

The Freeman, 1942-05

Who Pays / By H.W. Noren

IF IT IS TRUE that all taxes are finally paid out of rent, if this is a natural law, then someone has the power of side-stepping that law. At recurring intervals millions of tenants have had their taxes increased and the rent raised at the same time.

At all times the total of taxes comes close to equalling the total of rent, and for shorter or longer periods during war, taxes exceed rent. It is so now.

It follows, therefore, that if all taxes were paid out of rent there would never be any net rent to be capitalized into land values. Taxes would certainly exhaust the rent at present rates. But in spite of this mountain of taxes we see a constant increase in land values, proof positive of an increase in net rent.

The net rent pocketed by corporations and private individuals, which is accurately reflected in the market price of land, is equal to the taxes paid out of wages, taxes which rent escapes.

Locke's statement that merchants will not pay taxes and that laborers cannot is plain folly. It dates back to the time when it was thought that agriculture alone was productive, and manufacture and commerce non-productive.

All history and all countries proclaim the fact that those who hold landed estates are the permanently rich, their riches always maintained by their collecting and keeping as their own, the rent of land, which would otherwise constitute public funds.

Economic science has no room for a class of men who can live well without producing, and yet we are asked to believe that there are miracle men, who, out of nothing, pay all of their own and other men's taxes.

The claim that all taxes are finally paid out of rent is palpably absurd.