

TRUTH ABOUT TAXES

the story of

The Great American Tax Shift

Why and How It Happened



SHOULD

A FREE ENTERPRISE DEMOCRACY

HAVE A TAX POLICY

WHICH CAUSES

1. HIGHER PRICED LAND AND
HIGHER PRICED PRODUCTS
- or
2. LOWER PRICED LAND AND
LOWER PRICED PRODUCTS

?

**THIS PAMPHLET ANSWERS
THIS MOST VITAL QUESTION.**

THE STORY OF
THE GREAT AMERICAN TAX SHIFT -
WHY AND HOW IT HAPPENED.

Introductory

Why do men of industry, commerce and labor allow a few people who have opposing interests to run our tax system so that it harms them and the American people? Why do we put up with cost-increasing, prosperity-destroying "ball and chain" taxes - income, wages, inventory, sales, gasoline, excise, improvement and so forth - which apply a constant brake on every man's productive effort? Why do we do this when there is a natural source of Public Revenue that will stimulate and encourage rather than punish the truly productive initiative of Management, Capital owners and all who work?

Our use of the WRONG basic source of Public Revenue seriously hurts Free Enterprise. WRONG TAXATION is the crucial, although largely unseen, economic and moral issue today. We are indeed late! The condition of our country is desperate! But we are far from too late. Even now, a correct Public Revenue decision can reverse the trend. Right action can save and advance Free Enterprise's accomplishments. It can restore to Free Enterprise its rightful place of respect in the eyes of all mankind. And once we unchain (untax) our Free Enterprise system, Communism is doomed to wither on the bush.

NOW IS THE TIME FOR A GREAT TAX DECISION!

Get These Facts

The first fact about taxation that every citizen should understand clearly is this:

Call a tax by any name you wish, it still must draw Public Revenue from one or the other of TWO basic sources.

One of these sources is created by citizens as a group.

The other is created by citizens as individuals.

No person can think clearly on the subject of taxation until this economic fact is thoroughly understood.

The second fact about taxation that every citizen should know is this: It makes a whale of a difference in effects on us - as individuals - if we tax the right source lightly and the wrong source heavily. Unfortunately we now do this.

The Purpose of This Pamphlet

This Pamphlet will undertake to do just three things:

1. Identify and segregate the TWO basic sources clearly.
2. Demonstrate to your entire satisfaction that a great tax shift from one to the other of these TWO sources has been going on.

This is Pamphlet No. 2-A of the Public Revenue Education Council. The Council believes the American people want to know why we have endless battles about taxation and that they will welcome economic information which shows how these may be stopped.

Everyone knows that taxes inflate the cost of butter and guns and everything man produces. But not everyone knows that there is a source of Public Revenue which can be used that will not increase our cost of living but will, instead, actually lower it.

Many tax-education, tax-information, and tax-propaganda organizations now point out that there are too many taxes; that taxes take too much of the individual's production, even in ordinary times. In spite of this "education", tax battles go on and on. No tax issue is ever finally settled. In the midst of thick confusion the REAL Public Revenue issue is not seen. The Public Revenue Education Council proposes to expose this REAL issue which is our WRONG CHOICE of the basic source of government income.

This Pamphlet is not a textbook in the Science of Economics. However it presents economic principles and offers facts that show clearly which basic source of Public Revenue the people should draw on to meet government costs. It shows why this particular source and none other must be used if we are to survive as a free people enjoying a Free Enterprise economy.

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- 1 - 10 - 15¢ each
- 11 - 50 - 12¢ each
- 51 - 100 - 10¢ each
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3. Outline the natural, and therefore inescapable, effects of The Great American Tax Shift on individuals and on the nation.

PART I

IDENTIFYING AND SEGREGATING THE TWO BASIC TAX SOURCES

To aid our efforts to identify and segregate the TWO basic sources, we must review a few facts obvious on reflection. We must do this because, as we all know, we too often overlook the fundamentals in our day-to-day observation of the complex superstructure and functioning of our economy.

Fundamentally then, everything we have for use or consumption, through our own or our government's efforts, is a result of Human Effort applied to land sites and natural resources.

On this all can agree: everything people want or use, requires for its production, two things:

- A. LAND (landsites and natural resources).
- B. Human Effort (active labor and active use of man-made Capital.)

Since it takes both LAND and Human Effort to produce anything, both LAND and Human Effort can and do claim a share of all products and services produced.

What LAND (or the title holder to land) gets is, in economic terms, called ground rent – or royalty – or economic rent – or by the term we shall use in this pamphlet – plain RENT-of-land. (RENT-of-land is the measure of the advantages of some land over other land that can be used free of RENT).

What Human Effort gets is called Wages (salaries, commissions, bonus payments, etc.) and Interest (an indirect wages reward due Human Effort for providing Capital which is really stored-up Human Effort.)

While LAND and Human Effort are equally necessary to secure products (and services), they are unlike in a number of vital ways. Land is a passive factor. Being natural and a fixed quantity, it cannot be increased. But Human Effort is an active factor. With the aid of Capital (machines, tools, stocks, buildings, etc.) it multiplies itself in seemingly unlimited production. Land is not produced by man, while all products (Capital wealth and Consumer wealth and services) result from Human Effort. The significance of this from a tax standpoint will be developed in Part 2. These differences should be kept in mind as this revealing story unfolds.

From what has been said, combined with your own knowledge, you have, no doubt, already identified and segregated the TWO basic sources of Public Revenue.

One source is the income called RENT-of-land. ¹

1/ RENT-of-land is the social fund of civilization. Students of the social and economic conditions which bring forth RENT-of-land, such as Adam Smith, John Stuart Mill, David Ricardo and others, agree that it is publicly created. They agree that nothing the title holder of land privately does or can do, merely as a

The other is the income, earned by individual Human Effort, called Wages and Interest.

The Great Tax Decision – WHICH Source Should We Use?

If one eliminates from consideration individual incomes secured by begging or stealing, by private and voluntary or tax-forced charity, then economic income can come to individuals only as RENT-of-land or as Wages and Interest. This is why the only basic Public Revenue decision we need make, as Citizens, is whether our governments – Federal, State and Local – should collect public income from (1) the publicly created RENT-of-land source, or (2) from the privately and individually created source of Wages and Interest. Once this decision is made all other problems about Public Revenue are relatively easy to solve. With a few economic facts in mind our people can decide the real tax question; what is more, they can decide it justly and for all time.

PART II

THE GREAT AMERICAN TAX SHIFT

We have now identified and segregated the TWO basic sources of Public Revenue, (1) RENT-of-land, and (2) the Wages and Interest rewards of individual Human Effort. Now it is necessary to show to your entire satisfaction that a great TAX SHIFT has taken place in the United States.

Some Statistics on The Great American Tax Shift

The following figures (showing the changing make-up of the American Tax Dollar) are taken from "Booms and Depressions" – the 1950 Edition, Century Press, Toledo, Ohio. ²

title-holder, causes this special and peculiar fund to arise in civilized society. He needs merely to sit back and collect his income. The community of people by their presence daily generate RENT-of-land. Competition for land use measures off the amount of money or produce that can be collected by title holders, or by the people as a whole through government. And it is obvious that only what is left of the total product AFTER RENT-of-land income is diverted to the title holder of land or to the people can be distributed as Wages and Interest to individual workers and creators of Capital. One wonders why workers, loth in management and in other jobs, and Capital owners fight, sometimes savagely, over what is left of the produce, all of which they produce. By the public collection of the natural income of governments, RENT-of-land is added to Wages and Interest in the form of the public services it will buy. In addition, by effects of the process, more abundant productions are brought forth. Bargaining for many more satisfactions can still take place but under softer, more gentle and more scientific (natural) circumstances.

2/ Further light confirming THE GREAT AMERICAN TAX SHIFT is found in the book, Facts and Figures on Government Finance, 1950-51, issued by The Tax Foundation, Rockefeller Plaza, New York, N.Y. The following figures show this amazing shift in the per cent make-up of the TAX DOLLAR of the 48 states.

In 1915 50.5 per cent and in 1950, only 3.8 per cent of the TAX DOLLAR of the states was raised by GENERAL PROPERTY TAXES. Non-property taxes made up the difference. Here are other significant tax changes.

	1890	1920	1949		1890	1920	1949
Federal	20¢	62¢	73¢	Combined Federal-State	35¢	69¢	87¢
State	15	7	14	Local	65	31	13
Local	65	31	13	(See note below)	\$1.00	\$1.00	\$1.00
	\$1.00	\$1.00	\$1.00				

State example of TAX DOLLAR: State of California. Figures are from a report of the California State Chamber of Commerce. (10 year shift)

	1935-36	1945-46		1935-36	1945-46
Federal	31¢	80.5¢	Combined Federal-State	60¢	93¢
State	29	12.5	Local	40	7
Local	40	7.0		\$1.00	\$1.00
	\$1.00	\$1.00			

(Note: The total Federal and State raised cents that make up the TAX DOLLAR are combined. Both are largely derived from non-property taxes. This combination makes it easy to contrast the total cents of their share of the TAX DOLLAR with that of LOCAL governments which use, in largest part, property taxes. (Keep in mind that taxes on property, other than on land value, used in business and industry for income purposes are shifted to the Wage and Interest earner in higher prices. A very large part of such taxes are paid by workers of all kinds.)

The Meaning of the Figures Which Show The Great American Tax Shift

Today the Federal and State governments pay the largest part of the total cost of all government in the United States. The trends of the source from which Federal and State governments draw, compared to the trend of the source from which Local governments draw, is a vital fact to consider. By economic analysis these trends show that the cost of supporting government has been largely shifted from those individuals who collect important amounts of (or large proportions of) their income as RENT-of-land, or who are speculating in land for future enjoyment of such income. These figures show that this burden has been largely shifted to those individuals who live from daily earned income of Wages and Interest. They reveal how completely the make-up of the TAX DOLLAR is stacked

Name of Tax	YEAR START	% (Cents)	YEAR END	% (CENTS)
General Sales, Use or Gross Receipts	1931	0.4	1950	21.1
Motor Vehicle Fuel Sales	1922	1.4	1950	19.5
Tobacco Products Sales	1930	0.6	1950	5.3
Alcoholic Beverage, Sales Licenses	1932	0.1	1950	6.3
Motor Vehicle and Operators Licenses	1915	4.1	1950	9.4
Individual Income	1931	4.2	1950	9.4
Corporation Income	1931	5.6	1950	7.3

A City Illustration

In Bulletin No. 49, July 16, 1946, Dollars and Sense in Government, the Governmental Research Institute of St. Louis, Missouri, in an article on "What Has Happened To City Revenues" (19 19-46) said: "Receipts from the property tax still constitute nearly one-half of the City's income. However, the declining importance of this tax as a source of municipal revenue is shown by the fact that it accounted for 65% of the total in the fiscal year of 1929-30 and 49% in 1945-46." In view of the universal trend of The Great American Tax Shift it is almost certain that many other cities, like the Federal and State governments, are experiencing wrong-way (for the good of the people) tax shifts.

against the economic welfare of all who work and who own true economic (man-made) Capital. They show that the leaders of commerce and industry have failed to protect their own greatest source of personal income and security - the Consumer - from WRONG and destructive taxation. Leaders of Organized Labor, who battle to get more dollars in pay-check and pay-envelope, nevertheless also fail to protect their members from the evils of this same WRONG taxation.

How The Tax Shift Was Put Over

A two step process was used to bring about The Great American Tax Shift. (1) Local governments were in large part freed of the cost of supporting schools, roads, public aid to the poor, the sick, the blind and the aged. These costs were then largely shifted to the Federal and State governments. (2) At the same time laws were passed giving Federal and State governments new non-property sources of taxes, or the benefits of increased rates of old existing non-property taxes already in use.

The TAX SHIFT statistics given above show how successfully the program, as planned, was carried out. Income taxes (Federal, State and Local), wages, sales, use, gasoline, excise, tobacco sales, luxury, entertainment and similar non-property taxes which shift the greater part of the burden from RENT-of-land to Wages and Interest, appeared everywhere. These direct and hidden consumer and personal income taxes, accomplished the shift.

Many of these taxes, you will recall, began as temporary emergency taxes only. You've seen both the "emergency" and the "temporary" taxes continue. What caused all this? Who wanted it to happen? Who stood to profit - those who live from earned Wages and from earned Interest? Or those who live from the publicly created RENT-of-land incomes? That is, those who live by RENTing out to others the surface of the earth; by collecting "royalty" because natural forests, crude chemicals and oils, gold, silver, iron, lead, bauxite, and other minerals were stored up in or on the earth; because fish inhabit the waters, wild animals the forests, and fowl and game the sky?

It is, of course, obvious that the title holders to income-type land, or their economic advisors, knew that the only way they could secure NET income from the mere holding of title to land was to prevent direct taxes on LAND VALUE or on RENT-of-land. Having such a keen and direct special interest in how taxes are made to fall on people, an interest which men of business, industry and labor seem not to have, is it any wonder they made the people's problem of Public Revenue their chief economic concern? Is it any wonder, too, that they followed the advice of their economic advisors and shifted the tax burden to those who live from Wages and Interest, and who were asleep so far as their own economic welfare in the matter of Public Revenue was concerned?

It is also obvious that only holders of MUCH valuable land profit from the shift. They save more dollars by not having to pay RENT-of-land income payments to government than they pay in sales, gasoline, excise and such non-property taxes. On the other hand the vast majority of property holders pay out more in these non-property taxes, taxes allegedly designed to "spread the tax base" - and to give "tax relief for (land)

real estate", than they save in their own property tax reductions. People who own no titles to land, a substantial portion of our population, take a severe tax-beating from the shift although they have the votes to reverse this destructive onslaught on their private property in Wages.

PART 111

THE EFFECTS OF THE GREAT AMERICAN TAX SHIFT

These Principles Tell Us What to Do and What Not to Do

We live in a "cause and effect" world. Just what kind of economic and social results do we want to cause? We can take actions (pass laws) to make it easier for Labor and Capital owners to secure access to land, and to secure the products and services of their joint efforts for private and public use. If we do this we can greatly reduce the variety and the intensity of social and economic problems which annoy us. It will be easier for us to modify or to eliminate the problems which already exist. On the other hand, we can take actions (pass laws) to make it harder for Labor and Capital owners to secure access to land and to secure products and services of their joint efforts for private and public use. But if we do this we will inevitably greatly increase the variety and the intensity of social and economic problems which annoy us. It will be harder for us to modify or to eliminate the problems which already exist.

In considering which of the TWO basic sources of Public Revenue we should select, or select first for use, the following principles should be kept in mind:

1. A payment of RENT-of-land by the title holder to government cannot be SHIFTED to others.³ It is paid out of the RENT-of-land now being collected. The more complete the public collection of the publicly created RENT-of-land, the more certain the title holder is to place land in use, or in better use, or to allow others to do so. This, of itself, causes increased production of all types of wealth and services at lower costs with the same Labor and Capital owner effort. The public use of this RENT-of-land source lowers, and does not raise, prices to consumers.

2. However, a tax levied on the products (and services) of Labor and Capital owners (such as taxes on buildings, machinery and tools, fixtures, raw materials, and finished goods) do not remain at the point of industry or commerce where they are first applied. They are shifted in

3/ Professor E.R.A. Seligman says in, "Incidence of Taxation": "If land is taxed according to its pure rent virtually all writers since David Ricardo agree that the tax will fall wholly on the landowner, and that it cannot be shifted to any other class, whether tenant farmer or consumer."

Professor Harry Gunnison Brown, Department of Economics, University of Missouri, in his book, "The Economic Basis of Tax Reform," said: "One thing at least can be asserted with positiveness, viz., that a tax on the rental value of all land, however used, can neither be shifted from one land owner to others, nor from landowners as a class to any other class."

Those inclined to argue with this well established conclusion, as many who are uninformed will, should first make inquiry into the matter.

higher prices to the final user or consumer who must pay them.

3. Taxes which fall directly on individual incomes, taxes paid when buying products or hiring services, and taxes which fall on the individual's own home-occupied property and on his tangible personal property (furniture, automobile, jewelry, art objects, etc.) take purchasing power from him. This loss of purchasing power harms the individual as surely as do those taxes which raise the prices of products and services for which he must exchange his wages.

Our Choice of Source of Public Revenue Can Cause HIGHER or LOWER Prices

These are some of the effects on prices which follow our choice between the TWO basic sources of Public Revenue, i.e., (1) RENT-of-land, or (2) the Wages and Interest rewards of Labor and Capital owners:

1. Taxes which fall on man-made products and services, or on their exchange, or which collect directly the privately created Wages and Interest incomes of individuals, in effect, make products and services HIGHER PRICED. Abolishing such taxes makes products and services LOWER PRICED. Taxing real estate IMPROVEMENTS causes the improvements to be HIGHER PRICED; untaxing real estate IMPROVEMENTS causes improvements to be LOWER PRICED.

2. Untaxing the value of real estate in land, thus increasing NET RENT-of-land income, causes land to be HIGHER PRICED. Taxing the value of real estate in land, that is, collecting more of the RENT-of-land for public use by a direct tax on LAND VALUE or on RENT-of-land, causes land to be LOWER PRICED.

WHICH Serves Us Best? Two High Price Trends or Two Low Price Trends?

Our choice of the Wages and Interest source of Public Revenue makes for Two Basic Higher Price Trends: HIGHER PRICED LAND and HIGHER PRICED PRODUCTS (and services).

HIGH PRICED land, combined with HIGH PRICED products (and services), makes for a rigid, inflexible, poorly adjusting, monopoly encrusting, progress blocking, unfair wealth concentrating, CLOSED END - instead of OPEN END - Free Enterprise economy. People seeking their living in a CLOSED END, instead of an OPEN END type of Free Enterprise economy, are in the same economic and social position that people "going west" in the early and formative years of our country's growth would have been in had they run into a closed or monopolized frontier instead of an open end one of almost boundless natural opportunity.

The natural tendency of a true Free Enterprise economy is to lower the general price level of products and services; to give in exchange progressively more labor-capital made products and services for each hour of Human Effort. We have allowed "landistic" - land-minded free(?) enterprisers - by their policies of WRONG TAXATION, to reverse this by causing HIGHER PRICED land and HIGHER PRICED products (and services) as well. To profit a few, we wrongly counteract the natural price trend of our remarkable and naturally productive economy.

Effects of Wrong Taxation

The use of Wages and Interest incomes, directly or indirectly, as a SOURCE of Public Revenue causes or contributes to these ills:

1. Those who improve land to its best use are, in effect, forced to pay an annual fine for doing so. Land speculators, lightly taxed, are actually encouraged by us to hold productive land out of use. This discourages production and creates injustice in distribution. Only positive harm can come from these wrong-way actions.

2. The growth of SLUMS and areas of sub-standard housing which surround SLUMS, is given positive encouragement. We actually protect slum property from competition.⁴

3. All architects, contractors, suppliers of building materials and providers of furnishings and fixtures, are severely injured economically.

4. Vast harm is done to those who provide services of privately owned utilities.

5. Opportunity to serve consumers by men and women who perform the truly constructive and servicing work of the "real estate" business is greatly lessened. Their personal incomes in Wages are lowered.

6. It needlessly restricts the endless unfolding of job-opportunity which is a natural feature of a true Free Enterprise system. This causes constant, and for the most part needless, wage-issue tensions between men we call Management-labor and Capital owners, and all other men called Labor.

7. The natural adjustment process of supply and demand, activated by servicing competition, is obstructed. This intensifies and prolongs the pressures which produce the extreme inflation-depression swings which are the business cycle. The result is tragic. Millions of owners of small amounts of Capital, who acquired it the "hard way", are ruined. Their interest in the Welfare-state concept is stimulated. Such experiences mean the loss of our Free Enterprise economy. (Business cycles are not "natural" or inevitable to Free Enterprise as Marxists of all shades and far too many economics professors assume and declare. The true remedy for business cycles lies in more freedom and in prevention by natural adjusting forces inherent in the free system and not in "planned" counterbalancing economic techniques. This, plus impartial control of the monetary and credit phases of the economy, would prevent the abnormal swings which so disturb normal economic demand and activity.)

4/ Our present tax system actually protects SLUMS and substandard property from the competition which would arise from LOW PRICES of land and of building materials. We can have a Public Revenue system of perpetual slum prevention. Instead we make special isolated attacks on square blocks of slum property. By "planned" economy we make land in a selected area sell at an artificially low price. We do this by buying it at a high price from land speculators and selling it at a loss - the taxpayers loss of course - to builders. We then, also by methods of "planned economy", arrange to untax this housing for a period of ten, twenty or more years as a means of further counteracting the artificially HIGH COST of building caused, not entirely but largely, by wrong taxation. If naturally and universally applied the natural economic principles which assure and maintain lower priced land, lower priced building materials and UNTAXED finished housing, would forever counteract SLUM growth. By our "treat-the-symptom" approach we guarantee the people of the future that they too will inherit the same SLUM MESS - or perhaps have a worse inheritance from us - the loss of their freedom.

8. Opportunities are given to power-seeking politicians, who have no social or economic cultural preparation (or ethical feelings) for the work they are supposed to do for the people. They therefore have no constructive remedial ideas. They seek to win votes of the helpless, the hopeless, the fearful and of members of their families who want these individuals to be a burden on government and not on them. As did Hitler, Mussolini and Lenin, these political opportunists promise a government-assured security to make up for the loss (or fear of loss) of the security many of these people could and would provide for themselves if a social environment of fair and equalized natural opportunity existed.

9. It provides an unsanitary economic environment in which such ideologies as Fascism, Socialism and Communism can flourish.

10. It prevents abundant production of natural resources and finished products, and of increasing amounts of world trade which would lead people to peace.

11. It makes it harder to prepare for war if and when this is unavoidable.

12. It prevents the United States from becoming a great example of social, moral and economic justice in the sharing of the abundance that our FREE system of economy could produce if freed of its tax chains.

Because Government Gives Away Its Natural Public Revenue Government Must Tax Private Incomes

The Federal Government has used property taxes in 1798, 1813, 1815 and in 1861, as did State governments in large measure until recent years. The Federal and State governments are forbidden by our bad laws to levy property taxes to any large extent. However both Federal and State governments continue to pour billions upon billions of non-property raised tax dollars into school support and school construction, into road building and maintenance, into dams, irrigation and power installations, into rivers and harbor improvements, into flood control, into airports, into soil rebuilding and conservation, and into similar developments. If these uses of tax-money are worthwhile, as so many seem to be, they must inevitably increase the RENT-of-land to the private profit of private title holders of land in the area benefited.⁽⁵⁾ Privileged title holders can get a higher selling price (capitalized RENT-of-land) as a direct

5/ Who pays? Who benefits? Ask these questions when you consider such projects as the Tennessee Valley Authority, or the Pick-Sloan Plan, or a Missouri Valley Authority. A simple common sense analysis reveals the problem, as it relates to TAXATION, and the answer as well.

The Tennessee Valley Authority provided special advantages to people and industries in a given area. Among these were low-priced power and shipping. Capital owners and Labor, attracted by higher rewards, moved their Capital and their labor-power into the area so much benefited at taxpayers expense. In time, according to economic principles, this in-pouring of Capital and Labor reduces the special advantages and rewards held by early comers. Rewards to Capital owners and to Labor tend to average down and to equal those of outside areas. But the great advantages of such projects give special rewards to land title holders in the area benefited by the public improvement which is paid for by taxpayers everywhere. Peak values of LAND concentrate in areas of special and strategic commercial and industrial use. Increased RENT-of-land and its capitalized value in the market place become permanent. Title holders to land,

result. Instead these unearned (by the title holder) profits in land should help pay the cost of these publicly created improvements. How long will an intelligent, if economically uninformed people, tolerate such continuing economic and social injustice? How long will such a people permit the use of their own government processes and governmental tax powers to profit the few, who have special land and tax interests, at the expense of a large majority of people? Has the spirit of "equal rights to all and special privileges to none" no meaning for Americans today?

Lead Us Not Into Temptation

TAXATION touches the lives of all people every day. It is the most persistent, universal and positive cause of public and private graft and corruption. Our tax structure (tax laws), as it now stands - a jerry-built impossible monstrosity of a thing - leads millions upon millions of individuals, daily and yearly, into needless temptation. It tempts those who pay taxes as well as those who collect them. There is unending temptation to avoid just assessments and not to pay fully the taxes known to be due; temptation to divert public improvements to favor certain title holders of land; temptation to reduce land value taxes after money has been spent by the people to increase land values.

This tendency to graft and corruption can be greatly modified, if not entirely eliminated. We need only to reverse the wrong-way trend of The Great American Tax Shift.

Tax Collecting Not the Function of Industry and Business

We can, and should have, UNTAXED PRODUCTION in a Free Enterprise democracy. Men of business and industry should not be imposed on and made to be tax collectors. If, to reduce the cost of Public Revenue collection, business and industry are used as tax collectors - an ancient evil - the expense of this should be borne as a direct government cost. Cost of collection should be paid out of government income. This cost should not be shifted to the consumer in higher prices. Indirect and multiple ways, mis-called sources of taxes, of getting tax money are devices of kings, dictators and other exploiters of the people. Why do

as title holders only, are given a subsidy for being in the way or for getting in the way of land users. (The principle applies whether title holders use the land themselves or permit others to use it). This same principle of who benefits financially from public improvements is of universal application to all worthwhile public improvements. It applies to "lifting farmers out of the mud" by building and maintaining rural roads with gasoline tax money. The farmer increases the price of HIS LAND, not when the road is built, but on the very prospect of its being built. The principle applies to the building of churches, business centers, private schools and all worthwhile individual and group activities.

In a very much under-publicized statement, compared with the wide uses made of other selections of his writings, Adam Smith, justly famous economist and moral philosopher, and author of *The Wealth of Nations* (1776), in Book I, Chap. XI, in *Rent of Land; Conclusion*, says:

"Every improvement in the circumstances of the society tends either directly or indirectly to raise the real rent of land, to increase the real wealth of the landlord, his power of purchasing the labour, or the produce of the labour of other people."

we use them in the United States? Indirect, deceiving and dishonest taxation has no justifiable place in a true free, Free Enterprise and democratic economy. Simplicity, a single tax or one (basic) SOURCE way of collecting revenue, is not only the most economical, it is also the deadly enemy of graft and corruption - WHEN RENT-of-land is that single source.

What We Can and Should Do About It

The ideal Public Revenue policy for a truly free Free Enterprise economy is revealed and dictated to us by the "cause and effect" principles learned in any good course in fundamental economics. It is to collect, as fully as is practical, the publicly created RENT-of-land fund, and as far as possible, to abolish all other separately imposed taxes.⁽⁶⁾

The correct Public Revenue policy will not alter in any way what title-to-land now conveys to individuals (or other holders), namely, private and exclusive use of land. It places no restrictions on the amount of land any one title holder may privately possess though it does discourage overholding, improper development and land speculation. It will in no way change our custom of land title inheritance. It will make possible the supreme economic blessings of a free people - untaxed products, untaxed

6/ An amazing and hopeful trend is now moving towards applying different rates of taxation on real estate improvements placed in or on the land and on man-made products and services, as compared to taxes on land real estate furnished by nature. Outstanding examples are:

Cities of Pittsburgh and Scranton, Pennsylvania, have rates on improvements one-half the rate on land values. Legislation, passed in 1951 - by the Senate 50-0, and by the House 141-47, makes it possible for Pennsylvania cities of the Third Class (47 cities from 7 to 125,000 population) to apply different rates on improvements and on land values, abolishing either if they desire.

Some 100 Irrigation Districts in California have an exclusive land value tax for government purposes.

Tideland and other oil royalties paid to government (or to schools) are examples of land value taxation.

In Australia many states and municipalities have adopted land value taxation in varying degrees. In an article, "A Dilemma of Contemporary Keynesism", in the April 1951 issue of *The American Journal of Economics and Sociology*, Professor Harry Gunnison Brown, University of Missouri economist, said - in reference to the Australian use of land value taxation:

"A comparative study of areas in Australia where land values are taxed rather than other property, appears to indicate that the amount of good land held out of use is definitely less in the first, that the amount of buildings is greater in proportion to available land, that the number of residences constructed is greater per 100 marriages, that the income of persons deriving their income wholly from labor averages higher, that the movement of population is away from other jurisdictions and into land value jurisdictions, etc." (Also see Professor Brown's article, "The Challenge of Australian Tax Policy", July 1949 issue of the same Journal.)

Denmark, where over 95 per cent of the farmers own the land they work, has a separate national land value tax. Local governments of that country also apply land value taxes regardless of improvements. New South Wales, Queensland, Victoria, Transvaal, many Canadian cities, towns and rural areas, the Alberta oil field development, either have different rates on land and improvement values or use land value exclusively as a tax source. New Zealand, according to the *Christian Science Monitor*, Nov. 17, 1950, is moving more and more towards exclusive land value taxation for Local Government purposes. Given a choice of three systems, 75 per cent of some 230 elections favored "single tax" or exclusive land value source of Public Revenue.

exchanges and untaxed consumer ownership of man-made property.

RENT-of-land should be collected by direct, annual, quarterly or monthly payments. Statements of the amounts due should be sent each land title holder for the land area and its natural resource content now being provided with public services by the people and their government. It is this service of the people that gives land a value - its RENT. This should be paid for by those directly privileged to have use of the land since they are in the natural position to collect RENT-of-land either by the use of the land or from others they permit to use it. Such payments are for "benefits received". They are not a tax in the proper meaning of the term.

If RENT-of-land failed to provide enough income for the demands of the people on their governments, the essential and the foolish, then a direct tax on Wages and Interest incomes could be used to supplement the people's natural source of revenue - the publicly created RENT-of-land fund. This should be collected in the most direct and efficient way.(7)

There is only so much production from which government and individuals can draw at any one time. We get neither increased production nor more NET income for government use by having many ways to draw from but TWO basic Public Revenue sources. We increase costs, confusion, temptation to dishonesty and destroy democracy by our WRONG taxation schemes. We could operate at far greater efficiency with a single agency of Public Revenue collection. With sensible and natural co-operation of our governments - Local, State and Federal - allocation of Public Revenue, based on an annual budget, could be easily made.

THE PUBLIC REVENUE EDUCATION COUNCIL

The Public Revenue Education Council has been created by people who have a great faith that the problem of income for government can be justly and permanently solved. It seeks to encourage citizens to investigate the solution of this problem through study and understanding of the real truths of the science of economics. For these truths can tell us - in the language of "cause and effect" - what to do and what not to do. It can tell us how to secure vastly increased production (with the same Labor-Capital owner effort) and justice in its distribution (sharing). And these truths can guide us as a people to the peace, the prosperity and

7/ The question whether this RENT-of-land fund will provide enough for support of governments - Federal, State and Local - is logical and is often asked. The question is strictly secondary in importance to another - whether or not what RENT-of-land exists should be used by government before taxing Wages and Interest. If RENT-of-land will not provide for government costs, reasonable or otherwise, we can - fundamentally - do but one thing - tax individual incomes of Wages and Interest. If we spill over in our spending, and feel forced to tax Wages and Interest, then this question arises: Is it best to tax bread, butter, shoes and to use non-property taxes such as sales, gasoline, excise and the like, to draw Wages and Interest income to governments, or is it better to go direct to the individual citizen and demand part of his or her income by a direct tax? Which will induce economy and stop wasteful projects? Which will make people more tax conscious? Which will induce more public spirited men and women to hold public offices?

the security (individually produced) we sincerely long for.

The Public Revenue Education Council is a non-profit, non-political and non-sectarian group. Its purpose is described in more detail in Article Two of its By-laws which follows:

"The purpose of this Council shall be - to aid in a more complete achievement of the right to "Life, Liberty and the Pursuit of Happiness" as is guaranteed in the Constitution of the United States of America by disseminating information regarding, 1) the collection and expenditure of public revenue, 2) means for eliminating artificial obstructions to production of wealth and services, and 3) the just distribution of the produce of Labor and Capital."

No politics or ideological "Ism" is involved in the program of the Public Revenue Education Council unless the SCIENCE of Economics can be branded or smeared as an "Ism." And are we to suppose that the SCIENTIFIC METHOD, so highly praised as practical in so many of man's developments, will not work in this area of human experience in getting a living? Why suppose that the evolutionary, gardening process of eliminating the specific wrongs and cultivating and protecting the PROVEN GOOD will not work? Have we no choice but to engage in bloody war against Marxism? Wars and Marxist revolutionary doctrines and techniques guarantee change, but not correct change. But evolution - scientific selection of specific reforms based on scientific analysis - guarantees the finest possible selection of change. This process has always worked well in solving man's problems. It is the most certain method. It will work for us in our present miserable situation.

If you will make your name available to the Public Revenue Education Council you will be invited to participate in studies of basic economic nature, in panel and in conference-type meetings through which you can arrive at a truthful, common-sense and common-welfare solution of our Public Revenue and other problems which flow from WRONG TAXATION. Not to solve these problems means our destruction, or continued serious handicap, as a free people. Also, we will gladly recommend books, free classroom and correspondence courses which give a better understanding of the economics of Public Revenue than do most books and courses.

Membership is open to men and women who qualify as to character, who are in sympathy with the economic and moral tenets of the Council and who are accepted by the Board of Directors. By its By-laws and proposed Charter the Council is limited to educational activities that relate to Public Revenue and that are deemed appropriate by the Board of Directors. Contributions are welcome from those who desire to support the Council's educational objectives without becoming members.

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