



TRUTH, NOT DECEIT

FACTS, NOT PROPAGANDA

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The Finished-Products SINGLE TAX

A Tax for all Governmental Purposes and Collected by One National Tax Department. Based on the Individual's Ability to Pay, this Method is of the Utmost Simplicity, and will Eliminate All Evasions and Hidden Taxes.

WITH THE universal education in America today, nine persons out of ten will agree that our complicated methods of taxation have created one of the most serious problems confronting the people. Let anyone consider the multitudinous, duplicating and costly to collect hidden taxes—ad valorem, personal, occupational, income, excise and a score of other taxes—which are levied, collected and spent by literally hundreds of taxing authorities, and he can see where evasions and corruption are invited. Many of the levies are made upon guess work, and the ability to pay is not made the primary requisite. We have only to consider that luxuries, excepting alcoholic beverages and tobacco, pay proportionately less than necessities, and the burden is multiplied on real estate while personal property escapes a similar fate.

As an example of flagrant tax evasion, J. Pierpont Morgan in one of his last ship-board interviews said, referring to the income tax, "any man is a fool to pay taxes if the law permits him to avoid them". So the man of wealth pays lawyers and accountants to find the "loop holes" so others less able will pay the taxes. This common custom varies from year to year and results in the exchange of wealth in the "upper" strata of society, doing nothing to correct the evils of the system

or relieve the burden on the masses of the people. As one hole in the system is plugged there are a dozen others that form. In the early 30's it was the habit of those with huge incomes to deduct capital stock losses achieved by "washed sales" to wives and relatives, from earned and unearned income. In these latter days we see Capones and Annenbergs serving time and others before the courts of justice, each evasion costing the public high in law enforcement, and increasing the tax rate.

War profiteers will be prevented by the conditions limiting UNEARNED and EARNED income, as will also the gamblers on our security and commodity exchanges who use the peoples bank deposits "on call", demoralizing the credit system of the nation, to accumulate additional unearned profits.

In place of many multiple, duplicating and hidden taxes, including the Ad Valorem real estate tax (perpetual mortgage) with its confiscation of savings, corporation and personal income taxes, excise, occupational and hidden taxes, The COMMONWEALTH advocates that all taxation be made a personal matter for each citizen to meet according to his or her ability to pay as shown by the income of the individual, and that a Single Tax, collected by one National Tax De-

partment, be the sole source for all Federal, State and Municipal government revenue.

SINGLE TAX BASED ON INDIVIDUAL ABILITY TO PAY

The SINGLE TAX is an individual responsibility. Every man and woman as he or she buys will pay their proportionate share of taxes according to the amount expended. The tax is incorporated in the finished product when it leaves the last manufacturer or processor who has completed the articles or goods in a form fitted for individual use. No corporation or company, only individual citizens and residents (including aliens) in the United States will be taxed, and these will pay the tax when they use their income derived from wages, salaries, dividends, interest, rents and the like. It will be provided that no resident outside of the United States be allowed to remove from the United States such income representing wages, salaries, interest, dividends, etc., without such income paying a severance tax, at least equivalent to the national tax rate upon such earned and unearned income when used. It will only be foreign capital loaned to the enterprises of America (in the actual amount invested) that will be permitted to be taken out of this country, or any country operating under the SINGLE TAX System, without payment of the Severance Tax, the rate of which shall not be less than the SINGLE TAX rate.

BUSINESS AND CORPORATION TAXES

Profits of businesses will increase with the buying power of the public being vastly expanded. In fact we can vision the 100 billion dollar income for the nation which a great President has sought, only to be thwarted by the non-economic theories creating high prices on "scarcity".

Under the SINGLE TAX system there need be no business or corporation taxes on income. There will be no reserves for taxation, no excess profits tax, for as with the individual there is no tax on unlimited accumulated capital, the tax applying only to income. With gold no longer a medium for hoarding wealth, as it is now a possession of the government only, the corporation will necessarily keep its capital in use.

However, the business or corporation

which does not pay out all of its yearly earnings to individuals as dividends will pay the SINGLE TAX upon its net income, other than upon the dividends paid, at a rate no lower than the national tax rate set by the Federal government.

As with luxuries, the rate on such returned earnings can be increased in emergencies, in time of war, and to balance the budget each year, preventing thereby the necessity for creating Public Debt.

No donations shall be made by corporations.

UNEARNED AND EARNED INCOME DIFFERENTIATED

The SINGLE TAX System is based upon the INCOME of the individual, more specifically upon USED INCOME. To insure that no individual receives and can misuse income beyond his or her utmost needs for living and security, it is proposed that an individual may receive a net income from an UNEARNED source, such as dividends, extra dividends, interest and net rents, (which will have paid the SINGLE TAX when received by either individual or corporation) up to \$10,000 net per year (for man and wife therefore \$20,000), with certain exceptions to be noted; and that EARNED income, wages, salaries, bonuses, and net profits from operation of a person's own business or profession, be limited to \$75,000, with no exceptions.

Individual income received in excess of these amounts will revert to the Tax Department of the National (Federal) Government, reducing the SINGLE TAX rate, thereby lowering the costs of man's requirements, creating more industry and occupation to supply TAX on purchases.

UNEARNED income below a net of \$10,000 and EARNED income under \$75,000 can be spent without restrictions, and without any taxation except the SINGLE TAX on purchases.

The exceptions to be applied to UNEARNED income above \$10,000 net per year are: any UNEARNED income above \$50,000 shall revert in full to the National Tax Department. Between \$10,000 and \$50,000, half reverts immediately to National Tax Department; and half may be used as designated in the following percentages:—

1.—Ten percent may be given to individuals over the age of 18 years, with a maximum of \$5000 to any one person. The recipient shall, however, treat the gift as part of his or her UNEARNED income; or IRREVOCABLE INCOME-ACCUMULATING TRUSTS may be created for minors (any child under 18 years) to return up to \$10,000 per year. All income in excess of this to revert to the Tax Department to lower proportionately the Single Tax rate fixed by the Federal government each year, as based upon a national budget.

2.—Twenty percent may be used to employ individuals, domestic servants, chauffeurs, bookkeepers, accountants and for professional services, tuition and board at educational institutions.

3.—Thirty percent of half of the net income above \$10,000 may be given to religious, private or public educational institutions, but no allowance shall be made for charitable institutions, these being supported with funds derived from the Single Tax System and allocated to non-political Community or Religious Welfare Organizations. The hospital, orphanage and poor house will cease to exist as public charity institutions run by politicians.

4.—Forty percent may be employed in NEW enterprises; NEW homes and their furnishings (but not for replacements); a new yacht; NEW productive businesses, for NEW issues of stocks and bonds (but not refinancing or reissues); and for clearing and development of farm lands. This and the fact that property (capital including the farm) is not taxed will stop the necessity for Federal soil conservation payments.

In order to insure that these reasonable restrictions on Earned and Unearned income, necessary for the good of the state, are enforced, an income tax report shall be required of every citizen whose net income is \$5,000 or more per year, whether earned or unearned.

SINGLE TAX DEFINED

The SINGLE TAX is a tax which is applied at the same tax rate to every need of the individual. It is a tax applying only to finished products personally usable and, therefore, would be collected in most instances from the last manufacturer who completed the goods.

Under the SINGLE TAX System with the limitations upon UNEARNED and EARNED income, the excess reverting to the Tax Division of the Federal government, all the people will become beneficiaries from a lower tax rate in the purchase of their requirements. Moreover, with the reduction in the prices of goods there will follow more use, a wider distribution to mankind, increased industry to supply these necessities, increased employment, a means of extending security to the masses and to the families of man, and a tremendous increase in the circulation of money and the spread of buying power. It is this used buying power that determines each individual's ability, and when thus encouraged to use it he pays his share of the SINGLE TAX, with no possibility of evasion.

If purchases are not made the individual has no tax to pay. When security is established the individual with a large buying power will in most cases use all of it, and the tax will be paid, incorporated by the manufacturer in the articles that he buys. It is desirable and therefore made more sure by limiting income that most of the individual's income under \$10,000 be used, except that part which can be saved and invested productively, thereby creating employment and giving buying power to others who will spend and pay the Single Tax. The excess above \$10,000 will no longer be hoarded income wealth since the 50% exemption must be used, and used wisely, or it will revert to the National Tax Department.

HOW SINGLE TAX IS COLLECTED AND DISTRIBUTED

All taxes in the Nation will be collected by the Federal (National) Government under the Finished-Products Single Tax System.

That portion of the tax included in the budget for state and local governments will be paid to Tax Departments of each State, proportioned to each State's Total Wholesale and Retail Transactions, Population, and Area. The State in turn distributes its share to each incorporated town or city on the basis of Commercial Activity. Such services as garbage collection, sewage disposal, etc., which are usually given in cities without a direct

charge, can be financed by making service charges in the various cities; for it can be seen that the removal of garbage and sewage from a property is just as much a service as bringing water and electricity to it.

UNTAXED INHERITANCES

The SINGLE TAX System allows each individual possession of unlimited wealth and savings, real and personal property, all of which capital is subject to no taxation and no confiscation during life. It is only INCOME and its use that is important.

There are no Inheritance or Estate taxes on personal property or on the devise of one home. These are non-income producing wealth.

Any individual is permitted an INHERITANCE not to exceed that amount which brings his or her total income producing wealth (rentable property and securities) up to \$2,000,000. This amount invested at 2 1-2 per cent allows of an Unearned Income of \$50,000—the maximum allowed under the SINGLE TAX system.

ESTATE confiscation, is applied only to that excess of income producing wealth which is not devised as specified. Such surplus shall be sold in the open market and the funds received will revert to the National Tax Department of the Federal Government, thereby to lower the Finished-Products SINGLE TAX rate.

CAPITAL GAINS AND LOSSES

There is no tax on the buying and selling of any form of capital, the transfer of real estate, or on the sale and purchase of securities, stocks and bonds, apart from registration fees. It is only on the income from these forms of wealth upon which the SINGLE TAX is collected, for such dividends, interest and rents represent the finished product of capital, one of man's needs.

The profit on the sale of securities, real estate or personal goods shall be considered as income only to the amount that the sale price exceeds the determinable value of the property as of the first day of the tax year or the purchase price if the transaction is made in the year. Any similar capital losses in the tax year will be allowable as deductions only on such capital gains. The losses may be claimed

however, against capital gains in the current tax year or in any four succeeding years. It is the purpose to stabilize savings and income and protect them from unjust loss. Speculation and gambling in capital will become limited with the result that value of property will be stabilized, upon which the people can then more safely make necessary loans.

Further limitations of speculation and gambling, especially on our security and commodity exchanges, will be effected by outlawing DEMAND LOANS, designated as "Call Loans", on these exchanges. At present a most unstable credit situation leading to inflation and false prosperity, followed by deflation and depression with the ruination of industry and the loss of occupation to millions of citizens, has resulted from the false prices created through the power of such fickle Call Loans representing money borrowed from the banks by gamblers in securities. The banks now loan these credit manipulators the people's bank deposits for their nefarious enterprises of gaining unearned capital without commensurate productive service.

ONE TAX ONLY ON ANY ARTICLE

The new automobile, new sewing machine and all other new goods usable by the individual will pay the SINGLE TAX when they leave the factory. Thereafter no tax will be collected upon the purchase or sale of any such goods. The used automobile, for example, will pay no single tax when it is transferred to another. This will insure that better automobiles will be seen on our highways and allow citizens with smaller incomes to obtain goods of better quality at fair prices, not increased by duplicating and hidden taxes.

NO TAXATION OF SAVINGS

Savings put into a house or real estate today are confiscated under the Ad Valorem tax system, the owner of the property paying the tax on both his invested capital and the capital borrowed on an interest-bearing mortgage.

Under the SINGLE TAX all taxation of capital (savings) is abolished and only INCOME from property or capital is taxed. Rents and mortgage interest received will pay the Finished-Products SINGLE TAX, but the savings of both rich and poor, their capital and homes, will be secure.

With the capital of the man of moderate means as well as that of the rich thus protected, the home owner will no longer have to pay confiscatory, unconstitutional taxes on his savings placed in a home, plus a similar tax on the amount he borrows on mortgage, while the capitalist pays none. The process will be reversed. The home will be tax free, and the mortgage lender will pay the SINGLE TAX on the "finished product" in this case the interest on the capital he loans.

CAPITALISM PRESERVED

It is apparent that with better government at less cost and the lowering of the price of necessities, that even higher wages and salaries are not of first importance. All such unnecessary increases raise prices and lower consumption and security for the mass of the people, to be compared to the final result of the high tariff system which concentrates wealth in a few hands and, although developing the country, has left the mass of the people little better off.

The SINGLE TAX does not destroy initiative, for even though the executive's unearned and earned income is limited, he can receive up to \$105,000 a year spending and investing power—a non-taxed \$75,000 from EARNED income, \$10,000 UNEARNED income and a possible additional \$20,000 of UNEARNED income out of a total UNEARNED net income of \$50,000.

It will not be necessary to pass laws so politicians holding office cannot escape the Income Tax on their salaries, as done, until recently, since 1913 by judges, legislators, and office holders. Under the SINGLE TAX system no individual can evade taxes upon his ability to pay as shown by his INCOME USED.

There will be no income tax exempt securities legalizing the special privilege class to escape taxation. The non-productive drones of society, counts and "no-accounts", the beneficiaries of the fortunes of dead men, will no longer be parasites on the commonwealth, absorbing the wealth created by the industrious, for UNEARNED income will be limited. Finally, the present States Rights system of taxation of capital, the notorious Ad Valorem real estate tax system, supporting a host of public officials and the judiciary system, who with the lawyer legislators en-

force the legalized thievery and annul the Will of the People, will be abolished.

RESUME

The SINGLE TAX is incorporated in the goods or other requirements of the individual, having been collected from the manufacturer or processor who completed or supplied the product. The amount of the tax thus paid will be apparent to every buyer, since the rate will be uniform and published each year by the national government. However, it may be increased on so-called luxuries, such as tobacco and alcoholic beverages, or for specific purposes, as for example an additional gasoline tax, and, as has been pointed out, upon the non-distributed net income of businesses and corporations.

The great objectives of the SINGLE TAX system are: 1—to increase the income of the country as a whole by spreading buying power and insuring that it is used; and 2—to give security to the family of man, not simply to an individual or a Class.

The present Income Tax is based upon UNLIMITED INCOMES, both earned and unearned, without regard to the all important use and spread of buying power and the accumulation of savings. It results in ever increasing taxes on wealth, destroying security, and raising prices, whereby the taxes are passed on as hidden taxes for the mass of the people to pay.

The SINGLE TAX is derived from USED BUYING power, the more income used the more the tax collected, increasing also with the price of the article. Thus a glass of champagne will pay a higher tax than a glass of beer; a sirloin steak more than a rump; a traveller in a Pullman more than one in a day coach, etc. With buying power used, buying power is given to others, who in turn pay the SINGLE TAX with their purchases, increasing the purchasing power of the entire country.

With the security resulting from tax free capital, (savings, homes and real estate, which pays the SINGLE TAX solely on the income derived from such sources) the income of all the people will be more generally used. As this security is extended equally to wealth, individual initiative will not be destroyed by the economic restrictions on earned and unearned incomes of favored individuals.

The SINGLE TAX Applied

THE INDIVIDUAL'S possible requirements may be classified under 10 general groups.

1. Housing and real estate. 2. Food and beverages. 3. Clothing. 4. Goods. 5. Power and light—fuel and electricity. 6. Communication—telephone and telegraph. 7. Transportation. 8. Recreation. 9. Service—labor and professional. 10. Capital—dividends, interest and rents.

The SINGLE TAX is applied to no capital, home or farm, personal or intangible property or service as such, but only to the finished tangible products which man produces from them.

It is therefore not applied directly to labor or professional service, which in themselves produce no saleable completed product and are only a means or investment to create and make possible saleable completed products fitted for individual use.

Therefore, labor and raw material and its various processed products before completed are at no time taxed until the product is finished in a form suitable for individual use, when as it leaves the manufacturer or processor a one-time single tax is applied to the goods, using as the basis for its application a minimum government estimated retail price.

1. The home or farm pays no tax. The owner or corporation of a store or factory pays no tax on the capital invested if used by the owner, but obviously neither will there be a deduction on gross income as allowed the individual or corporation paying rent. It is the owner, whether an individual or a corporation, who pays the SINGLE TAX on the rent received from capital invested in commercial property.

If improved property, except a home or a farm, is not rented the state shall have a right to assess a fair rental "income" upon such property for Single Tax purpose. Wealth hoarded in unimproved land shall after five years pay the SINGLE TAX yearly on one tenth of its appraised valuation.

However, an unoccupied home or unused farm shall never under any circumstances be taxed or confiscated when unoccupied,

for to do otherwise will tend to lower values and to destroy good neighborhoods and residential standards.

Hotels and apartments (non-cooperative) will pay the SINGLE TAX on the rents received.

2. All perishable vegetables, fruits, eggs, poultry and meats—unboxed, not canned or otherwise processed—will have the SINGLE TAX applied at and paid by the retail store.

Processed products will have the tax applied at the packing house, cannery, factory, distillery or brewery.

All tax will be rebated on the ingredients of a loaf of bread coming from a bakery, but the single tax will be applied to the finished-product as it leaves the bakery. However, the individual buyer of flour, salt, sugar and the like will find the tax incorporated in his purchases, it having been applied once only to the finished-product at the mill, refinery, etc., when processed.

Meat and fish will pay the tax as it leaves the abattoir or wholesale dealer. When delivered direct to the retailer by the producer, the retailer will pay the SINGLE TAX.

3. Clothing, shoes and the like will have the tax applied as they leave the last manufacturer who completed the articles.

4. The same method will be used in the case of goods—furniture, bric-a-brac, carpets, curtains and curtain material, hardware, fixtures, lamps, household equipment, stoves, ice boxes, lavatories, sinks, etc. But no tax will be applied to such building materials as lumber, brick, glass, cement, sand, flooring and roofing, which obviously are not finished products fitted for individual needs.

Stationery and books will have the tax applied by the manufacturer or publisher.

The printer will pay the tax on his finished product, being rebated the tax due on stationery used.

The newspaper will pay a finished product tax on the sales and receipts covering both circulation and advertising income, these being finished products in the

"individual", sense even though used by a corporation.

Both individual and corporation will find the Single Tax incorporated in a typewriter by its manufacturer.

The automobile will pay the tax and pass it on to the buyer in the new car. Thereafter there will be no tax on the sale of used cars. There will be no tax on automobile repairs—these representing principally the cost of labor, the parts used not being individually useful finished products. There would be the SINGLE TAX, however, incorporated in all accessories, tires, batteries, lamps, upholstering material, etc.

5. Fuel, gas and electricity will carry the SINGLE TAX in the bill for both individual and business.

6. The telephone and telegraph tolls or bills would include the SINGLE TAX.

7. The finished product of transportation is represented by the passenger ticket. There will be no tax on the railroad corporation, any of its operating equipment, real estate or stations. The same would apply to bus travel, re-establishing equitable costs between these means of travel, building up again our necessary rail facilities. There will be no Single Tax on freight since this is simply an accessory to placing the finished product in the hands of the individual, and will be included in the estimated retail price of the goods when the SINGLE TAX is applied. This will increase distribution and use. The bus line will be rebated the tax on tires used, and both bus line and railroad will be rebated all taxes on fuel or power used, the ticket being the finished product. Automobile and bus licenses will be minimum and not used for income purposes, but simply for registration.

8. The theatre ticket will include the SINGLE TAX. The billiard room or bowling alley will pay the tax by a government coupon sold the players. The equipment would be tax free, but if sold to an individual or corporation for its employees use without charge the tax would be included.

The private golf, tennis or recreational club would carry the tax in its annual dues; the public course on the fee charged. The ball clubs balls, rackets, shoes, and clothing would have the SINGLE TAX in their retail price.

9. Labor and professional service will pay no direct tax, the tax being collected when the individual uses the income received in purchasing his requirements.

10. There is no SINGLE TAX on capital or its transfer by sale and purchase, whether a house, stock, bond, or mortgage, or bank deposit. However, the finished product of capital—the dividends, interest and net rents—will be subject to the SINGLE TAX to be paid by the recipient. Deduction for the payment of such taxation will be allowed in determining the net unearned income.

The power to tax is a national one. No other tax than the SINGLE TAX will be legal, unless the people of a community are willing to submit to a Retail Sales Tax to increase local income. But this shall not be a "states right", but solely a "home rule" power. This shall be legal only by a majority vote of all citizens, with at least 60% of the people voting.

The national government will fix a budget for the federal, state and local governments and fix the SINGLE TAX rate accordingly. Public Debt will be completely abolished, except for the Federal debt, which will consist mostly of short term notes, to be included in the next years SINGLE TAX budgetary requirements.

The SINGLE TAX rate will probably not exceed 15 cents on the dollar income, whether earned or unearned. Authorities have believed that at present 25 cents out of every dollar received has gone into taxes, but Chairman O'Mahoney of the Federal Monopoly Commission recently stated that only 20 per cent was thus taxed from the people, of which 11 per cent went to state and local governments and 9 per cent to the federal government. A study made for the Commission by the Commerce Department showed that 26 per cent of all taxes paid to federal, state and local governments were actually paid in 1939 by persons whose incomes were less than \$1,000 a year.

Under the SINGLE TAX with its reduced operating costs, elimination of evasion by those able to pay, and with eventual abolishment of Public Debt it is believed that not more than 10 cents out of every dollar earned will go for taxes, a reasonable sum for a good government of, by and for the people.