

are no dollars in circulation as defined in the Constitution, and the wages they earn are paid in Federal Reserve notes, then there were no actual dollars earned during any given year, and no taxes are owed. This principle is based on the fact that the 1040 form asks you for the amount of dollars earned in the year in question. How can one report what one does not know? A taxpayer can say that he earned 25,000 Federal Reserve notes last year, but how many real constitutional gold and silver dollars is that? Another point is that the law required payment of taxes in dollars, how can one pay with something that does not exist? All of these reasons will be disavowed by the government, but these facts still stand. The Constitution has not been rewritten to state that Federal Reserve notes are dollars.

Another interesting point in the case of illegal dollar is the fact that the Constitution states that "No state shall... make anything but gold and silver coin a tender in payment of debts." This little known but interesting clause simply says that where the federal government may pass legislation saying that Federal Reserve notes are legal, the individual states of the Union cannot accept anything but gold and silver coin in payment. What does this mean? Well, federal notes may be good for the federal government, but they cannot be transacted for anything in any state. In effect, Federal Reserve notes are illegal in the states of the Union, and in being so, we come to the realization that we have been using counterfeit money for years and years. With this in mind, wouldn't the money that the taxpayers use to pay for state and city income taxes also be illegal? This author certainly believes so.

The above facts are complicated even further by the following situation: we not only have to abide by the false monetary system that is in effect, but we have to sign and swear on a 1040 form, under penalty or perjury, that the information contained in a 1040 form is true and accurate. First of all, how can anyone swear that they earned any dollars when none exist? Secondly, how can anyone swear that the amount of tax owed is correct? One must be aware that anything and everything that is contained in a 1040 form can and will be used against you in a court of law if the IRS decides to hound a taxpayer. This being the case, how can one possibly sign a document with such vague writings as the 1040 form contains. The Constitution grants us the right

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to not testify against ourselves or to give information that may prove self-incriminating. The voluntary signing of a 1040 form means that the taxpayer is giving up their Fifth Amendment rights. A taxpayer who uses deductions can now be called into a IRS office to verify everything on their return. Since rules and regulations change many times, and are often unclear, how can anyone file a return safely?

Some tax rebels say that since there are no dollars, and since they do not know if the amount of tax owed is true, they could be committing perjury if they signed the 1040. The government however, can put one in jail for *not* signing a 1040 form. Isn't this a clear breach of our Fifth Amendment rights?

The validity of the total tax owed, as shown on a 1040 form, is a question which has been asked frequently by many a tax rebel. Let us look at an example where a potential tax rebel is confronted by an IRS agent. The rebel has a 1040 that states tax due of \$2,000. The tax rebel would ask the agent if the \$2,000 figure is correct, since the rebel does not understand the tax tables and tax computations. The agent will more than likely begin quoting from one subsection or another stating that everyone must file a return but he still not answer the question directly. The tax rebel would then ask the IRS agent if the agent would sign the 1040 form together with the rebel, and swear under penalty of perjury also, that the \$2,000 is correct. The IRS agent will most likely again cite a subsection of the code stating that everyone must file a return, and this includes signing the return. The agent will escape having to give a direct answer because he believes as well as the rebel does that the \$2,000 could be \$2,001 or \$10,000 or whatever the IRS wishes it to become, and before the rebel knows it, there will be a perjury charge issued. The moral of this little exercise is simply, how can anyone, be they tax rebel or IRS agent, sign a document and swear that it is correct and accurate, when in fact nobody knows.

Having the benefit of the above-mentioned philosophies in mind, the self-employed person could easily become a tax rebel by the non-filing method, but what of the common working man who receives a weekly paycheck from an employer? The common worker is subject to the violation of withholding of income tax and social security taxes from their pay. How can the

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common person become a tax rebel and not risk losing his or her job, or getting their employer in trouble? There are methods that others have used to circumvent the two types of withholding taxes that have given them much success.

Most working class people have to deal with the withholding of income taxes from their paychecks. Mr. Schiff, who was mentioned previously in this chapter, explains in his untax seminar kit exactly how to go about eliminating withholding taxes from one's paycheck, without getting an employer in trouble with the IRS. There is one such gentleman who followed this procedure. This gentleman, whom we shall call John Q. Rebel, was fed up with

having to pay income taxes; he truly believed that the income tax was wrong, and he wanted to have no part in the income tax process. Having read material on the subject, Mr. Rebel realized that there was a way to stop the withholding of income taxes from his paycheck. The amount of tax withheld is determined by the information contained on one's W-4 form, which every employee is required to sign. The more deductions one claims, the less income tax is withheld from one's paycheck. There is a little-read clause on the W-4 form that explains that if one believes he has no tax liability for the previous year, and expects none for the current year, that person can enter a status of "exempt" on the W-4 form, and no withholding tax will be taken out of the paycheck. Mr. Rebel quickly ran to his employer and asked for his W-4 that he had filed when he joined the company. He proceeded to tear up the W-4 form, and fill out a new one with the status of "exempt" on it. You see, if one plans to become a tax rebel and not file, then you plan not to have any liability for the current year, and as such Mr. Rebel entered his claim for "exempt" with the full faith and knowledge that he was not going to incur any tax liability, since he believed he did not earn any dollars, but Federal Reserve notes, and as such, does not have any tax liability.

Many people have had success by doing just what Mr. Rebel did, and have lived to enjoy the fruits of their hard work. The question that arises at this point, however, is this: Entering exempt on one's W-4 form will prevent the extraction of income taxes from one's pay, but what about Social Security taxes? Social Security is another one of those taxes that, for its purpose and operation is nothing but a money-making, spending spree for

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the government, as they do not invest all these funds to produce wealth, for additional income to pay for the benefits described in the program. Although the Social Security tax and its negative effects is another subject unto itself, and could fill thousands of pages, the question remains as to just how a person who does not want to be a part of the Social Security system can "drop out." For this information, we turn once more to the wisdom of Mr. Irwin Schiff, whose book *The Social Security Swindle –How Anyone Can Drop Out*, explains how the government cannot withhold Social Security taxes from one's paycheck. Mr. Schiff explains that the particular legislation which founded the Federal Insurance Contributions Act (better known as F.I.C.A.), states that a tax must be withheld from an employee's paycheck, and the rates of the tax. The law does not state what the meaning of income is, or what compromises an employee's income. Since this is not explained, the government then cannot withhold this so called "Social Security" tax from one's paycheck. Any employee can stop the withholding of such Social Security taxes from their paycheck by sending an affidavit to their employer that one has not earned any income that is taxable under the particular law, that one has not been billed for this tax, that one has not been notified of any liability for this tax, and that there is no legal basis for withholding this tax. The employer is then informed that he will be held liable to the employee for any Social Security taxes that are withheld from that moment on. This example has been explained briefly here, but one can pick up a copy of the aforementioned book by Irwin Schiff for more precise explanations.

All of the above-mentioned philosophies and examples of how people have managed to be tax rebel are very logical and truthful. Tax rebellion is no easy matter, however, and should not be entered into lightly. There is always a risk whenever anyone stands up for what he or she believes in, especially if one is standing up against the federal government. Tax rebellion is purely a matter of conviction. This book is not intended to convince anyone to pursue any cause, nor is this book attempting in any way to give legal or other advice that can only be given by licensed professionals. This book is merely presenting factors and examples of how others have managed to live a happy tax-free life.

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CHAPTER 5

"in the beginning, God created the heavens and the earth."

Our Land And its Treatment

In previous chapters, we have seen how the complicated tax structure our government has developed to provide revenue for its own operation has unfairly and criminaly attacked the second most important natural resource in our country; people. Why are people the second most important resource? Because the most important resource we have is *LAND*. Land is the mother of all else. Was not the earth created right after the heavens? Land is so important,

because without it, there would be nothing else possible. Yet it is not treated as such. What exactly is “land,” and why is it so important? Let us find out.

The definition of land in its economic sense, is that land is the entire universe excluding humans, their products, and the production process. That definition is a mouthful, but let’s take it apart and see just what it means. Many people think of land as a vacant lot, or something you own for status or for future generations. Land is so much more than just that. Land is a virgin forest, a country lake, the ground under the city of New York, the air we breathe, the space in the heavens when we look up. Land constitutes most of what is around us that is natural. It may come as a surprise to many people to see just how so many things fall into the category of land. The definition of land must be further expanded, however, in order to fully understand the nature of its treatment. Taken literally, “everything outside humans, their products, and the production process” is quite an all-consuming idea. Would not animals fit into this definition? Well, a wild animal roaming free in the forest would be considered part of land. A chicken, let us say that is wild and lives in virgin forest would be land (even though there are very few

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wild chickens left), but once that chicken is caught, and penned up and used for breeding and egg collecting, it ceases to be land. That chicken has taken its role as capital in the production process of wealth. This rule should not be isolated to animals however; a tree in a forest that is out of reach would be land, but once that tree is grown for lumber, cut down, and shipped to a lumberyard, it is land no more, but becomes capital by economic definition.

God created land for all men to use, and economically speaking, land is God’s creation (or Mother Earth) before man uses it. Through land speculation man has not used our earth very productively, and maybe that is because we have not seen how important land really is to us. In this world of nine-to-five, Sunday barbecues, and having a beer while watching a football game, not very many people give much thought to the importance of land. Just imagine: without land, the factory worker would not have a factory to work in, the farmer would not have anything to farm. There would be no diamonds or gold if not for the mining of land, and no one would have a place to live. All these endeavors require land—land is literally the foundation of our lives, upon which we work, produce food and build our homes. Another seldom thought of consideration is that outer space is also land. Since it fits the definition.

These facts may seem a bit obvious, but without the factory, the factory worker would be paid no wages, the farmer could grow no crops without land to farm, jewelry shops would not exist without jewels, apartment building owners could not collect rent without an apartment building, and satellites could not orbit without space to orbit in. These examples merely illustrate one simple fact: land is the mother of all productivity. Without land there would be no economy, and without an economy, it would be pretty difficult to live in today’s world.

Land is so important then that it would qualify as our most important resource. So why is it so misused?

Our View of Land

Land, and the policies concerning the use and sale of it, have always been kind of a “hip” thing. “Hip” represents the nonchalant

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attitude of many people during the 1960s, and that is pretty much the attitude that has always persisted when the masses (us) view land.

When our country first began to grow in the 1800s it was very common, and popular, for anyone to merely walk or ride to a patch of unsettled land and virtually own it by claim. That was known as squatting, and it was allowed by the U.S. government while the country was still growing, until the mid 1800s. As a matter of fact a person could write the President, and he would give them some land. Even as late as 1910, the United States gave thousands of acres away every year to deserving citizens who wanted to have their own piece of America. It was during this time when legislation like the Land Act of 1920 was passed. This particular act, among other things, reduced the sale price of public land from \$1.64 per acre, to \$1.25 per acre, and the minimum purchase was reduced from 160 acres to 80 acres. Can you imagine paying roughly \$90.00 for 80 acres of land in let’s say San Francisco, or Atlanta, or Chicago? Builders pay thousands of dollars per *lot* in San Francisco and Atlanta (prices range from \$20,000 to \$3 million per lot within the city limits), and no one would even dream of getting a building lot for less than a cool million in Chicago. If you consider that there are 20 average-sized lots per acre, the price increase is mind boggling. Practices like this bring memories of the famed purchase of Manhattan Island, which as most people know was sold for \$24.00 and some trinkets. That is the same Island, where a square foot of land now costs \$250.00 easily.

The practice of squatting and land-granting worked fine at first. Farms were built. Others used their land to make

shops or

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people. There came a point in time, however, when the balance of land and people tipped too much to the good side. There came a point in time, however, when the balance of land and people tipped too much to the of the scale, and problems began. The U.S. had spread from coast to coast, and although not all the land in the country had been used or granted, people began wanting certain areas of land, and this created demand. The demand of our people gave birth to many curious habits, one of which grew into the cancer that plagues our economy today: the land speculator and land hoarder. Let us now look back and try to fictionalize an American speculative transaction as it may have occurred 140 years ago.

Mr. A noticed that many families were settling in Anytown.

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he also knew they would be needing the services of a general store, since the nearest one was sixty miles away. Mr. A saw a corner lot, located on a parcel of Mr. B's land that would house a general store just fine. It was near other houses, and convenient to all. Mr. B had been given the land some seven years before by government grant, and Mr. A and Mr. B were good friends. Mr. A naturally thought that Mr. B would gladly give him the land since the store was necessary. Mr. A approached Mr. B with the idea, and Mr. B was asked to think about it. Mr. B it seems had another side to him that was quite shrewd. He thought since Mr. A was really interested in the land, that he would possibly pay for it. Mr. B went to Mr. A and told him that he could have the land for \$20.00. Mr. A was quite stunned as being asked to pay for land that had been given for free, but thinking it over, he thought that he would soon make the \$20.00 back and it would be worth it. With that thought in mind, Mr. A paid Mr. B the \$20.00 and thus the land speculator and modern speculation arose and was accepted in this country.

This imaginative story illustrates the birth of the speculator, played by Mr. B, who had control over productive land that was in demand, and it also shows the birth of the best friend of the speculator: Mr. A, who, in 1845 accepted the unreasonable and speculative practices of Mr. B.

We have seen the birth of the speculator as it might have been 140 years ago, but what exactly is a land speculator? A land speculator can be described as a "retailer" in our present system of land management, who uses God's creation (or Mother Earth) as an economic commodity and sells it much like soap, a car or a computer. Not only is this view practiced by the speculator, but today, it is acceptable to take an area of land valued at \$1,000, put a \$50,000 to \$60,000 price tag on it, and to top it off, sell it! The speculator, by previous acquisition or negotiation, hoards land, much like a hamster hoards food in its cheeks for later use. This present use of land prevents land from being used for productive purposes. The holding of land also helps drive its price up, since demand becomes more fierce. This is especially true for small islands near cities. There is one particular location where in 1965, there were several lots of waterfront property, in quite a desirable location, that sold for \$25,000 to \$35,000 each. Speculative practices have prevailed on this small island, and the

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one lot that remains to day is for sale at \$250,000.

The rising cost of land accounts for what is referred today as "rising property costs." The fact is that where there is a house on a piece of land for sale, many people consider the house and the land as one, and call it property." In order to understand the definition of land as presented here, land would constitute only the actual lot or acreage that the house or building is on. The actual construction that was built on the land, whether a commercial building or private residence, is called an improvement, and should at no time be confused with land. The improvement rarely appreciates in value, and its only increase in price from year to year is due to replacement and labor costs. The land on which the improvement sits has a constantly appreciating price, because of speculative conditions, due to increased population and desirability.

As an example of the above situation, let us take a house in a good location, that was built in 1960. It is now 1984, and the house is sold for \$115,000. When it was built, the house originally sold for \$25,000. That was the cost of the improvement and the land. The improvement alone, (without the land), would have originally sold for

\$17,000, and would be worth \$45,000 in 1984 due to replacement and labor costs. The land, however, went from a value of \$8,000 in 1960, to \$70,000 in 1984. This price increase is by no means average or representative, as most property nowadays can increase by hundreds of percents annually. Why is it that the house only increased \$28,000 over twenty-four years, while the land increased \$62,000 in the same period of time, with the house having required materials and labor to build and maintain. Who sets the price increase? The increase of population use of the location, and the demand for land determines the value of land in cities, with the speculator profiting in an unearned increment.

When a land buyer approaches a realtor to examine a lot, with or without improvements, the buyer will notice that there is usually an asking price, and an assessed value for the lot. The asking price of the land is, in most cases, several times the assessed value, and whenever land is sold at a higher price, the speculators have been getting rich. The Constitution of our country gives us the right to own property, but it does not say anywhere that we have to sit back and let ourselves be openly robbed by totally

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unreasonable and constantly rising land costs. This is the system that prevails today.

The above situation is further complicated by a "penalty" on improvements by the local tax assessor. The tax is based on the quality and condition of the improvement. There are situations where it is almost not worth having a house or office building to improve or redecorate. This is so because if a house is upgraded, there will be more that just contractors and decorators bills to pay, as the greedy tax assessor's claws will reach out for a higher assessment on the improvement.

There exists a situation, in real life, where a businessman owned a motel on a waterfront. The motel was modest, quaint, and managing fairly well. The improvement tax soon became so high that the businessman ended up having to tear down the motel to avoid the exorbitant taxes. Today, a tourist can go visit the empty lot that the motel used to be on, because that is all that is left of one man's livelihood.

The improvement tax "penalty" is not limited to businessmen, however. Should a homeowner decide to improve his house, by adding a pool, or by conducting a full renovation of the physical structure of the house including walls, the roof, and the addition of a deck to the pool, he can not do so without the tax man increasing the improvement tax paid by the homeowner. The homeowner's taxes were increased simply for beautifying a home and giving work to some contractors.

Following are some examples of just how absurd our present system of land management is, and how it works today.

1. The United States government owns land that is equal in size to all of the states east of the Mississippi and Texas. In addition to this vast amount of land owned, U.S. government office space is four times greater than all the commercial space in the top ten U.S. cities combined. State and local owned land varies almost daily with new purchases and sales, but the total amount the State territory owned can range from 1/5 to 3/4 of the total size of the state.

2. In October of 1980, an Arab investor bought a hotel in Palm Beach, Florida, for \$1.6 million, and then had it demolished in order to build a high rise building.

3. In February of 1980, Villiers Investment co., a firm from Panama, purchased 67.4 acres in Western Dade County, Florida

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for \$3.45 million. \$1.2 million of this was even financed by a local Miami bank.

4. In June 1981, Secretary of the Interior James Watt began buying tract-s of land to form wildlife preserves. The federal government is paying incredible prices, for this land, and aiding land speculators in the process. In 1984, President Reagan budgeted 14 million to purchase sensitive state lands. This is just another example of the gross amount of funds being put into government purchases to pay off land speculators and land hoarders.

5. In June of 1984, two of Florida's main attractions, Weeki Wachee and Silver Springs were sold for \$25 million. The two resorts have a combined area of 4,000 acres. Just how much of the \$25 million was for the land and how much was for the improvements?

6. A fast food corporation bought a land site for \$1.2 million. How many hamburgers must be sold and at what

price to pay for reimbursement of that amount?

7. In July, 1984, 33.2 acres of vacant farmland was sold for \$1.3 million, or \$24,367 per acre. What speculative practices must have been used in order to drive otherwise worthless vacant land to this price?

8. In a rural area, a 2.9 acre shopping centre site was sold for \$3.7 million, or \$10.76 per square foot. Another huge sale price to benefit speculators.

9. A county employee in a populous state bought a tract of land for the county government to serve as a fire station. This employee was not only the person responsible to the county for the purchase of the land, but he served as his own real estate agent, and sold himself the land, in the name of the county. The sale resulted in the particular employee making a bundle, and the county having to pay an exorbitant price for a small lot.

10. The land under a large building which housed a bank and many offices was sold from right "under them," for \$3.2 million. Where does this leave the users of the building? They will soon have to re-negotiate another lease with the new owners and probably have an increase in rent.

11. Speculatory land practices cause many cities to grow unnaturally. This means that the unreasonable prices for land within the natural growth patterns of the city have caused tenants to go

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way out of the rural areas to find cheaper land. The resulting action to this unnatural growth is that the county government blocks the sale or development of rural lands, thus forcing potential homeowners to pay high speculative prices further downtown. In November of 1984, nineteen property owners petitioned for amendments in county policy to allow development in blocked-off areas of their fast growing state.

These examples are real and have occurred throughout our country. Anyone can buy a daily newspaper and find many similar land transactions occurring daily.

In addition to corporations indulging in speculative land practices, the governments of our states and cities and even the federal government also misuses land that it owns. Thereby losing potential income. A good example of this is in Metropolitan Dade County, Florida. The county is selling \$2.5 million worth of vacant lots at a low price to the highest bidder. If the government leased this land under a new system, such as the one proposed in the next chapter, lease charges could be collected and used as revenues in various levels of government.

Why has land speculation and land hoarding been accepted? To begin with, most of the land in this country is controlled by a select few, who are, I believe, fleecing everybody else. We have already shown how land is the root of all productivity, and with land costs so ridiculously high, it is virtually impossible for one to acquire land without borrowing huge sums of money. Speculators who own, and then sell their land are stealing the community-created value.

Instances of the misuse of our land like the ones shown in the above examples occur thousands of times daily in our present economic system. It is very important that everyone be aware of these problems, for it is not until a majority of people concur on the state of our economy that something will be done.

Land, with its greatly inflated prices, is seldom bought outright. Most of the time the purchaser will have to borrow the money necessary to buy the land, and spend many years repaying it, as many mortgages have gone up to thirty-five year terms. This is a very frustrating situation for many people. Let's look at one such person: Mr. Thomas owns two five-acre lots in a rural area, about twenty miles away from the nearest town. Mr. Thomas paid \$30,000 for one of the acre lots, and \$35,000 for the other,

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through mortgages from the bank in town. The mortgage payments for the two lots are \$300 per month for the less expensive, and \$350 per month for the more expensive lot. Both lots have trailers on them, so they are really not developed with improvements. Mr. Thomas himself lived on the more expensive lot, and rented the other. Mr. Thomas' tenant pays \$250 per month for the lot and trailer, which is all Mr. Thomas could get for rent. This \$250 is obviously not enough to cover the mortgage, Mr. Thomas did not want to let go of the land, for he knew that the Great American Dream was one of prosperity through land ownership, and he was going to own his land no matter what the cost. Mr. Thomas worked very hard to pay for the two mortgages and support his wife and two children. He worked in the town which was twenty miles away. After a while he grew tired of having to drive all the way into town, and decided to move his family there. Mr. Thomas's trailer remained vacant two months before getting a tenant to pay \$250 per month. Even the move to town did not help financially, because during the months to come work was difficult to come by, and the pay was minimal. Mr. Thomas still refused to give up his land, however, and moved his family to a big city, that was 100 miles away.

Mr. Thomas thought he could have a much better chance of supporting his family and live in the big city, where the wages were very much higher. Mr. Thomas still lives in the big city today, and works diligently to raise the money needed for family support and the mortgage payments, but he still holds to his land. Mr. Thomas has even made efforts to sell the land at an inflated price without success. Mr. Thomas is what is known as “land poor,” an economic term used to describe people who are slaves to a piece of land in terms of mortgage payments and support. There are many people like Mr. Thomas, who spend their whole lives paying off a little area of America, and in the process lose more than they would have gained if their energies were put elsewhere.

Just as there are many Mr. Thomas’s in the USA, there are also those on the other end of the spectrum, those called land speculators and land hoarders. One such person is Mr. A. 1. Speculator, who five years ago invested \$35,000 in a lot which was in an area that was a potential shopping site, on a main throughway, and near a residential area. Mr. A. 1. Speculator

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knew this area would be appreciating in value very soon, and thus held on to the lot for these five years. Today, this area in which Mr. A. 1. Speculator’s lot is located has grown tremendously, and as such, the demand for lots there is incredible. This demand has led to a number of offers for Mr. A. 1. Speculator’s land, one reaching the staggering amount of \$115,000. Mr. A.

1. Speculator has, to date, refused all offers, for he figures that if he holds onto the lot a little longer, someone will eventually offer him \$135,000 for the lot, which is what he desires for it. Imagine that, Mr. Speculator wants to quadruple his money, while leaving a lot sitting there unproductively for five years, and making some poor investor pay such an outrageous price for the lot. How will this affect the price of all items in the shopping area if and when the land is bought and developed?

Land speculation can ruin many a business, as easily as it can make people like Mr. A.. 1. Speculator very wealthy. Such a situation is that of a developer who built a shopping center, in a desirable site. The shopping center was doing quite well, and the developer wished to add more retail shops. There was an empty lot next to his shopping area. With thought of expansion in mind, the developer investigated the area, and following a brief negotiation, the developer purchased the neighboring lot for an enormous amount. The selling price was so huge, that the developer had to use the existing shopping center and land as collateral. The new shopping area proceeded, with huge development and mortgage costs. The land and construction costs were so great a burden on the developer’s finances that he went bankrupt trying to finish the added shopping area.

There are those business people who cannot afford the rising land prices, and who do not wish to do like the speculator developer in the previous example and put all they have into one project. As such, these business people fall victim to another method the speculator uses to rob people: leasing. Leasing can be a good and productive tool for land management, as will be seen in the next chapter, yet speculators have found a way to deface this principle. Let us look at the example of ABC Hotel Development Company, who endeavors to build a hotel on a very desirable lot. The buyer from ABC Co. approaches the land owner: Mr. John Q. Speculator, and asks how much the one-half acre lot in question is being sold for. Mr. John Q. Speculator of

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course, knows that hotel on his property would be very remunerative financially, and he wants a share of the advancement now, so he asks for \$4 million for the land. The purchaser has a budget of \$6 million for the entire project, and knows that he had borrowed and raised his limit. The purchaser tells the speculator that the price is totally unaffordable. With this knowledge of the conditions that exists, Mr. John Q. Speculator says: “I will lease you the land instead, with a 99 year lease at \$20,000 per month.” The development agrees to this since he figures that there will be enough revenues to cover the rent payment each month.

What is the result of this simple exercise? To begin with, the speculator asked an enormous price for the land, and as if that wasn’t bad enough, he then leased the land for 99 years at \$20,000 per month. When confronted with an option of either the monthly rent, or to pay \$4 million for the land, the developer will take his chances and lease. This means that over the 99 year lease, the speculator will collect \$23,760,000 on land that could not be sold for \$4 million, and still own it. The writer thinks this is a little risky, yet these types of transactions occur every day, and who knows when the hotel owner’s 99 year lease expires, Mr. John Q. Speculator’s grandson who will more than likely be in charge by then, could tell the hotel company at that time to literally take the hotel off the land, or raise the rent to \$1 million per month, or whatever he wants. This type of process has countless economic ramifications that account for a large portion, if not most of the economic anemia that our world has developed.

What is the solution? Well, over the years, we have seen that the options of Marxism, communism, socialism and

totalitarianism have failed to solve poverty, ignorance and economic problems. Also, our so-called capitalism has been impaired by our taxation methods and our difficulty in eliminating land speculation and land hoarding. How exactly, does one treat a system that allows uncontrolled increases in land costs, a system which is known to be unreasonable, yet still accept it? Simple: treat it with L.O.V.E.

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L.O.V.E. **CHAPTER 6**

Lease Our Valuable Earth

In our present system of economics, our society has developed forms of cancer that contain overbearing poverty levels, overcrowded jails due to an increasing crime rate, general economic strains, and the unnecessary tolerance of our people to a system that deprives so many of their sanity and independence. We also have recently stated the name of a remedy for our economic maladies: L.O.V.E., or Lease Our Valuable Earth. Just what is L.O.V.E. and what can it do for us? The answer to this question and all questions that refer to Lease Our Valuable Earth is simplicity, compared to what we have now. Simplicity with equality and justice are the keys to the operation of L.O.V.E. We shall examine Lease Our Valuable Earth, and through examples, point out just how it will improve and simplify our present economic system.

The key to Lease Our Valuable Earth, is right in the title: leasing. Leasing as we know it today involves the signing of a payment contract with a landowner for a limited use of land for a specified period of time. This form of leasing is part of our everyday economic conditions, such as land speculation, that is a major contributor to our modern day cancer and an impetus for this book. The three main goals of Lease Our Valuable Earth are the eradication of land speculation, land hoarding, and the elimination of our entire tax structure. Even though the implementation of Lease Our Valuable Earth will be covered in the following chapter, it is important to note that changes will be necessary, and most people will find that reform of current views of land management and taxation are in order. This is especially true when we use the word *leasing*. By L.O.V.E.'s definition, leasing simply means that there are regular payments made for the use of land. The difference with our present system, is that

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now, when one leases, the land is not owned, and rent is paid to a landowner. Under Lease Our Valuable Earth, the lessee will own the land, and the payment or lease charge, will be the only form of charge for use of land. This lease charge is paid annually by the deed holder, and total 10% of the bid or total assessed value of the land, depending on how it is acquired. The payment goes to the government to provide for the goods and services it gives its citizens, and will replace all other taxes now in existence. The major changes this process will bring about are a completely tax-free nation, and the removal of personal gain from land transactions.

Just how does this work? We can look at it several ways. This system will affect all facets of our economic system, but for descriptive purposes,• we shall show comparative examples, and then the proposed system, examining just how it will put land to its most productive use. All of the characters used are hypothetical, and are used merely to illustrate the versatility of the Lease Our Valuable Earth system. The situation in which these characters find themselves, however, are very real.

The first area to be explored is that of farming. Farming has long been the root of the strength of our great nation, and our capacity to produce all types of crops has maintained the U.S.A. first in the world marketplace. Farming itself, however, has changed drastically over the years. Some city dwellers still view farming from the perspective of cowboy movies: a rustic wooden house, a red barn, chickens, horses, and the ox or mule with the plow driven by Pa, and Ma making jam in the kitchen. Farming today is as complicated and mechanized as any factory. There are seeders, plows, planters, reapers, harvesters, shuckers, skinners, separators, and hundreds of other farm-related machines. The changes in farming are not just limited to machines however. Where in the past it was easy for a family to settle down on a few acres of land, plant seeds and then sell the crops in town, today that is virtually impossible. To begin with, there are almost no new farmers entering the profession, and those who are left are

slowly being starved out of business. The age of the small farmer ended with the Cold War, where crops became a political issue more than an economic one. The government of our country uses farm production as a bargaining tool, promising food to our allies and denying it to our adversaries. This wreaks havoc on

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the farmers in the U.S.A., since they are practically told how much to produce, when to produce it, and whom to sell it to. Since the government buys more crops than any private enterprise, the farmers have practically little choice but to comply. The government's involvement in the farm, coupled with the new modernized concepts of farming, which include vast acres of semi-automated farmland, and a structure of employees, management and other business-related positions, has completely changed the scope of farming.

Ma and Pa can no longer afford to put down roots on a farm, since the land needed to farm is expensive almost beyond reach, and operating a small farm is certain suicide today. What is a farmer to do? In this case we shall look at Mr. A Farmer, a determined man who is set on buying land and operating a farm. Mr. A Farmer, through investors, outside interests, foreign money, family help and personal savings has managed to accumulate \$200,000 to commence operation. As a part of the pro-forma needed prior to commencing operation, Mr. A Farmer is informed that his equipment costs will be \$250,000 for tractors, plows, an irrigation system, housing, a barn, and the necessary purchase of animals and other equipment needed to operate a farm. After receiving this information, Mr. A Farmer sets out to locate a suitable area of land for farming. After locating a desirable location for his farm, he inquires of its owner as to the price of the land. The price quoted is \$300,000. This, together with the \$250,000 needed for the equipment gives the entire project a cost of \$550,000. Since Mr. A Farmer had \$200,000 to invest originally, this means that he has to borrow to raise the \$350,000 before he can begin farming. The \$350,000 loan would result in a very high repayment plan covering thirty to forty years, with unreasonably high monthly payments. Repayment plan of this magnitude are the basic cause of today's numerous farm failures. This is not to mention the fact that after the farming operations have begun, Mr. A Farmer will have to deal with a controlled market with government interference and a high risk of foreclosure.

Lease Our Valuable Earth would aid Mr. A Farmer not only by reducing his original cash output for the investment, but also his loan amount and periodical payments will be minimized. This will occur in the following manner: With the understanding that the equipment costs are still \$250,000, Mr. Farmer will set

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out to look for land to farm. Let us say that he is interested in the same land as in the first part of the example. Well, now he would not have to approach the landowner for a price since all vacant land will be available to all farmers on earth on a bidding system. The landowner will still have the land, but he can no longer speculate with high selling or lease prices since the bids given for the land are only used to determine the amount of the lease payment to be paid for the use of the land. Even though the user of the land is the one who bids for it, it is the official deedholder of the land who must pay the lease charge of 10% of the land bid, since he does not wish to make an investment in farming. Logic dictates that since the new lease charge will be much higher than what the landowner previously paid in taxes, he will wish to sell the deed to the user for a nominal fee in order to relieve himself from the financial obligation. This process will eventually reduce the actual selling price of land to zero, and will ensure that whoever is using the land to produce will have the responsibility for the payment of the lease charge. In this manner, bidding begins for the farmland, and anyone who wishes to bid can do so including the landowner himself, if he has a project for it. The highest bid for the land is what will be accepted, with the local county assessor, and the Internal Revenue Service's national and regional offices monitoring the accuracy and legality of all transactions. The bidding price is determined by what the bidders believe their return on the particular piece of land will be, and what they can afford to pay. Let's say that this situation, Mr. A Farmer bids \$300,000 for the same piece of land, and his bid turns out to be the highest. Acceptance of all bids is solely dependent on the amount, with the highest uncontested bid getting the land for farming. This can be done in a forum, or auction manner; either format being acceptable. Mr. Farmer intends to use all of the land, and the present landowner has to pay the 10% of the bid price, or \$30,000 per year as a lease charge to the government. Since the landowner does not want to pay this money for any farm operation, he will most likely sign over the land to Mr. A Farmer for a nominal charge, if not zero. This way Mr. A Farmer will own the land with a cash output of only \$30,000 payable to the county. The minimal-cash transacted leaves Mr. Farmer \$170,000 out of his original \$200,000 for a down payment on the equipment, requiring his

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taking out a loan of only \$80,000 loan is considerably less than the \$350,000 he would have to borrow under our present system. The reduced loan will lessen his financial obligations which, coupled with the elimination of all taxes and less government interference, will reduce the possibility of failure. There will be an open market for all crops and this will result in a higher return on his investment. This increased return can be distributed among the workers, or used for reinvestment, to purchase goods and services, or the farmer can keep it for himself.

This system will ensure that the land be put to its utmost productive use, since those who make more will bid more, and the availability of land at a low cost will eliminate the practice of land sitting idle in the speculator's reserves. The end result of this example, is that where Mr. Farmer would have probably been forced out of business due to high mortgage payments and gargantuan tax payments, there is now a vacant piece of land put into productive use, with the owner/operator getting a greater return on his investment, and keeping 100% of his earnings for his efforts. In the same way the Lease Our Valuable Earth system can benefit Mr. A Farmer, it can also benefit the average homeowner. Let us examine the cost of building a home under our present system of land speculation.

In a rural area today, an average lot costs \$17,000. Mr. and Mrs. Potential Homeowner spot just one such lot and wish to build a house on it. Having the cost of the lot, the couple set out to get bids for building a home. Mr. and Mrs. Homeowner find that the construction of a three bedroom, two bathroom house on the lot would cost \$38,000. This figure together with the \$17,000 for the lot brings the total cost of the home to \$55,000. The couple have \$5,000 to give as a down payment, which means that their mortgage will be \$50,000. A \$50,000 mortgage at market interest rates for thirty-five years would roughly equal monthly payments of \$600, as a conservative estimate. The house would also carry property and other homeowner related taxes that, for a house of this particular type would be around \$500 annually. If we take the Homeowners' monthly mortgage payment, and multiply it times twelve months a year, it gives them a total of \$7,200 in annual mortgage payments. When the \$500 in year property taxes is added to the mortgage payments, it gives an actual yearly expenditure of \$7,700. Many

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home construction firms could build productively at a \$38,000 price, but purchasing land for \$17,000 to \$20,000 would increase the total cost to anywhere from \$55,000 to \$58,000. Under Lease Our Valuable Earth, the Potential Homeowner family would scout for a desirable plot of land, and just as the farmer did, bid on it. Should a bid be accepted, and for this example, let us say that a top bid is \$17,000, since the land speculator who previously owned it did not wish to build a home on the land. The Potential Homeowners would only have to pay 10%, or \$1,700 for the lease charge per year, to the county tax assessor. This would leave the new homeowner \$3,300 out of the original \$5,000 to give as a downpayment for a mortgage on the improvement only. Since house costs \$38,000 to build, the mortgage would be \$34,700. A mortgage of this amount would result in a monthly payment of as little as \$400. If we take this \$400 figure times twelve months in a year, we get \$4,800, plus the \$1,700 per year in lease charge payments, totals \$6,500, which is \$1,200 less than the \$7,700 one would have to pay per year under our present system. This is not to mention that the Homeowners will not have to pay any income tax or any type of tax, and this naturally increases spendable income. The L.O.V.E. procedure will make many houses more affordable since it would reduce the cost of the above-mentioned new home from \$55,000 to \$38,000 plus \$1,700 in the annual lease charge. The new ease of acquirement of houses under Lease Our Valuable Earth will make for increased demand which will create jobs for builders, furniture companies, accessories suppliers, and other related industries. There would actually be a building explosion.

The process for an urban area would be identical, with the exception that in urban area, since the land is more valuable and desirable the land bids will be higher. One can expect around \$40,000 to \$60,000 per lot, and it is customary for a more elaborate house to be put on these lots of land; houses that run in the area of \$70,000 to \$100,000 per house. Lease Our Valuable Earth will ease these purchases by reducing the cash needed for the use of land to \$4,000 to \$6,000 instead of \$40,000 to \$60,000 as required in our present economic system. The additional available money could be used to build a more elaborate home, with no added cost by the tax assessor for improvement. Not everybody, however, builds their own home; many if not

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most people buy houses that are already built. Lease Our Valuable Earth will aid these consumers also by allowing them to buy only the house with improvements, and acquire the land through the lease charge system. By finding out what raw land sold for in the nearby areas, assessors can determine what value the land can be leased for. The value attached to the assessment of land is based on the location, desirability, and potential in question. In residential areas for example, the assessor would come in and assess the entire block of homes. The corner lots would carry a higher assessed value, since they are generally larger, more desirable, and in a more convenient location. The present

homeowner will pay the 10% annual charge based on the assessor's total appraisal for the lot. By the same token, that homeowner will not be compelled to file income tax forms, or keep records for the Internal Revenue Service, in other words, he will keep all of his earnings. Whoever sells a home will be able to negotiate only on the price of the house and improvements. This will greatly reduce the cost of buying a house as we do today, and together with no other taxes, will increase everyone's lifestyle greatly. Any further improvements done by any homeowner will not increase the lease charge at all. Presently any improvement of existing structures raises the property tax. Under the system proposed by Total Tax Relief, Most of the 82,000 employees of the Internal Revenue Service will be seeking other ways of earning a livelihood, but in order not to disrupt the entire organization, some offices are needed just as they are now, to provide checks and balances of our government interests. The national office (see addendum) can oversee all regional offices to make sure local tax assessors are obtaining justifiable revenues of land values. There will be IRS agents, representing the regional office, stationed with the local assessor to ensure a proper system of checks and balances. The IRS national office will also oversee the leasing, by the Federal Communications Commission, of air waves to radio, television, and pay television stations, ensuring the best market price for this privilege. As to the aspiring businessman, or those who make investments in business, Lease Our Valuable Earth will aid them also in acquiring land, because land speculation and hoarding will be eliminated. Let us take a hotel development executive who wishes to build a first class hotel. Under our present system, he would scout for a suitable area of land to build on. In this

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case, it is beachfront property, which he finds suitable to invest the company's \$5~ million. The land in question sells for \$3.5 million, which is the speculative price that the landowner wants. Presently the speculator only pays \$1,000 or slightly more, in land taxes. The cost of building the actual hotel is \$10.5 million, for a grant total of \$14 million. This means that, should the businessman do the logical thing in this *situation*, he would pay for the land (\$3.5 million) with his available funds, and give the remaining \$1.5 million towards the raising of \$9 million for the hotel construction itself. Lease Our Valuable Earth sees things quite differently. First of all, in order to acquire that same lot valued at \$3.5 million, the businessman would only have to give \$350,000 up front (10%), and from then on pay that same amount every year, as it is required. The expenditure of the \$350,000, would leave the company \$4.65 million out of the original \$5 million to use for the actual construction of the hotel. The resulting total of the money needed to go ahead with the construction is \$5.85 million, which is substantially less than the 9 million figure, which would be the company's present alternative.

The following charts show more clearly the differences between the above-given examples:

Hotel Cost Under			
<i>Present Economic System</i>		<i>L. O. V. E System</i>	
Land purchase	\$ 3,500,000	Annual Land Lease Charge	\$ 350,000
Hotel Construction	10,500,000	Hotel Construction	10,500,000
Total Cost	14,000,000	Total Cost	10,850,000
Less Capital Outlay	-5,000,000	Less Capital Outlay	-5,000,000
Balance needed	9,000,000	Balance needed	5,580,000
Present system cost	\$14,000,000	L.O.V.E. system cost	\$10,850,000
		Savings of	\$ 3,150,000

This reduction in actual transacted currency does not include all of the money that the company will save by the elimination of all other taxes like income taxes, sales taxes, improvement taxes, and the like. These savings can be added to the time and money that will be saved by not having to keep the books for withholding taxes and all other payroll related taxes.

Another question that can be raised is: just how will L.O.V.E.

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ensure that land will be put to its most productive use? Let's look at land in a downtown area. Since big buildings take a great amount of capital to build under our present system, and not many companies can afford to build them, building lots that could be most productive as buildings are used for things like parking lots. A person using the lot for a parking lot will not make a vast amount for a nominal investment. If we have an individual capitalist who wishes to invest \$6,000 for a parking lot, he would first contact the landowner for the sale or lease for it. The capitalist, Mr. Jones by name, is told by the landowner that the land in question would cost him \$60,000. Mr. Jones

can not afford that much, since a bank will not lend him the money due to his lack of previous business credit history. Even if he did acquire a loan, the mortgage payments would be so inflated that he could not be sure that he could meet the monthly mortgage. With this in mind, Mr. Jones inquired about leasing the land, to which the landowner replied in the affirmative to the tune of \$1,000 per month, or \$12,000 per year. 'Mr. Jones thinks he can make a sufficient return on his investment, plus wages for his labor, and agrees to sign the lease. The parking lot will have room for 100 spaces, and Mr. Jones will rent them at a rate of \$2.25 per day, with a 5 day operation at an estimate 100% occupancy, with daily reuse rentals. Mr. Jones can expect to make \$4,500 per month in revenues. His expenses, if put in accounting fashion, would look something like this:

<i>Monthly Income</i>	\$4,500
<i>Expenses</i>	
Lease payment	\$1,000
Salary, Mr. Jones	1,200
Insurance (all types)	200
Salary, helper	869
Improvement tax	175
State, Local, and Federal Tax	\$500
License	8
Heat, Light and Power	300
Interest on capital invest	<u>248</u>
<i>Total Expenses</i>	\$4,500

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This example shows us that even though Mr. Jones makes a monthly total of \$248 as interest of his investment, he has paid miscellaneous taxes totally \$683 per month, and also a monthly lease payment of \$1,000 to the landowner, who pays less than half of that to the county in taxes every year, and has done absolutely nothing to provide for the productivity of the land. This is not to mention all of the personal taxes Mr. Jones will have to pay such as income tax, sales tax, and the rest. Even though, at the end of the first year, Mr. Jones has earned \$2,976 in interest on his capital investment, and decides to open another lot, he is in trouble because the landowner, seeing that Mr. Jones has done well, raises Mr. Jones' total by 30% for the following year to \$1,300 per month. This not only destroys Mr. Jones' plans for another parking service, but it also eliminates whatever interest Mr. Jones was gaining on the operation. This blow would be quite harmful to the Jones Parking Lot, since the only way he could make up for the price increase in the rent would be to raise the price of parking, cut corners on necessary expenses, and reduce his helper's and his own salaries.

This type of situation goes on every day in our system, and how many Mr. Jones' are there in all of the businesses that fail annually. Lease Our Valuable Earth will not aid Mr. Jones in this particular situation because that extremely valuable land would be better suited for an office building. Under L.O.V.E, since Mr. Jones would not be able to use the site originally in mind (since he would lose the bidding), he looked around and found an affordable area near some abandoned railroad tracks. This area was previously controlled by the county, and was held idle thus producing no revenue or benefit for the county or for any user. This location was close to his original location, and was suitable to him because not only would he be able to use more land and service more cars for parking, but the L.O.V.E. process turned out to give him a better lease package than the land speculator. How will Lease Our Valuable Earth affect the actual lot where Mr. Jones' parking lot originally stood? Under the L.O.V.E. system, the lot would go up for bid, and anyone could bid on it. Mr. Jones' budget would allow him to pay \$1,000 per month on the land, or \$12,000 per year. Therefore he might bid \$120,000 for the lot if he were still set on acquiring it. Enter Smith & Co., a firm that has spotted that same piece

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of land for a twenty-five story building, with the first five levels being a parking garage, and the other twenty floors being office space. Smith & Co. has done extensive research into the area and noted that an office building is needed in the downtown area at this location, and it would be beneficial to all concerned. Knowing the present demand, Mr. Smith & Co. bid \$600,000 for the land, or \$60,000 per year. This bid is well worth their while, since the 200 office suites plus parking spaces the building will provide will bring in more than enough revenue to pay the

annual lease charge and provide Smith & Co. with a nice return on their investment. A great advantage of system of Lease Our Valuable Earth is that many disputes and legal entanglements concerning land ownership would be solved. The highest bidder would get to own and use the disputed land, thus solving legal entanglements which may have been going on for many years previously.

Today, time and energy, and the use of lawyers to find an abstract (a history of a section of land, including any improvements that may be on it, and all of the owners of the land) and bring it up to date is quite costly. Once in effect, the system of Lease Our Valuable Earth would solve many of these difficult problems. We have now seen the benefits of L.O.V.E. to most facets of economic development. The elimination of all taxes and speculation would be a welcome boon for the government, since with the amount of vacant land there is, and the lease charges the government will receive, all facets of government will receive much more revenue than under our present system. The 10% lease charge would be well worth the price to pay for the productivity we shall witness. At this point we are ready to ask the question, where does this 10% of the total value go? This lease charge is for the operation of all levels of government and can be distributed in many different ways, but this writer will give an example of a workable system of distribution. The 10% charge is split five different ways, first the landowner discounts 10% of the total which is retained as rebate for being productive on the land. The balance is sent to the county assessor for distribution to government agencies. 50% of the total goes to the city government, 25% goes to the county, 15% to the state, and 10% to the federal government. Out of the 10% that the federal government receives, it can give 1% or more to the United Nations. Let us use, as a descriptive example the same \$600,000 that

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Smith & Co. bid for the building lot. The 10% charge, or the value of the economic rent, comes to \$60,000 less their 10% rebate of \$6,000, leaving a total of \$54,000 to be distributed. A chart will be used to simplify the explanation.

<i>Balance due to county as lease charge/or distribution</i>		\$54,000
50% to the city	\$27,000	
25% to the county	13,500	
15% to the state	8,100	
10% to the federal government	5,400	
<i>Total</i>	\$54,000	\$54,000

We shall now use another chart to show how the distribution for the \$1,700 lease charge that our Mr. and Mrs. Homeowner have due. After the 10% rebate is subtracted from the total, there is a balance of \$1,530 owed to the county for distribution. This is split as follows:

<i>Balance due county</i>		\$1,530.00
50% to city	\$765.00	
25% to county	382.50	
15% to state	229.50	
10% to federal government	153.00	
<i>Total</i>	\$1,530.00	\$1,530.00

This system of distribution seems most fair, and with the amount of land that our country has, should ensure all facets of government operation a substantial amount of revenues. If the city and county governments wish to go into a joint venture, they can pool their funds for the project. This holds true for any two or more levels of government.

A striking example of a situation in which land is "lying fallow," held unused, while its value rises, is the case of Miami Beach financier Victor Posner. Since 1969, he has been, battling the city over the right to build a condominium project on what is the city's last open beachfront. After submitting a proposal in 1969, he delayed building during the 1970s when a building code revision reduced the allowable number of housing units per acre. Attempts to buy the property with state and local money failed. In 1981, a circuit judge ruled he could build under the original code, allowing for a larger number of units per acre. *That ruling helped push up the value of Posner's property—currently*

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appraised at \$47.4 million—beyond public purchase. The city may still appeal Posner's right to build on the property. If a permit is issued, however, Posner will have six months to begin construction. If he doesn't, he will lose his right to build, according to state building laws.

If lease our valuable earth was in effect in 1969 Mr. Posner financial difficulty would not be in effect at this present time. I firmly believe this. Since millions of dollars would be saved by leasing the land instead of buying the land at an appraised value of 47.4 million dollars in 1969.

There are many who feel that the amount that the federal government would get would be too little, but remember that they would be receiving revenues from all the land in the fifty states.

The lease charge that all landowners will have to pay is due each year in advance. There is however, alternative to prepayment that is fair and helpful. If a land user wishes not to pay the entire amount, or if for some reason the amount that would be paid as a lease charge is needed for expansion, or for any other purpose, the lease charge can be paid in two semi-annual payments. Each payment will carry a 6% interest charge, and will be due on the first and 183rd day of the fiscal year chosen. In order to further illustrate this example, let us go back to Smith & Co., which has a total yearly lease charge of \$54,000, after the 10% rebate. In their third year, Smith and Co. decide to improve the office building. Every penny of available capital is needed for this project, therefore Smith and Co. decide to use the alternate payment system. Instead of one lump sum payment of \$54,000, they would pay two equal payments of \$28,260 (\$27,000 + 6%, twice a year). At the end of the year the government will receive a total \$3,240 in use charges, but Smith and Co. was able to divert part of the lease charges for beautification and constructive purposes.

The 10% lease charge rebate that the landowner gets could also be reduced 1% per annum until it gets to 5% per year. At this point the percentage of rebate could be lowered further or left at 5% this could be decided at the polls by voters.

For those who were expecting the proposal of a complex and inflating economic system to replace our current system, the uncomplicated nature of Lease Our Valuable Earth by comparison,

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is reward enough for the change. The far-reaching benefits of L.O.V.E. will ensure prosperity, economic development and financial security for all. The money that people will save in not paying inflationary land costs, taxes, and other miscellaneous government charges will be recycled into our economy, resulting in increased economic activity. This means more jobs than there are people to fill them, and higher wages for workers—wages that these workers get to keep, instead of having a large portion of their annual income take from them in the form of income taxes and other taxes. Investors will also be able to keep 100% of their interest earnings.

Use of Other Forms of Land

As stated earlier, land is everything outside of man and his products. So far we have only discussed the present use of land in the form of earth, to grow on, build on, and use for producing. But what of land in the form of space? This frontier has just recently been explored, and what little has been done with air and space has not I believe, benefitted the federal government. For the purpose of Total Tax Relief, the area of concern is the Federal Communications Commission, or FCC which handles the licensing of radio and television stations. This writer called the FCC to inquire as to the price of a license of operation for a television station or a radio station. The FCC replied that the license itself costs nothing, as long as the petitioner could prove to the FCC, in writing, that they can afford to open and maintain a station of any kind. When the FCC asks you to “prove that you can afford to open and operate a station, this means that a team of attorneys have to come up with mountains of paperwork to prove your compatibility in terms of finance. This process usually costs the petitioner hundreds of thousands of dollars in legal fees, and other fees if accountants or other specialists are required by the government. This is highly complicated and a general hassle to the petitioner which this writer sees no causes for.

The situation with the air waves is just as crucial today as the land issue. Speculation of the air waves and space takes on many forms, two of these being the advertising mediums of radio and television. A crucial example of the speculation of the air waves

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and space are the advertising fees charged for air time during Super Bowl XIX, between the Miami Dolphins and the San Francisco 49ers of the National Football League, where a one-minute television commercial sold for 1 million dollars. This situation is much the same as the exorbitant prices charged for land on earth. The unnaturally-directed revenues from the use of air waves also go to pay the extremely high salaries of the disc jockeys and announcers. Prices for these professionals have recently reached the one million dollars per year mark, a figure previously unheard of in radio circles. How many other advantages are going to private gain instead of to government revenues?

Total Tax Relief sees to remedy to the situation with the air waves similar to the way the Lease Our Valuable Earth process provides the remedy to the earth situation. It is suggested that the use of the air waves be determined by the open market and the licenses given to the highest bidder, for certain frequencies of transmission. Much like the earth process, the highest bidder pays 10% of the bid total to the federal government. For example, in an area that can transmit nineteen FM and thirty-three AM stations, leases will go to the highest bidder for each station. If FM stations bid from \$50,000 to \$60,000 each, and AM stations bid from \$25,000 to \$40,000 for their permits, can you imagine all the areas in the United States, and the revenues that can be derived from radio stations in all fifty states. The same lease agreements can be expected of all the television and satellite television companies that operate in similar fashion to radio. If a television station is sold for anywhere from \$1 million to \$5 million, just for the license transfer, and an additional \$2 million for equipment and other assets, this means that current selling prices could range anywhere from \$3 million to \$7 million. This advantage would not prevail, as Total Tax Relief recommends that lease charges would be based and paid on bid prices for television air waves. If an investor bid \$5 million for the air rights of television station, only \$500,000 in cash would go to the federal government instead of the county, and this income can help to pay off our national debt. The lease charge for the air waves in annual payments, just like earth lease charge, would fall under the same set of rules as explained earlier. One can apply much the same explanations to the use of satellites for transmitting signals. As it stands right now, the company that