

P. O. Box 1076
Del Rio, Texas

March 27, 1938

Mr. Will Lissner,
THE FREEMAN.

Dear Mr. Lissner:

I had not intended submitting an entry in your contest, feeling that so many other Georgists could offer more practical ideas than mine. However, I am haunted by the thought that I might be able to contribute some slight auxilliary suggestion to the concensus of plans proposed.

Naturally, I do not expect to win the prize, but if by any remote freak of chance I should do so, I wish to donate the money to the Henry George Movement, either to the FREEMAN, or to the School, whichever you may think best.

Sincerely yours,

Bessie Beach Truehart

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P. O. Box 1076, Del Rio, Texas

COLLECTION OF ECONOMIC RENT AND ABOLITION OF TAXES

I. SOME OBJECTIONS

- A. Present System too Involved ~~for~~ Simple Reform.
- B. Too Expensive
- C. Invites Graft and Corruption
- D. Violates "States' Rights."
- E. Unfair to Present Landholders.

II. THE PLAN

- A. Co-ordination of Present Taxing Units
 - 1. Federal
 - 2. State
 - 3. County and Municipality
- B. Institution of the Plan

III. OBJECTIONS ANSWERED

- A. Change Practical
- B. Expense Reduced, Efficiency Increased
- C. Errors and Corruption Minimized
- D. "Local Option" and "States Rights" Emphasized
- E. "The Poor Widow" Example.

SUMMARY (continued)

IV. BENEFITS OF COLLECTING ECONOMIC RENT IN LIEU OF TAXES

- A. One Logical Source of Revenue; Cannot Be Hidden.
- B. Effects of Increased Production.
- C. Stimulation of Capital.
- D. Reconciliation of Labor and Capital.
- E. Adequacy of Economic Rent to Meet Public Expenses.

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COLLECTION OF ECONOMIC RENT AND ABOLITION OF TAXES

It is assumed that the justice and desirability of substituting ground rent for taxes are admitted, hence no space will be used to advance arguments in proof of such justice and desirability.

I. COMMON OBJECTIONS TO APPLICATION OF GEORGIAN PRINCIPLES:

A. "Our governmental system is too involved; so simple a method could not be co-ordinated with the intricate demands of our present necessities for taxation."

B. "Installation of such a system of collection would be too expensive."

C. "Corrupt officials would undervalue holdings of rich landlords. Graft and bribery would run rampant."

D. In my own section, the South-- where we are jealous of states' rights and local authority, where traditions are against centralization of power-- the statement that "the government should derive its revenue from land values" is interpreted offhand as referring to the federal government, and a protest arises against federal usurpation of a field considered strictly the prerogative of local taxing units. "Washington has encroached on enough state tax sources; there is too much overlapping already."

E. "Your plan would be unjust to those who have bought land; for instance, to the widow who has invested her all in land to support her old age . "

II. THE PLAN

First of all we must

A. Co-ordinate the Present Varying and Over-Lapping Taxing Units:

1. FEDERAL.

I propose to have the government repeal all direct taxation, including tariffs and excise taxes, except those charged for actual services, such as postal service. In lieu of these taxes, levy a federal assessment upon each state, in proportion to the land values of that state. It would be outside the province of the federal government to dictate how these assessments were to be raised, but a recommendation that they be collected from local site values would bear weight, and would coincide with the base of assessment on which the state allocations were made.

2. STATE.

Revenues should be paid to the state by its various counties based, not on population, but on the assessed valuation of land within the borders of the various counties.

3. COUNTIES AND MUNICIPALITIES.

These political units should assess and collect public revenues, remitting a fair proportion to the state, which would in turn remit to the national government. The source of these revenues would be a matter of local option. Each community would decide by vote upon what type of "property" charges were to be levied.

This would bring our own battle for just public revenues to a local focus, and each city or county won would be a laboratory in which to demonstrate the superiority of ground rent collection over taxation.

The above Plan would be on the principle of a lodge, the local chapters paying dues to the state organization, the latter in turn supporting the national organization. Such system would not only obviate present overlapping and conflicting modes of taxation existing among, and confusing, the various taxing units, but would simplify and economize levies and collection of revenues.

B. Inauguration of the Plan

could be as gradual as expediency dictated, present levies reduced by, say twenty percent each year over a period of five years,; the new system being applied on a twenty percent basis the first year, with an increasing twenty percent application each year thereafter until, at the end of five years, it would be completely effective.

Such a Plan would not violate the principle of local government, but would emphasize states' rights within the nation , and city and county rights within the state.

III. OBJECTIONS ANSWERED:

A. The first objection cited-- reducing our present involved and conflicting system to a simple one-- is, I believe, answered by the lodge system of dues throughout the various political units.

B. The comparative inexpensiveness and accuracy of assessing and collecting upon land values is attested by the perennial wail

of the landlord that he is "soaked" at every turn of the tax wheel for the reason that his is the one type of "property" which cannot be concealed or misrepresented.

We already have machinery for such assessment and collection now operating. We would merely drop other prevalent taxing machinery which is admittedly expensive and ineffective.

C. Values that lie open before the eyes of the public are not easily juggled by those in authority. It is not claimed for our Plan that it would remodel human nature. Any system administered by mortals is subject to fallibility; but we do claim, upon obvious grounds, that ours would minimize errors and deliberate crookedness to such an extent as to render them negligible in comparison with present practices.

D. Relinquishment by the federal government of its powers of direct taxation would remove the pork barrel and the plum tree from our national capital, and should satisfy the most ardent "states' righter."

E. "The Poor Widow:" If her land is in use, if she has an apartment house or other revenue-producing improvement upon it, our Plan would in no wise curtail her income. Rather, she would be relieved of taxation upon her improvement and, in the general prosperity our Plan would inaugurate, she would share. If, on the other hand, she is holding her land for speculation she is deriving no income from it, but is at the expense of such taxes and other assessments as are now levied against it. As long as she holds it idle, it will not support her, in any case.

IV. BENEFITS OF COLLECTING ECONOMIC RENT IN LIEU OF TAXES

A. Public revenue would be derived from one natural source, socially created site values, the only values which cannot be scientifically classed as individual property, since they are not individually produced.

B. Freeing such values from speculative practices would open them to useful production. Increased production would result in lowered prices, thus raising real wages. Actual wages would also mount, since restoring to man his natural right of access to the earth (self employment) would restore the natural basis of wages, supply and demand for labor. This increase in production would automatically result in more general exchange of commodities (trade and commerce), meaning a lively and permanent step-up in business conditions.

C. Lifting the penalty (tax) now imposed on industry would stimulate the release of capital, just as labor would be released from its present enforced idleness.

D. Conflict between labor and capital, growing out of such restrictions of their normal functions as now exist, would cease automatically. Each would stand squarely on its own feet within the natural economic law of supply and demand, needing no class legislation for its protection or support. These factors in production would find themselves friends and allies instead of foes and antagonists.

E. We hold that it is self evident and has been indisputably proven that public benefits register in, and are commensurate with, land site values, hence, that the revenues afforded by these publicly

created site values would, if publicly collected, meet the expenditures for such benefits.

With the inevitable reduction in governmental expense following elimination of superfluous departments and bureaus, cancelling of the relief problem in consequence of the natural opening up of opportunities for employment, and all the resultant economy in administration, there should even be a large surplus available for distribution in additional public benefits.

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Bessie Beach Truehart