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About 1500 words

### SOLVE THE TAX PROBLEM SIMPLY

How are officials of city, state, and nation to find the revenue to meet their ever mounting needs? They realize what a mess taxation has become. They see the legislative waste of time and money as powerful lobbies block or side-track. Only too well they know, after that monstrosity called a tax bill has been passed, what will be bred by collection, -- powerful influence pressed down on the fixing of amounts, almost universal perjury in making returns, widespread hatred of whatever government levies the taxes. Business roars furiously over what it considers tyrannous extortion, over the spies snooping into everything, over government interference. True, they pass on most of the tax to the ultimate consumer. But business realizes what that means for sales. Into even the densest minds of these consumers will soon percolate the idea that they are in fact the ones who are paying the taxes, that tax-loaded prices are ballooning higher than wages. Then sales drop, men are laid off, again the tail spin of business has begun.

Yes, taxes are an evil, but are they a necessary evil? Suppose our officials could discover a great, perennial fountain of revenue, flowing out of the stream of social activity and hence belonging to society as a whole, and so ample for all needs that taxation could be abolished. Would our officials draw their revenue from that fountain instead of extorting taxes?

" Why have we not heard of this before ? " our officials ask. Because this fountain of revenue has not flowed into a desert but for hundreds of years onto the thirsty fields of a powerful class who have twisted our ideas and even our language into a shield to conceal their appropriations.

" What is this stream of revenue ? " our officials ask; " What is it that society creates ? " Look about you ! policemen protect us, teachers take care of our children, paved highways carry us, stores and theatres and hospitals are near us. We could not get these benefits in the Sahara Desert. Neither would hospital buildings or stores help us there. Because these benefits and many similar are near an Iowa farm or a New York City apartment or a Chicago suburban home we are glad to pay rent to get them. Or buy at a figure which is the rent capitalized, generally plus a speculative addition. Of course part of the rent is house-rent, paid for the expense actually incurred in building. But much of it is land-rent, paid for the location, for our nearness to those benefits. Who produces those benefits? Our officials will say that they produce most of them. And so they do, as agents of society. Society is wider than government; it is all of us, living and working together. Besides the state officials, it works through store clerks, actors, preachers, in fact everybody living in society to some degree. We pay a store-keeper for the cost of producing and selling a loaf of bread. But we do not, and should not, pay him for the advantage we have in being near him. On that side he only acts as an agent of society. We should pay society. And all those payments for all those social benefits would form a tremendous, ever-flowing revenue.

" But we have not got our hands on this land-rent or location value you talk about ! " our officials exclaim. Mostly true. Government, the organized representative of society, has not collected very much for its services and those of society at large. The rent we have paid for social benefits has largely stayed in the pockets of the natural collectors of pay for social benefits, -- the land-lords.

But a little of this location rent is being now collected by way of the tax on real estate, so far as it takes some of the bare land value. Why not collect for all society enough of that value to pay for the creation of away benefits, instead of letting our collectors, the landlords, do the set-aside misappropriation of funds ?

We now having tax map to go ahead. Abolish all the complicated, business strange, and <sup>eth</sup> methods. Leave only the official offices of land assessment <sup>lection</sup> methods. Give the assessors a course in modern appraising <sup>et then se</sup> method. The <sup>t down rents or rental values, and spec-</sup> collectors bill the land-lords for enough of that value <sup>et the expense</sup> of government, local, state, and national. And watch <sup>ness and employme</sup> rent boom !

A large part of real estate with buildings, and much without, such as parking lots in cities and unimproved farms, is taking definite rents. If there are buildings, we must take out their return. If they are new and the best use of that location, all considered, we figure how long they will bring in income before they get out-of-date, spread their cost at time, and take their first year's out of the rent, putting the balance to land-rent. But if the buildings are not new or the best use would be the year's income for a new and best use, and we figure what we

put that to land-rent credit. Land, without improvements on it or in it, held without income, we handle the same way, deducting from income for new, best use, the year's cost of that use and turning the rest to land rent.

This type of real estate introduces us to a diseased type of social value, -- the owners holding it "vacant" to get a highly speculative advance in price in the future; meantime keeping good locations <sup>from</sup> being improved, forcing farming and building out to poor locations, forcing rents higher than they should be, lowering wages, and throttling industry. This false value is not determined in the rental market but in the sales market. It exists in improved as well as unimproved realty. If we deduct the capitalized land-rent from the sales price, we can take the balance as this diseased social value. That will not lessen the total of all rentals, though it will individual rents, but it will cause the disappearance of speculative values. Just what we want, for it is the mother of slums and many other evils.

Some locations have solid value not visible in rent and apart from speculation; -- many homes, public buildings, some factory sites, railroad right of way, and so on. Comparison of land values and deduction of improvement replacement costs may be here found more just to society. Another socially created value is found in the charges of gas and telephone companies and the like. It should be returned to society, but it cannot be taken by tax or the tax would be shifted to the consumer, as economists are agreed that the only levy which cannot be shifted is that on land values. We can reach these monopolies by allowing them only the fair return on a fair figure for their investment that firms in a competing field

can earn. Social values added to wages, salaries, interest, through shift in style or technology, or by monopolies, and so on, might be handled in the same way.

Study this thoroughly, officials, and you will see that to take the rent produced by social benefits to pay for them is not only the just and common-sense method but the simplest and most practical; that it will give each what he pays for in social benefits, that it will erase most taxation corruption, that it will vastly simplify government, that it will liberate the immense productive powers of industry by removing the taxation burdens and by opening great new fields of initiative; that rising interest will call out new capital to erect new buildings to replace slum and blighted districts, the land made cheap by taking speculative value; that rents as a whole will rise greatly but to the individual renter or buyer be less, especially in view of more speedily mounting wage rates; that each, eager to get the most for his rent money, will keep a watchdog eye on government efficiency and urge new social benefits; that the land-lord, anxious to keep what little land-rent he has left, will earn that sum by his energy in both those phases of government; that for the first time in history the real net income of the ordinary person can be enough to overcome the harrowing dread of want and its ensuing selfishness that have debased all past history, and that man will at last be able to surrender himself to those unselfish, creative emotions, which alone emble mankind.