

Citizen Capitalized

by W. E. PEREIRA

WE have property taxes, income taxes, and certain fees which are obvious forms of taxation. Then we have hidden but effective tolls eased to us so that they are less obvious.

But the first robber is inflation of our purchasing media. This yearly rate bounces from 2½ to about 4½ percent, and is peddled to us not as the insidious pirate it is, but as a necessity to give the economy a shot in the arm.

Since the only cure for addiction is withdrawal, and since this is not politically expedient to any politician, our economy is hooked. At least the economic "system" of Lord Keynes did have a transmission with a neutral *and* a reverse gear. We do not hear much about this from our "new economists." Perhaps we do Keynes an injustice in blaming him for our ills. Fiddling with a non-market economic system is indeed bad, but to use only a part of that gear-box — pump-priming in forward gear — is certainly asking for it!

Every product we buy has been subjected to two influences before it reaches the unsuspecting consumer — taxation at each stage, and markup at each stage. Mother Nature's products undergo many changes—each taxed and marked up—on their way to the purchaser.

There is first a tax on the product. Next a markup on the price, plus tax. Then a tax on price plus markup (plus tax). And a final markup on price, plus tax (plus markup, plus tax, etc.) until we stop at the point of use or consumption.

The consumer "protectors" at the national, state, county and local levels mention this markup feature but do not tell us how big the little tax grows all along the line.

We have tariffs for protection of

"infant" industries, customs duties and subsidies (sugar at 5½ cents a pound is higher than the world market price). Carefully planned fiscal fantasy makes it seem possible to pluck, through taxation, more than most of us realize exists.

For instance, it doesn't take a very large gross wage to make a man a 4,000-dollar-a-year goose, prime for plucking by all the taxing entities in the nation—from local to Washington. We find that \$4,000 is equivalent to \$80,000 invested at 5 percent. High interest rates are bad we are told. We can see why our government thinks so — that same \$4,000 capitalized at 10 percent is equivalent to only \$40,000. This makes citizen goose less lucrative for plucking. On the other hand, \$4,000 capitalized at 3 percent *increases* the equivalence factor to \$133,200 invested. This is the way land values (which are inflationary) work out, also. Low interest rates mean high land prices; high interest rates lower land prices.

Looking at taxation from the viewpoint of capitalized value, we get a much better understanding of its magnitude. The \$4,000 a year tax man realizes that he is a mobile fortune—he feeds and houses himself and is being plucked as painlessly as possible by government entities. One wonders if Medicare and all the other "cares" are devised mainly to keep the goose in a healthy egg-lay state.

Think of the American competitive system at work, with status-seekers eagerly buying popular lapel buttons. The prospects for Madison Avenue are staggering. "My button says I am equivalent to \$500,000 invested!"

So many citizens, or geese, would be clamoring for high-value buttons that peddling cheap money at low interest

rates and creating inflation would soon be a demand. Other problems would arise, however, and could lead to misplaced values. Who needs a Cadillac or Mercedes as a symbol if he has a \$1,000,000 equivalent button? We would have to issue false-value buttons

to welfare cases because we could not place them among buttons *buttonless*.

Perhaps we ought to ask our representatives, not "how are you using my \$4,000" but "how are you using my \$80,000 invested at 5 percent in your name?"

Montreal

While travel agencies are eagerly snatching up tourist lodgings for Expo 67, Georgists can thank the Montreal Henry George School for its far-sighted action in reserving and paying in advance for use of the College Jean de Breheuf from Wednesday, July 26th to the 30th. This will be the meeting place of the 23rd annual conference of the Henry George School. Breakfast will be available at the college, other meals may be taken at neighboring restaurants. The banquet on Saturday will be at Queen's Hotel with Canadian Senator Arthur W. Roebuck and Dr. Robert V. Andelson of Alabama, as speakers.

Others on the program at other sessions will be Mitchell S. Lurio of Boston, Dr. Samuel Scheck and Gerald Schleicher of Long Island (See July 1966 HGN), Dr. Geoffrey W. Esty and Alexander Goldfinger of New Jersey, Noah D. Alper of St. Louis, Miss V. G. Peterson of New York, and various members of the New York headquarters staff international. Complete programs will be sent to all HGN subscribers later.

The only available accommodations at the college are single rooms in the dormitory at \$5 a day. In writing to the Henry George School, 4278 Dorchester Street, West, Montreal 6, Quebec, Canada, please be sure to include your advance deposit of \$10 for each room requested. Reservations sent without this payment may be held for as long as 10 days only, pending receipt of a check or money order.

Strethel Walton, in the role of efficient tour director, has looked up these nearby lodging places for persons wishing to stay longer. If interested write directly to them.

- a) LOGEXPO (least expensive) Expo 67 Administration Pavilion, Mackay Pier, Montreal, P. Q. Canada.
- b) Mr. A. Villeneuve, c/o Versailles Lodge, 1669 Sherbrooke West, Montreal, P. Q. Canada.
- c) L. P. Girard, 4278 Dorchester West, Montreal 6, P. Q. Canada.

Come and Dine

The annual banquet for Georgists in New York and environs will be on May 24th at the Seventh Regiment Armory, 67th and Park Avenue. This vast old structure, a few blocks from the Henry George School, should be seen and remembered as an example of architecture and construction that is fast becoming legendary.

As this year marks the 80th anniversary of the founding of the Anti-Poverty Society by Dr. McGlynn, the evening will be given to a review of "Father McGlynn's War on Poverty." Speakers will be Professor Clyde M. Reeves, Will Lissner and George Collins.