

LETTER TO THE EDITOR

(The following Letter to the Editor was written by Stan Rubenstein in response to a column by Richard Strout, on the value added tax, which appeared in the Wednesday, February 23, 1983 issue of the Christian Science Monitor. It is reprinted here in its entirety, and appears with permission of the paper, c 1983.)

"V.A.T.--the value added tax--like Phoenix, rises once again from its own ashes, with promises of unlimited revenues for a thirsty government. Richard Strout, in his column of January 28, tactily endorses this black hole of fiscal policy, a tax adopted by many European nations."

"What better method of raising revenue, and plenty, with a minimum of squawking, then taxing each step in the productive process, claims Mr. Strout. More than two centuries after Adam Smith enunciated his classic criteria for a good tax, we are still debating the merits of a tax that bears heavily on production. V.A.T., as most other taxes, runs counter to the concept that it should bear as lightly as possible on production."

"In lieu of V.A.T., which reduces purchasing power by increasing prices, there is one tax that could increase production, create more competition and thus, lower prices. Taxing land values heavily and concomitantly, decreasing the already existing taxes on production--including labor and capital--would accomplish the task, with greater economic efficiency."

"Emphasizing land values as a source of revenue would increase greater utilization of land, since underusing it would be economically unsound. Millions upon millions of acres in this nation are owned and controlled by major corporations, many of whom pay little for its usage."

"Only society creates land values, so why not return its value, in revenue, to the logical recipient--the government."

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