non-property taxes like income, profits, sales, use, gasoline, and excise taxes. Holders of valuable downtown and "crosstown" locations in cities, and holders of valuable natural resources were given the "tax relief" they sought. Those who held titles to their home lots, family-sized farms, poor quality natural resources, and those who hold no land at all, have had their tax burden increased — as was intended. The new taxes they pay are greater than the tax relief they get on their land and improvements: while holders of land of much actual or potential RENT-of-land income are benefited.

The fact that taxes have been shifted to Wages and Interest-wages in order to favor land holders in no way implies that RENT-of-land is not the proper source for government income. But it does explain why so much of the do-gooding by government and private charity fails to do good and accomplish its purpose in the long run.

Thus was accomplished the great American tax shift which spells the doom of true private property, free enterprise, and limited government.

Where the Use of Public Revenue is Emphasized

Although the land value tax is collecting a smaller percentage of local and state revenue than formerly, it still collects a substantial amount of RENT-of-land.

In Pittsburgh and Scranton, Pennsylvania, the Graded Tax Plan is in operation. In these cities the principle of self-supporting government is recognized by setting the tax rate on land values twice as high as that on improvement values. This has had a marked effect on promoting development of business, industry and public improvements in Pittsburgh. This unusual encouragement to construction and production is seldom mentioned by those who praise Pittsburgh as an example of municipal progress. Perhaps they are ignorant of the "graded tax" plan.

In 1951 the Assembly of the State of Pennsylvania enacted a home rule law, by a vote of 50 to 1 in the Senate, and 184 to 1 in the House, permitting 47 cities of the Third Class to tax improvements at a lower rate than land values, thus offering a two-way encouragement to construction and business.

In California some 120 Irrigation Districts use the plan of self-supporting government. The Wright Act of 1887 provided that "Directors of irrigation districts can levy an annual assessment on the land, exclusive of improvements, sufficient for its obligations and other specified purposes." By this policy of providing Natural Public Revenue to finance the projects, these local governmental sub-divisions have reclaimed some 4.5 million acres of semi-arid land without Federal or State aid. They have greatly curtailed land speculation by absentee owners and put land in the hands of owner-users. As Harlan Trott, correspondent of The Christian Science Monitor, pointed out in an article in the August 1956 issue of Frontier:

> "Too few Californians today clearly understand what it is that transformed semi-arid Stanislaus County into a green patchwork of family-owned farms and orchards, nor why much of the land contiguous at Modesto and Turlock Irrigation Districts is still almost as uninhabited as it was when California was a colony of Spain."

The royalties of the Tideland Oil fields of Louisiana, Texas and California supply Natural Public Revenue to state and local governments; and in some states school districts and state universities are the beneficiaries of oil and mineral royalties. The State of Nebraska uses income from leases on farm land owned by the State for school support.

Denmark is a nation in which the idea of self-supporting government is growing.

> "Denmark is the first country in Europe to have put into practical operation the taxation of land values, and the first country in the world to have a political party of national influence whose chief aim is to make land values the principal and, if possible, the only source of tax revenue in the country."

> "Since 1924 an annual national tax on land values apart from improvements has been levied, and since 1926 the local authorities have been obliged also to impose taxes on land values for some part of their annual expenditure."(*)

In Denmark, over 95 per cent of the farmers own the land they work. In the United States, during the period of the great depression of 1932, some 50 per cent of the American farmers were tenants, remarkably soon after settling a large continent where land was practically free. We can't brag about our record.

A Danish Parliamentary Commission, composed of members of all parties, after some six years of study, reported favorably on the full collection of RENT-of-land for public purposes, and the abolition of other taxes when and where possible. The details of this proposal are being worked out.

In Australia the idea of self-supporting government based on Natural Public Revenue is gaining ground at local levels, chiefly through a demonstration of its good effects in the areas where it is already in operation. Legislation enacted in 1883 permitted local governments to use RENT-of-land as an exclusive source of revenue. Only land title holders can vote on these proposals which require that a "three-fifths majority of those voting at the poll, or one-half the number of owners whose names are on the roll, must vote affirming the land value principle."(*) Under these severe requirements there have been successful polls in more than 25 communities in the State of South Australia. After the law has been in effect two years it is subject to repeal on a petition signed by 100 taxpayers. A simple majority suffices for repeal. Only four attempts at repeal were made and all failed to secure the necessary votes.

Sidney, Australia's largest city, and Canberra, its capital, use the RENT-of-land source exclusively for municipal purposes.

The State of Queensland levies a tax of two shillings (10%) in the pound on all undeveloped land. This is in addition to the present tax levied on land, and no exemption is allowed. The law defines undeveloped land as land that "has not on it improvements of the value of at least one-fourth of the unimproved value of the land." Since it falls only on holders of land held in an undeveloped state it is not a property tax; rather it is in the nature of an excise or privilege tax. It serves to further discourage land speculation and to encourage improvement of land use. This type of a law is especially desirable where State Constitutions, such as that of Missouri, demand that land and improvements carry the same tax rate. Such a provision flies in the face of economic science principles which, if properly used, would help people secure both land and improvements, but which, as used now, serve to encourage slum growth and land speculation.

(*) Quotation from Land Value Taxation Around the World, Robert Schalkenbach Foundation, 50 E. 69th Street, New York 21, N. Y.

In New Zealand the idea of self-supporting government through the collection of RENT-of-land is rapidly gaining ground according to an article in The Christian Science Monitor of November 17, 1950.

> "Out of 549 local communities within which rating authorities can be required to poll the taxpayers on the methods of taxation, 224 have voted for adopting the system of taxing unimproved value, or the land."

And this system is now "the most important system in operation."

Competing systems in Australia and New Zealand are either the taxation of both land and improvements as in the United States or the taxation of the income of improved land as in England, where there is no tax if there is no income, thus exempting vacant land from taxation.

In the Union of South Africa, Johannesburg, and Pretoria, the Capital city, use land value taxation exclusively. Government also supports itself by royalties collected from the privately operated mining companies.

New Westminster (British Columbia), Canada, derives most of its revenue from a land value tax. There is no tax on improvements. Many Canadian cities maintain higher rates on land values than on improvement values. Examples of the application of this idea to land locations and resources are widely scattered over Canada. The royalties (RENT-of-land) on oil production in Alberta, running from 6½ to 16 per cent, are collected for government use under a 1877 law. It is said that nowhere in the world is there a more orderly and less wasteful development of oil fields than in Alberta. Development is by private capital, of course.

In most countries of the Middle East, the principle of self-supporting government is followed where private companies pay oil royalties to the government. The principle is correct even if some individual rulers wrongly use this income chiefly for personal purposes.

Where Tax Education Goes Wrong

Taxation is now the field for a "class struggle" that will continue to rage as long as our public revenue system is made an instrument for profit by powerful self-seeking groups. The conflict will end only when the people insist that the principles of economic science and of morality be applied to the collection of public revenue.

Tax educators, academic and non-academic, continue to use a superficial and confusing approach to the subject; for the most part they make the inexcusable mistake of teaching *taxes* as if they were *sources* of revenue. A tax is no more a source of public revenue than a pump is the source of the water it pumps . . . a tax is used like a pump to draw income from the two sources of public revenue: RENT-of-land and Wage Rewards of Labor and Capital-owners. What would happen if professors of engineering were to give a course in water systems which placed great emphasis on pumps, and little or no emphasis on sources of water such as watersheds, rivers, lakes, and wells? Their students would be as confused as most students of taxes are now, and our water systems would be in as deplorable a condition as our tax system.

The study of public revenue should be based on the structure of economic science — on the relationship of the factors of production and the natural laws of distribution. The study should not be based on man-made tax laws, no matter how logically they may be arranged in the textbook or how eruditely they may be analyzed by the professor. The sources from which we draw income to government exist in nature and are made clear by a study of the factors of production and the natural laws of economic science.

Man can create endless taxes (pumps); but only nature can provide basic tax sources. Man can delude the majority of the voters into approving bad tax laws and believing they are good, especially if the money is raised for "good" purposes; but what man cannot do is to make good results for the people and the nation ensue from these unsound tax laws. Man can, however, use a correct source of revenue and get beneficial results through the operation of natural laws.

The one principle of public revenue that will bring order out of chaos is that of paying for "benefits received." This doctrine is based on the business principle of "paying for what you get," and is the opposite of tax relief for land title holders who, as such, favor the doctrine of "something for nothing." This "benefits received" basis for collecting public revenue is fully in harmony not only with the natural laws of economic science, but with the free market principle and with the Judeo-Christian principles of the dignity of the individual and the brotherhood of man.

The Citizen's Choice

When the people are given a chance to understand the principles and factors involved, they will approve of a public revenue system based on the principle of "benefits received." A school in the field of adult education, now in its twenty-fifth year, used to begin its course in fundamental economics by having students answer a questionnaire which included the following choice:

1) Taxes should be levied according to ability to pay, or
2) Taxes should be levied according to benefits received.

When faced with a direct choice between these two ideas a large majority favored the benefits received principle.

Regardless of all the tax doctrines and slogans that are bandied about, and the arguments that are advanced pro and con, a study of economic science reveals that the real choice which the people must make is this:

WHICH OF THE TWO SOURCES OF PUBLIC REVENUE SHALL WE DRAW ON, OR DRAW ON FIRST, TO PROVIDE INCOME FOR GOVERNMENT:

1) RENT-of-land, which is Natural Public Revenue, or
2) WAGE REWARDS of human effort, which is Natural Private Income?

This is the issue that must be decided by men and women as citizens, not as members of economic, social or pressure groups. The supremely important issue today is the choice of a source of public revenue that will secure economic justice, free enterprise and individual liberty.