

The “Canons” of Taxation

According to the classical economists, taxation should:

- 1) Bear as lightly as possible upon production.**
- 2) Be easy and cheap to collect, and (therefore) fall as directly as possible upon the ultimate payers.**
- 3) Be certain; that is, applied on a specific, unambiguous basis.**
- 4) Bear equally; not give any individual an advantage because of the tax structure.**

We can begin to apply Land Value Taxation by increasing the tax on land and decreasing the tax on buildings and other improvements. Here's how the tax bills on various properties would be affected.

First Plot

Building:	0
Land:	\$10,000

Present Tax:

3% on Building:	0
3% on Land:	<u>\$300</u>
Total Tax:	\$300

Proposed Tax:

No tax on building	
6% on Land:	\$600

Second Plot

Building:	\$5,000
Land:	\$10,000

Present Tax:

3% on Building:	\$150
3% on Land:	<u>\$300</u>
Total Tax:	\$450

Proposed Tax:

No tax on building	
6% on Land:	\$600

Third Plot

Building:	\$10,000
Land:	\$10,000

Present Tax:

3% on Building:	\$300
3% on Land:	<u>\$300</u>
Total Tax:	\$600

Proposed Tax:

No tax on building	
6% on Land:	\$600

Fourth Plot

Building:	\$20,000
Land:	\$10,000

Present Tax:

3% on Building:	\$600
3% on Land:	<u>\$300</u>
Total Tax:	\$900

Proposed Tax:

No tax on building	
6% on Land:	\$600

BUSINESS COSTS

Single Tax Economy:

Current Economic Mess:

High costs for LAND: much is held for speculation, limiting supply relative to use for production. Speculative premium in cost of land. Buyers must pay high down payment, speculative premium, and interest on mortgages.

Rent

LAND is easier to get because: there is no speculative premium, and there is no down payment. Just pay the rent to the community.

General rate of INTEREST is low, due to lack of alternatives for capital owners at the margin. Premium for risk is high, because of high cost of land, high taxes, and distortions in the economy.

Interest

The general rate of INTEREST will be higher, because capitalists now have an alternative at the margin. However, with a healthier economic climate, the premium for risk will be reduced.

General rate of WAGES is low. Poorly paid unskilled workers tend to be poorly educated and poorly motivated. Unions and minimum wages laws push wages upward even though production does not increase.

Wages

The general rate of WAGES will be higher. Because the base rate of wages is now at a livable level, further pay increases will result from increased productivity, not handouts.

Because of low wages, low basic return on capital, high taxes and unused capacity in the economy, PROFITS tend to come more from rents and monopoly returns than from production of wealth. People make money by finding ways to transfer other people's production into their pockets!

Profits

The greatest source of monopoly having been removed, PROFIT will, to a vastly greater degree, come from production, not transfer from producers. People can still make a lot of money, but only if they supply consumers with value in exchange.

TAXES on income, sales, and real estate improvements penalize production. Unwillingness to raise taxes tends to let infrastructure, education, and other public services decline, which further depresses production.

Taxes

TAXES will no longer penalize production. In fact, the removal of the incentive to hold land for speculation will increase production. Taxes will be based on benefits received: you pay to the community what you get in location value and public services.

with tax on wealth

workers per plot	1	2	4	8	16
wealth per worker	5	10	20	40	80
wealth per plot	5	20	80	320	1280
- wages	5	10	20	40	80
= gross rent	0	10	60	280	1200
- taxes (20%)	1	4	16	64	256
= net rent	4*	6	44	216	944
# of workers	4	8	16	32	64

⑤ plots of each type,
① held for spec,
4 in use

tax revenue = 1023
net rent = 4856
of workers = 124

wages = 5

with single tax

total # of workers	4	40	80
wealth per plot	80	320	1280
- wages (20)	80	180	320
= rent/plot	0	140	960

rent tax revenue = 5500

wages = 20

of workers = 124

all 5 plots in use

4/5

wages 5

wealth/worker	80	40	20	10	5
workers/plot	8 16	8 8	4 4	2 2	1
wealth/plot	4 ¹²⁸⁰	4 ³²⁰	80	20	5
tax -wages	<u>80</u>	<u>40</u>	<u>20</u>	<u>10</u>	<u>X</u>
	1200	280	80	10	5
-taxes (20%)	256	64	16	4	1 = 1023 (tax new)
= gross rent	944	216	64	6	4 = 4856 (net rent)
# of workers	64	32	16	8	4 = 124
WITH SINGLE TAX					

# workers	80	40	4
wealth/plot	1280	320	80
wages/plot	320	160	80
rent/plot	<u>960</u>	<u>140</u>	<u>0</u>
			= 5500 (tax new)

wages 20

SEX
ingl ta

in the nineties

TO: PHA

FROM: LINDY

OK, "Lulu"
Here is what we have
so far... done quickly of course
-- the 'zine plans a
haphazard look...
BYE