

## IX

### EFFECTS OF TAXATION

PEOPLE are tired of beautiful phrases about justice, equity, liberty, and equality of opportunity. Philosophers, poets and most of all, politicians, elaborate on these theme songs with which we lull to sleep a docile people—and on the whole, we the people, are just that. But the men from the forks of the creeks, the men who do the hard and dirty work in the coal mines, in the oil fields and in many another stubborn stratum, in towns and cities, as well as the small and large business men who have no monopoly to protect them, are prone to say, "These fine sentiments are but empty words, so long as we are deprived of our full dinner pail; so long as we are not getting the just rewards for our labor, whether working for wages or for ourselves."

The men who are hungry, and even the men who have a hard time to make ends meet; the men who cannot give their children the food, clothing, shelter and education which their heart yearns to give them, cannot enjoy a beautiful landscape, a beautiful sunset, like the ones who have no fear of want, whose tomorrows are taken care of. To them the talk about liberty, justice and equality, by those who sit smugly by their fireside and have never had to worry about where their next meal or their next rent-money came from, seems like empty and meaningless platitudes.

That the New Deal has helped those in need and that they feel grateful for it we have no doubt. But we also have no doubt that most of these people would rather have the opportunity to satisfy their wants entirely through their own efforts. They would rather be free men, which they are not so long as they receive help directly from the government. They would rather experience the great satisfaction that comes from eating and enjoying that which they have earned and created by their own work. The cynical deny this, saying, "These people are too lazy; they would rather live on

a dole." We know that this is not generally true of the American people, and that they would much rather be dependent upon themselves than the state if but given the opportunity.

"How then," they have a right to ask, "will your system help us?" Many will say, "We live here in the city, it is true we have high rent to pay, but we can't go to the country. If we did we would not know how to plow, how to raise cabbage, or even how to milk a cow. No! Thank you, we had rather stay here in the city where we know where our money is coming from, and where we can see a movie once in a while. You can keep your fresh air and your sunshine. We had rather leave well enough alone."

These very words we have heard many times from the city worker. That he is dubious about any plan we can well understand. We then tell him, that our system (call it the Single Tax if you like) will do these things for him: First it will lower his house rent and even give him an opportunity to buy and pay for his own house. Second, it will reduce the price of everything he needs to satisfy his wants and those of his family. And third, it will have a very strong tendency to prevent more influx of workers from the farms to the city, and thereby prevent the urban population from growing still more congested.

The average American is intelligent; he reads the papers, he gets books from the library, he listens to the radio, and he is becoming much more alert than his brother of yesterday. He has just as much, if not more, intelligence than the average so-called statesman in Congress. He is beginning to see the light but it is still rather diffused. Then he thinks, How can your plan do all that? It looks too good to be true. He agrees with us that the power of taxation is the greatest power for good or evil that the government wields. But he wants to know more. He has become interested, so we explain more in detail and more specifically the practical effects of taxation on his daily life.

We tell him things he already knows, in plain words, not in involved language usually used in economic treatises: That everything he has to purchase to satisfy his human wants has been taxed and retaxed a dozen times, and that it is he who, out of his meager wages or salary, pays all these

taxes indirectly. The suit he wears comes from the sheep on the ranch. The sheep were taxed; the stable to house the sheep were taxed—the feed with which the sheep were fed was taxed—the shears with which the sheep were clipped were taxed, the truck to haul the wool to market was taxed; the wool itself was taxed, the yarn was taxed, the machinery which spun it into cloth was taxed, and finally, the suit was taxed in the hands of everyone who handled it, and the merchant who sold it to him paid a tax on the building where he stored the suit for the retail market. All these taxes are added to the final price paid by the ultimate consumer. Under our plan all these taxes will be removed and the consumer will pay for a suit what it is really worth without a lot of taxes added to it.

Next, what about rent on buildings? How will the laborer fare here? He will pay less for the reason that without a tax on building material the house will cost much less to build. Moreover, there will be more houses because vacant property will be used to build houses to supply the demand. And the law of supply and demand still controls prices. And what is of even greater importance, he will have an opportunity to buy his own house, and become a homeowner.

The condition of the farmer will have a direct bearing on the condition of labor in the cities. Due to high prices of farm lands and relatively low prices of farm products our rural populations have been decreasing in comparison to our urban populations. Our plan of taxation will have a direct beneficial bearing on this. It will stem the tide of people now going from country to city and many of those who know country life will return from the cities. It will give a real impetus to the "Back to the farm" movement.

Many schemes have been tried and proposed to bring this about, but nothing will foster this more than by reducing the price of land by taxing it to the extent of its full rental value. When you do that all the unused and partly used land, as well as that held merely for speculation, will be available to those who want to work to make a livelihood. And statistics show that there is plenty such land in existence. Economists agree that the state of Texas alone is rich enough in natural resources to take care of the entire population of the United States.

Again you will hear the argument that we now have an over-production of farm crops. We have never had this. What we did have, the city dwellers, especially those working for wages, did not have the capacity to buy. Under our plan they will have less rent to pay, less to pay for the necessities of life and, due to the encouragement given to industry when untaxed, there will be more industries, fewer laborers in the city, and consequently more jobs and better wages. All this will open up a new market for farm products, and in turn the farmer will have the capacity to buy more of the products of industry due to the increased purchasing power and the lower prices of untaxed factory products.

And yet there are those who say that our laborers are getting all they are entitled to. We say they are entitled to their own homes, the best clothes they can get and the best food. They have never had too much of this, notwithstanding what we are pleased to call our "high standard of living." Surely we do not expect them to give dinners or parties costing \$10,000 and more. They do not want this, but they do want the opportunity to get a fair return for their labor so that they can have all the food, clothing and shelter which is their God-given right.

Therefore, we say quit putting a burden, a tax, on the things created by labor whether in the city or in the country. Then the producer of factory goods and of farm products will trade freely. One will make shoes and the other will raise wheat, and while they will use money as a medium they will in fact be trading shoes for wheat, unhampered by all the taxes that are now added which increase the price and add to the cost of living.

But why cannot the tax on land be shifted by increasing the price of goods? The fact that the Supreme Court of the United States and all economists agree that it is the one great direct tax, may not satisfy the average man. The fact is that during all the years when the tax—or the rent—was paid to private individuals, instead of to the state—to the people—to whom it belongs, the price of the farmers' crops did not increase. History shows that they were lowest when land was highest.

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And yet there are those who cry, "We need to raise money to run our government. What is the difference how we get it?" The difference in the methods is as great as that between day and night.

We have clearly shown that our present system of taxation is destructive of all the things we want, while our plan is constructive. We carry the burden direct on the shoulders, while by the present plan we carry it at the end of a ten foot pole. The difference is the same as if you were to carry a hundred pound sack on your back or at the end of a chain tied to your foot. The present tax is one on locomotion, while ours puts things into motion, by putting the tax on the broad foundation of land—a part of the earth.

We would collect the taxes directly at the source from the common heritage of the human race.

We should put a stop to the unending search for something new to tax. With every new levy the system grows more complicated, providing loop-holes for the chiseler and fat fees for the tax experts. Moreover, with every new levy the horde of people needed to assess and collect these taxes increases.

Today we laugh derisively at the stupidity of the governments of early times that did such foolish things as, for instance, the French government when it imposed a "window tax." To them it seemed entirely logical. Glass was a scarce article and a luxury. What better indication of a man's ability to pay than the number of windows he could build into his house? The result, of course, was that less windows were placed in the houses. Our present system of taxation is in many ways just as disastrous to health and happiness as was this foolish window tax.

Today we laugh about the foolish things that governments did centuries ago. Let us not be too sure that our grandchildren will not laugh about some of our schemes to obtain revenue for the government. Congress and legislatures are continually dealing with the question of taxation. The cry goes up that taxes should not be increased, and yet we must have money to carry on the war. It is argued that incomes are taxed too heavily, therefore a sales tax is proposed. With

the least reflection everybody knows that a sales tax comes as much out of the income as the direct income tax. Congress must see this. If they do not it will certainly amuse our grandchildren.

Under our present system, or rather a lack of system, we put a tax on this and that to be paid mainly by this or that group. When there is an outcry against certain taxes sufficiently vociferous we remove those taxes and levy the burden somewhere else. All this is done without any rhyme or reason, but simply because we do not know where else to get the needed revenue.

Does it not seem that there might be a simpler, direct, and more just way? The government needs an income to render the necessary services to the people—services which are the proper function of government. We submit that taxation must be applied to the basic source of wealth whereby production will not be destroyed, but on the contrary, it will be enhanced and all the intricate schemes of our present system will become completely unnecessary.