fixed, sentencing laws. A determinate code will go into effect in Arizona on Oct. 1. And the federal government and other states are considering similar laws.

The purpose of the laws is to create a uniform, less arbitrary method of sentencing. Instead of handing down a sentence of one year to life for armed robbery, for example, a judge might give a fixed sentence of four years.

But the public has pressured judges to set longer sentences than they used to under the indeterminate laws. As more convicts stay in prison longer, the populations swell.

The determinate sentence, said Phil Guthrie, spokesman for the California Department of Corrections, "puts the heat right on the judge" instead of the parole board. "There is very little sympathy for the prisoner in most parts of the country. Judges are being ousted in an unprecedented way because of court-watching citizen groups."

David Petrocchi, a California Department of Corrections researcher, said that "one of the things that has always been an unknown factor in the effects of determinate sentencing is how judges will behave.... If he increases his prison commitments from 8 percent to 10 percent, prison admissions go up 20 percent."

Sending more up the river.

Judges have responded to the new laws by sending more defendants to prison instead of local jails, according to the Judicial Council of California. California state courts sent more than 4,400 male felons to prison in the first half of this year, the highest six-month total in California history and a 22 percent increase over the same period in 1977. The total state male prison population jumped from 17,000 in January to nearly 18,200 today.

"The prison population is going up faster than we predicted," said Jerry Enomoto, California corrections director, "and this is primarily the result of a big increase in prison commitments by the courts. If this keeps up, we will face serious overcrowding and extensive double-celling in just a few months."

The only solution, Enomoto believes, is to allocate more money for new prison construction, something most states are decidedly unwilling to do.

Robert Colby, spokesman for the Illinois state prison system, which was rocked by violence this summer, said Illinois prisons are "already severely overcrowded. Because of the new sentencing law that went into effect on Feb. 1," he said, "we do anticipate an increase in the number of prison commitments. Judges are giving more severe sentences."

He said the population of the state's ten prisons, now estimated at 10,700, has increased 50 percent in the last two years.

"We're in the process of building two



Inmates at the Cook County jail await their trials and transfer to state or federal prisons.

new medium-security institutions," Colby said, "but that won't be enough."

Overcrowding and violence.

He pointed to the July 22 violent upheaval at the Pontiac prison that left three guards dead and three inmates injured. Although he said the prison was built to hold 1,200, there were over 2,000 prisoners there at the time of the incident.

"There are other reasons for overcrowded prisons," Colby said. "The economic condition has something to do with it. And there is no Vietnam—there isn't a war. Young people of the crime-prone age are not getting killed."

The experience in Maine—the first state to institute determinate sentencing—reflects conditions in California and Illinois but on a much smaller scale.

"We have experienced a significant increase in the adult prison population," said Peter Tilton, assistant director of Maine's probation and parole division. "At our two main adult institutions, we've gone from not being overcrowded to overcrowded. But we're still trying to figure out just what the impact of the new sentencing law has been."

The population at the Maine State Prison increased from 350 to 500 in the last two years partly because the "mood of the times" has resulted in longer prison terms, Tilton said.

While some states have reduced the length of time an ex-convict must serve on parole, Maine has eliminated parole and all forms of post-prison supervision. Of the four states that have implemented fixed sentencing, only Indiana does not have an overcrowding problem.

Since the new sentencing code went into operation last October, the adult prison population has remained at about the same level, after an initial decrease, according to Tom Hanlon, administrative assistant for the Indiana Adult Authority or parole board.

One reason for the stable population could be Indiana's liberal "good time" law that allows a prisoner to get a sentence cut in half for good behavior.

But the picture may not be so bright in

Judges are sending more people up the river under new sentencing laws. But as prisons fill to overflowing, inmates are left up the creek without a paddle.

Arizona, where a determinate sentencing law takes effect in October. The courts have ordered administrators to sharply reduce the convict population at the Arizona State Prison in Florence to avoid overcrowding. As a result, the legislature has allocated about \$30 million for planning

and construction of new institutions. But even with that, a spokesman for the department of corrections in Phoenix expressed concern over whether the state "will be able to keep up with a constantly increasing prison population."

(©1978 Pacific News Service)

Profile of prison population unchanged since Attica uprising.

Sept. 13 marks the seventh anniversary of the Attica uprising in New York. The recent July disturbances at the Georgia State Prison and Pontiac Correctional Center in Illinois reveal that the American prison system remains in an explosive state of crisis.

The rate of imprisonment is dramatically rising throughout the country, although the crime rate is not. Parole reduction, increased and determinate sentencing, stepped up police activity and mandatory imprisonment classifications are resulting in a surge in the prison population. The U.S. now has the highest imprisonment rate of any western nation.

Economically motivated crimes against property continue to be three times as prevalent as crimes of violence. Those placed behind bars in America are strikingly found within predictable economic and racial parameters:

- fully half of the prison population is black
- 31 percent of all inmates were unemployed before their latest arrest
- 60 percent earned less than \$6,000 in the year prior to their arrest
- the vast majority are "repeat offenders"

•over 60 percent of the prison population is between 18 and 29

•over 600,000 youths under the age of 16 are incarcerated each year

Serious overcrowding and inadequate facilities are widespread in corrections systems on all levels and authorities are responding by initiating major construction programs. The costs of such prison construction and maintenance are enormous. Just one new prison cell can cost \$30,000. And to keep it occupied can cost over \$10,000 per year per prisoner.

To help meet such needs in the state of New York, the government plans to turn what will be the 1980 Olympic Village in Lake Placid into a federal prison for youths after the games are concluded.

The National Moratorium on Prison Construction in Washington, D.C., and the New York Council of Churches have formed an ad hoc group to oppose those plans and to use the issue as a focal point to question additional prison construction as a solution to the current crisis. Rev. William Sloan Coffin Jr., commented recently on the proposed Lake Placid plans, "Once again urban minorities will be guarded by rural whites; another Attica in the making."