

Servant or Bureaucrat?

by PETER PATSAKOS

IF the economic rent does not meet all the needs of government, should wages and interest be taxed? Henry George stated: "As a man belongs to himself, so his labor when put in concrete form belongs to him. And for this reason, that which a man makes or produces is his own, as against all the world—to enjoy or to destroy, to use, to exchange, or to give. No one else can rightfully claim it, and his exclusive right to it involves no wrong to anyone else."

Let us imagine a natural catastrophe for which the rent fund cannot provide the necessary aid. A vote is taken and 90 per cent of the voters favor taxing of wages-interest. Would taxation then be justified?

Our present economic system, with its basic weakness of the private collection of land rent and the taxation of wages-interest, often responds to emergencies with the voluntary aid of individuals. We are all familiar with the philanthropic organizations which receive thousands in dollars and voluntary work hours yearly. Voluntary aid during times of unusual distress would be adequate provided the economy reflected the natural distribution of wealth, viz., economic rent to the community which produced it, and wages-interest to individuals who produced it.

I have the right to give my earned income—wages-interest—to anyone I please, but no right to force anyone else to. The violation of the natural distribution of wealth always results in harmful consequences to man; that is why wealth is distributed according to a moral natural law. Man can violate the natural distribution of wealth but he must then suffer the inevitable consequences; poverty, war, crime, slums, etc. The greater the extent of

the violation, the greater will be the harmful effect.

Taxation of wages-interest would increase the possibility that the full economic rent would not be publicly collected. It would also confuse the citizens as to the amount of revenue that is derived from land rent. Once the principle of *no taxes* is violated the way would be open for private collection of economic rent and the substitution of wages-interest for public revenue. A community's budget should be limited naturally by the economic rent, just as a family's budget is restricted by its earnings. Instead of first deciding what to spend and then taxing a combination of rent, wages, interest and/or deficit spending, to obtain funds, the community would determine its economic rent and then decide what public services are needed. There are many taxes, i.e., sales, excise, buildings, land, gas, etc., but there are only three sources of revenue because there are only three factors in the production of wealth. One of these sources is community produced—rent; and two—wages and interest—are individually produced. The rent fund budget would make the government a public servant rather than the bureaucratic monstrosity it is today.

Land rent increases in proportion to the public needs of the community and local communities, generally speaking, should collect the ground rent since this would result in the most accurate and certain collection. A portion of this amount can then be passed on to state or federal governments for services which local communities cannot provide.

Is not the essence of slavery the confiscation of the slave's stored labor—wages-interest? The master may be beneficent but the relationship remains.