submitted but unpublished.

October 19, 1982

Letters Editor,
Newsweek
444 Madison Ave.,
New York, NY 10022

Dear Sir/Madam:

Congratulations on your thoughtful "Jobs" study. However, in your analysis, I believe that you have overlooked one of the key factors in the jobs equation: that of the negative effects of prevailing federal, state, and local tax policies on the national economy.

The taxes that we pay --- such as income taxes, sales taxes, taxes on buildings and improvements, etc. --- are levied, primarily, on the return to productive labor and investment. This general policy sends a clear message to both wage-earners and investors that the more actual work done or capital productively invested, the "progressively" higher will be their proportionate share of the total tax burden.

Consequently, a great amount of scarce capital is diverted to unproductive investment in land and natural resources. Because of relatively low taxes on land values, nationally, such an investment policy makes sense (not to mention, dollars!) when the investor is rewarded with unearned 'windfall profits', or finds a financial haven in secure"tax shelters'. Meanwhile, not a particle of real additional wealth has been added by such activity to the economy as a whole.

Economically speaking, the value of land and natural resources is not created by human efforts, as such, but by effective human demand --- which results from the vital role that access to the Earth plays in basic survival and in the productive ~~policy~~, generally.
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From the public taxation policy perspective, since land values are truly socially created, that is, generated by the presence of roads, schools, hospitals, and over-all economic and social ~~vitality~~ activity --- and are accurately reflected in the market ~~price~~ value of a particular location within that context --- they constitute a logical, reliable, and ethically desirable source of revenue for funding public expenditures.

By gradually shifting taxes off of economically productive work and investment and onto the economic value of land and natural resources, a tremendous burden would be lifted from the shoulders of all who wanted to earn their way. The comparative few who have effectively monopolized a disproportionately large share of this country's resources (3% of the population owns 95% of the privately held land ~~in this country*~~) would soon have little incentive to keep ~~the bulk of their~~ holdings if obliged to absorb such an annual tax. the bulk of their

With more land available, the simple law of supply and demand would dictate a lower price for land and natural resources. More people could then afford to engage in the productive process. Wages would rise with increased employment opportunities. Inflation would tend to decrease because of the lower price of land and ~~the~~ raw materials ~~of production~~. Increased competition in the ~~producing~~ economy would translate into lower prices and improved ~~the~~ quality ~~of~~ products. America could once ~~more~~ again compete internationally, but without sacrificing a fair return to the american worker and investor.

Yours truly,

Mitchell Chanelis,
Deputy Chairman

* Peter Meyer, LAND RUSH. Harper's Magazine, January 1979 .