real parity among producers, a condition which none of the current legal manipulations or economic stunts can ever achieve.

Our present tax laws are in direct conflict with economic principles, as well as with legal and moral concepts of property in land and in products. We untax land values which are naturally public while taxing more heavily individually created values which are naturally private.

Collection of Natural Public Revenue Is Not a Tax

When people voluntarily offer to pay title-holders RENT-of-land for locations they need for homes and business, or to extract natural resources, they get their money's worth. They do not consider they are paying a tax. Neither is it a tax when a title-holder turns over RENT-of-land to the community for the land which he uses himself or which he leases to others. It is a payment as direct as one made when buying goods in a store; it is a specific payment for community-created benefits or values attached to land described in the title.

Taxes, however, are not voluntary but compulsory and frequently they are charges for services not received or not wanted by the taxpayer. Only because government neglects to collect its full Natural Income is it obliged to take the private incomes of Labor and Capital-owners to the extent that it now does by direct and hidden taxes.

Title-holders are now paying a part of the rent to the community through the property tax which falls on land value. All that is necessary is to increase the amount taken until it approximates the full rental value of the land. When title holders pay society the full rent of land, they have given up nothing which is justly theirs. There is nothing in a land title which fixes or limits assessments or tax rates. Today these are determined by political pressure and propaganda, not by principles of economic science or justice. No title holder should be asked to pay more than the actual rental value as determined by the free market and sound assessment practices; nor should he be permitted to pay less.

As to the legality of the community collecting this publicly created value, Chief Justice Marshall of our Supreme Court, Providence Bank Case, 4. Pet. 514, 560, has this to say:

> "Land, for example, has in many, perhaps in all states been granted by the government since the adoption of the Constitution. This grant is a contract, the object of which is that the profits issuing from it shall inure to the benefit of the grantee. Yet the power of taxation may be carried so far as to absorb these profits. Does this impair the obligation of contracts? The idea is rejected by all."

Let's Use Natural Public Revenue and Abolish Taxes

Taxes can be abolished if the people will direct their government to collect Natural Public Revenue and to operate on the following sound business principles:

1) that government undertake only such functions as cannot be performed by individuals or voluntary associations of individuals,
2) that government live within its income of Natural Public Revenue and the fees for services of a special nature rendered to individuals or groups, and
3) that government be bound by these principles: "Equal rights to all and special privileges to none," and, "To the producer belongs the product."

If we choose RENT-of-land as our source of public revenue and let the amount collected establish budget limits of government, we can abolish taxes at once; or we can abolish them gradually by reducing functions of government to their rightful scope over a period of time. But we cannot abolish taxes if we insist on government's doing anything and everything for people which they could do for themselves; and which they would do if government (and non-government monopoly) did not make it impossible. Nor can we achieve our objective unless we abandon the unscientific and unbusiness-like notion of "ability to pay" on which income and inheritance taxes are based. However well such a doctrine may apply to contributions to church and charity, where there is no legal compulsion to give, they do not apply to the people's business of government. It has been said that the income tax, which is based on the doctrine of "ability to pay," is no more ethical than the robber who does not ask, "How do you get your income," but "How much do you have." (More and more people are beginning to see that it is just as immoral for individuals to delegate to their agent, government, the authority to take wealth from one person and give it to another, as it is for an individual to steal for the same purpose.) Nor can we reach our goal if we continue to use the deceitful doctrine of tax "diffusion," which some economists call "spreading the tax base" or "taxing across the board." It is unscientific and produces the results of artifically high prices on land and products and high taxes on exchange and earned incomes. These are the basic conditions which unbalance our free enterprise system, discourage individual initative (*) and encourage government intervention in areas of operation which should be reserved to individuals and groups of individuals. These are trends which not to reverse is to invite disaster.

If the people should vote to spend more than the RENT-of-land fund, the deficit would have to be made up by taxing Natural Private Income—Wages and Interest-wages. In this case, each citizen should receive a bill for his share of the deficit. (There should be no indirect or hidden taxes; nor should business and industry be forced to become tax collectors.) The citizen's direct tax bill, plus this knowledge of expenditures from the RENT-of-land fund would let him know exactly what government services were costing him.

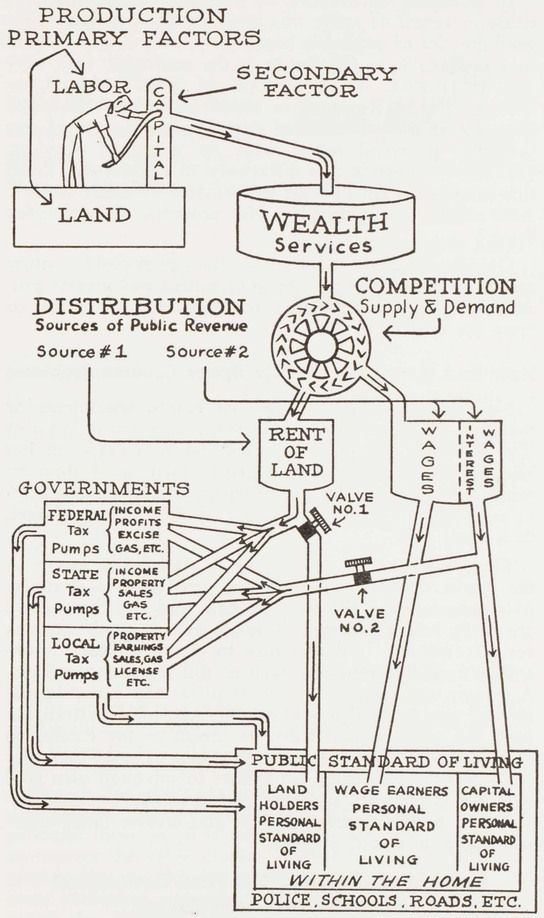
The Effects on Land Speculation

When the community collects its full RENT-of-land income, land speculation becomes unprofitable and ceases. Speculators would be under direct economic pressure to use their land or to release it to those who could and would. They would then have to secure their income by being productive instead of obstructive, thus adding to the total of products available in the market place. They would begin to "put in" as well as "take out" wealth and services from the economy. They would cease to lobby for unneeded public improvements and taxes on production.

(*) Everyone wants to encourage initiative, but let us distinguish between the initiative that is constructive and the initiative that is destructive to society. Burglars and thieves are often intelligent and possess initiative, but it is thought proper to discourage them by law. Land speculators also display great initiative, and unlike burglars, the law not only protects them but encourages them by tax legislation. Considering that their initiative is applied to actions which injure society, it is quite proper to discourage such initiative by the public collection of the publicly created RENT-of-land.

The Effects on Producers

A policy of collecting Natural Public Income for government expenses and untaxing Labor and Capital-owners would greatly reduce the cost of both land and materials. The high speculative price of land would disappear as more RENT-of-land was taken by the community. Removing taxes from production would lower the prices of materials. Access to the more productive land which is now being held out of use, or inadequately used, by speculators would enable producers of wealth to create more wealth with the same amount of labor and capital they now use.



A STORY OF TWO VALVES

Here we picture the production and distribution of wealth (and services), and the relation of people and their income to government and our land. Wealth is distributed as RENT-of-land, Wages and Interest-wages. These three shares make up the total and become the possible *sources* of public revenue. Income is drawn to government by taxes which, in effect, act like pumps. Notice the two valves in the illustration. By drafting our laws so that RENT-of-land is taken directly by government we, in effect, close Valve No. 1. By abolishing taxes which fall on products and services, on exchanges and incomes we, in effect, close Valve No. 2. RENT-of-land, Natural Public Revenue, goes to government; Wages and Interest-wages, Natural Private Revenue, goes to Labor and Capital-owners. In the best way yet understood by man, with paid-for public services provided by RENT-of-land added to Wages and Interest-wages, man tends to secure his full production.

The removal of taxes from production and earned income would greatly stimulate people to produce more. All these effects would make possible a better living standard for all who were willing and able to work.

There would be a greater surplus for giving help to those who were really in need.

The Effects on Title-Holders in General

One thing to be stressed is the fact that when the community took Natural Public Income for revenue, it should not take over the titles to land. Private ownership of title to land is very necessary to encourage production and improvements and to insure ownership of the things produced. Title-holders would continue to buy, sell, use, lease, bequeath, and improve land. They should certainly collect their private income from their buildings and other improvements. But they should not be absolved, as they are today, from meeting their full obligation to society. The Danish people wisely call this obligation the "Ground Debt," an equalizing sum holders of better land owe to those who own poorer land or no land at all.(*)

Under this system there would be fewer losses of property by tax and mortgage foreclosures. The price of land, uninflated by speculation and bad tax-policy, would be low enough that property owners would not have to be burdened with a mortgage in order to buy needed land; mortgages need be used to help finance improvements only. There would be many more title-holders than there are now.

With improvements untaxed, most property owners would pay less tax on their property than they do now, certainly their total tax bill would be less.

Everyone, including the great majority of land holders, would be better off. When we consider what may happen unless we alter our drift towards Marxism, even title-holders who would lose some immediate income might well be gainers in the long run. In Marxist countries, land owners have lost not only their rental income, but their titles to land, their capital, and millions, their lives.

The Effect on Government

The combination of lower land prices and lower material costs would reduce the cost of public improvements and services. Abolishing the multitude of taxes that now exist would also abolish the expense of their administration and collection. The need for welfare projects would vanish to a point easily cared for by individual or united private aid when everyone received his full production, minus taxes, and had unlimited opportunities for enterprise. The costs of government would be much smaller.

Government would not own land any more than it does now, since it now has the same type of tax lien on land, and also has an unlimited lien on all wages, capital, and consumer wealth. It would not direct the use of land as the Federal government now attempts to do in its misguided efforts to bring about parity for the farmer. Under a Natural Public Revenue system, the natural economic

(*) Land which produces only a bare living can command no RENT-of-land and is therefore not subject to land value taxation. Economists call this no-rent land Marginal land.