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Public Revenue Education Council

EDUCATIONAL — NON-PROFIT — NON-POLITICAL

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Dear Friend:

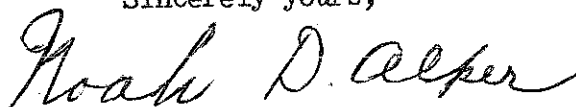
In spite of accepted education regarding taxation, endless discussion, much experimentation and the like, many people believe we now have a worse taxation problem than ever before. They see that something truly basic is wrong, something that such measures as better enforcement; altering present laws that deal with the income tax, and allowances for depreciation and depletion; governmental and non-governmental tax hearings; increasing the number of those who take courses in Economics of Taxation as taught today; will not correct. Few will deny that our experience of many past years supports such a conclusion.

However, the Public Revenue Education Council, which is supported by just such questioning people, is convinced that great corrective truths are known and that much can be done to improve conditions. They are certain of two things: One, that something is dead wrong in our public revenue system and tax-structure; and Two, that great and hopeful improvements can be made. Further, many of them believe these improvements must be made, if the Free Enterprise System - the economic system of FREEDOM - is to survive and cause our own people and those of other lands to reject state-paternalism and communism.

Without vision, we are told, the people perish. Without a sound and moral TAX-IMAGE of what our tax-structure should and can be, we cannot so model it. If you read the following pages you will see how we may, at last, get rid of a tax-structure that served governments of kings and queens, and the lesser nobility, who ran the system, and whom it pleased mightily. And, you will also see how we can have a tax-structure that supports every political and moral economic promise made or implied in our Declaration of Independence, our Constitution, and Bill of Rights. Only in such a way can we add a companion "birth of economic liberty" in our present years, to the amazing birth of our political liberty in 1776.

The Council was organized in 1950, as a non-profit, non-political educational institution, and granted a Charter by the State of Missouri in 1952. It was granted Federal tax-exemption status in 1953. But, as usual in such a program, its facts and possibilities must be communicated to the people, especially the leadership in all categories, since all are citizens and all must consider the problem of taxation. If you want a tax-structure that will advance Free Enterprise and greatly add to its power to serve mankind so well that it will win the people of the world to FREEDOM, you will help in bringing about this public awareness of what can and should be done. Everyone can help in some way. Just now our need is for funds to expand our program. We will appreciate your consideration of this, as well as an early reply.

Sincerely yours,



Noah D. Alper, President

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Correct Public Revenue Action Depends on Correct Public Revenue Education

A TAX IMAGE That Will Abolish Taxes -- And Defeat Communism

In The Beginning

LAND came first in CREATION. Land is now, as always, a free Gift of God. Neither Labor nor Capital had anything to do with its creation.

Next came MAN.

With land and man in existence, Land and Labor were established as the PRIMARY Factors of Economic Science, and the foundation of all material production. From these, in turn, came CAPITAL - a derived or SECONDARY Factor.

The Wealth Distribution Pattern

The three Factors - Land, Labor and Capital - fixed for all time the basic pattern, or Avenues of natural DISTRIBUTION of man-made products and services as:

1. RENT-of-Land, the share of the product attributed to use of land that has natural and man-made public advantages over the poorest land in use;
2. WAGES (including all salaries, bonuses, profit sharing, fringe benefits, etc.), that is, the share of the product due all who apply direct mental or physical effort in production; and,
3. INTEREST-wages, the share of the product due those who provide true Capital such as housing, machinery, tools, raw and finished materials, etc., for the use of all; and which accounts for great increases in production by Labor. (Note: Interest-wages, the earnings of Capital-owners, reduce no man's wages. Rather, they increase them, since Interest-wages are only a small part of the total increase in production the use of Capital makes possible.)

Only Two Basic Sources --

Natural Public and Natural Private Revenue

To provide necessary public services, Government must have revenue. When the Factors of Production established the pattern for natural DISTRIBUTION, they set, at the same time, the BASIC SOURCES of Public Revenue as:

1. WAGES;
2. INTEREST-wages; and,
3. RENT-of-Land.

Regardless of real or apparent differences that may exist, there is an important direct and natural cooperative relationship between Labor and Capital-owners: first, because Capital is a result of Labor (plus the effort of those who save and invest), and is used by Labor in Production; and second, because a demand for Labor is also a demand for Capital, and vice versa. Therefore, it follows, for all practical citizens' purposes, that we can consider Wages and Interest-wages as ONE SOURCE. Thus we can see plainly that there are only TWO basic sources of Public Revenue:

1. RENT-of-Land (Natural Public Revenue); and,
2. REWARDS-of-human-effort (Wages and Interest-wages - Natural Private Revenue).

The Citizen's Basic Taxation Issue

When we reduce the Public Revenue - or taxation - problem to consideration of only two basic sources, the only basic issue before the citizens stands out clearly. This is:

"Which of these two basic sources should we use, or use first, to provide income for Government?"

The answer, for both economic science and moral reasons, depends, and should depend, on which source our Government must use to achieve its proper ends, which should be:

1. To make it easier instead of harder for people to secure full employment of both Labor and available Capital; and,
2. To give assurance that Wages and Interest-wages paid Labor and Capital-owners can buy the greatest possible quantity, quality, and variety of satisfactions in food, clothing, shelter, entertainment, culture, luxuries and security, while strengthening the moral integrity and dignity of the individual.

The SOURCE We Should Use

Economic Scientists long have known which basic source to use to secure the best overall economic results for the good of mankind although few "economists" have stressed the fact. They know that the less RENT-of-Land we collect by direct taxes on the value of land, the higher will be the price of land to industry, business, farmers and their sons, home seekers and other users. This is because the less the tax on the value of land, the more net RENT-of-Land there is to inflate or capitalize into the price of land. These economists also know that the more taxes we impose on products and services - made by Labor and Capital-owners - the higher the price of these products and services will be to consumers. Furthermore, the more we levy on earnings, income and sales, and tax gasoline and other such products at points of consumer sale, whether people must pay the tax directly out of pocket (Wages) or from savings, the less is left of their Wages and Interest-wages to buy products and services as consumers. This has the same economic effect as do higher prices, since consumers can buy less in either case.

In short, we can make Land, and Products and Services of Labor and Capital-owners higher priced, as we tax the RENT-of-Land Source less and the REWARDS-of-human-effort Source more; or, we can lower prices of Land, Products and Services as we tax the RENT-of-Land Source more and the REWARDS-of-human-effort Source less. The economic environment which, without a doubt, is most effective in securing the highest possible standard of living and in helping people adjust to changing conditions such as population movements, progress - including automation, and available natural resources - is to use the tax Source which makes both land and products, and services lower priced, not higher priced as is now the case. Few people realize this since they are unable to see through the smoke-screen of tax-confusion we have created which, whether intended for this purpose, as many think, or not, fools millions of people who otherwise would not put up with such bad tax practices.

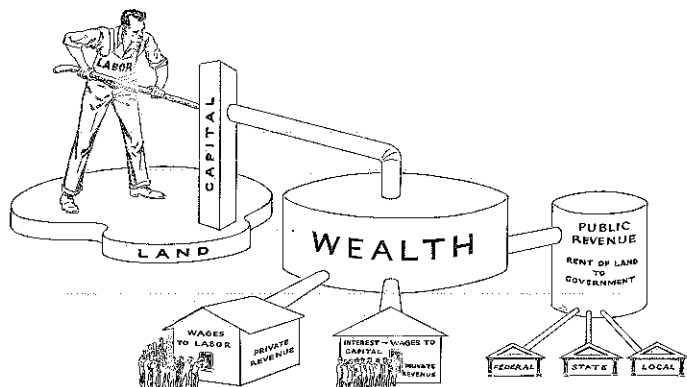
The Citizens' Most Vital Tax-Image -- Taxes vs. Sources

No tax-fact is as important for people to know, as citizens, than that TAXES are not SOURCES of Public Revenue. Taxes serve as pumps - they are used to draw income to government from the TWO basic SOURCES.

We need to re-educate our people and proclaim often and widely this truth - that there are but TWO basic SOURCES of Public Revenue from which all levels of Government must draw. We must show clearly, the difference in results, whether good or bad for human beings, that will follow from the use of each basic source. If we do this, we will help people see a TAX-IMAGE of a direct and easily understood tax-structure our country can have and use. Further, such a TAX-IMAGE will help people see what utter nonsense it is to have so many classes and

kinds of taxes, so many so-called tax principles offered as guides to thinking about and judging taxes; and such costly governmental mechanism of assessing and collecting these many unnecessary taxes:

How This TAX-IMAGE Will Abolish Many Taxes



Once this scientific and truthful TAX-IMAGE is seen and understood, the people will resist the imposition of more new classes and kinds of taxes, and increases in the rates of older tax impositions. They will begin, as a practical matter, to eliminate all recognized nuisance taxes, those that produce little revenue in relation to their cost of collection and to the annoyance they cause business and taxpayers. Certainly, they will oppose taxes which will prevent the private accumulation and use of Capital and the natural expansion of old and the establishment of new industry and business. In this way, gradually or rapidly as conditions permit, the people themselves will reshape our present monstrous and impossible tax-structure - the acme of tax confusion compounded - so as to conform to their NEW IMAGE of what it can, should and must become.

More Jobs Than Men To Fill Them

Economic scientists - and even "viewpoint" economists (those hired to serve as experts and propagandists for special economic class interests) will agree that the origin of all economic activity for both Labor and Capital is in human wants and that their satisfaction is the end; and that all productive effort of Labor and all use of Productive (honest) Capital takes place in between man's wants and their satisfaction.

It is generally believed, especially its quantity, quality, and variety of goods and services are considered, that human wants are unlimited. Also, that there is ample land space and resource matter. Certainly, we have known no periods of unemployment whose true basic cause can be traced back to either a lack of wants or a lack of land space and resources. Chronic unemployment which, we are now being told exists in good times as well as in bad, and which periodically, in depressions, becomes massive in extent, must be basically due to man's mis-arrangement of the natural relationship of the Economic Factors of Production - Land, Labor and Capital - to each other. It is this man-made dislocation that is most basic to the economic, social and political conditions which bring great harm to our people and country and which encourages the growth of paternalistic government and various forms of Socialism and Communism.

These basic facts reveal that if work for all who want it is not constantly available we have, somehow, interfered with the adjusting forces originally built into the very nature of man and his universe; and those naturally

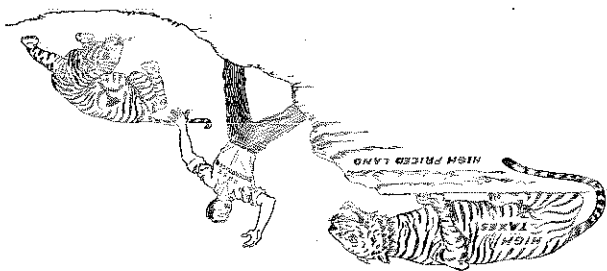
found within the framework of the Free Enterprise system with its capacity to make "natural" adjustments that will re-employ all displaced at points of progress who are willing and able to work. It will do this by increasing jobs through expanding production of more old and more new products and services normally wanted by more people. Further, the system will, in time, induce shorter working hours and more leisure time which, oddly enough, often results in even more employment. While there are other man-made interferences with full employment there is little doubt that our unfortunate tax-structure is the number one and most massive producer of economic, social and political problems - including unemployment, slums and much generally bad housing, etc. It is doubtful that Communists, had they been allowed to design our existing tax-structure for the purpose of destroying Freedom and its Freedom-way economy, could have hit upon a much better tax-structure to do this than we, ourselves, have fabricated.

Will RENT-of-land Provide Enough Revenue?

One question that naturally arises, especially in view of today's massive spending by all levels of government, is: Will RENT-of-land provide sufficient revenue? Under today's conditions the answer is no. Yet we can, if we will, produce conditions that in time will make the answer yes. To bring spending in line with our RENT-of-land fund - Natural Public Revenue - will require understanding, vision of what we seek to become, and the determination to achieve it. The cost of Government -- its land, materials, construction and services, and their maintenance -- will be greatly reduced under the influence of the new TAX-IMAGE of public revenue. Since opportunity, jobs and production will increase, the cost of providing welfare for individuals will be greatly reduced, and perhaps eliminated, if the care of those in need is made the full concern of local people and is restored directly to them. The functions currently assigned government that have to do with housing of any kind other than what Government itself requires, farmer and individual welfare and the like can be eliminated; and the functions and size of government can be reduced to the simplicity of functions and relative size considered proper in earlier days. Finally, urban sprawl will be reduced; great gains will come naturally from the better utilization of land now fully serviced as to schools, police and fire protection, sanitation, parks, libraries and art museums, and the like; and by our privately owned and operated "public utilities" and the general services of private schools, hospitals, professional people, etc., all of which increase or maintain the publicly-earned RENT-of-land - since all these services make the community a more desirable place in which to live. Land held in speculation, whether vacant or occupied by slum home or industrial housing or otherwise poorly used, now greatly increases the costs of both public and private public services per person in any given community area. Yes, except for war costs, RENT-of-land serves to set a limit on Government spending and so would be enough, in this sense. If we go on as we are it is possible Governments would create a condition of such socialistic nature that it will govern the spending of the entire Gross National Product.

What If RENT-of-land Does Not Provide Enough Revenue?

If RENT-of-land does not provide for all the public demands made upon it, we are still far better off if we use all it will provide. A deficit means we will have to tax the remaining source, Wages and Interest-wages, the REWARDS-of-human-effort. Two existing taxes, in addition to RENT-of-land which being Natural Public Revenue is a payment for benefit and not a tax - would produce all the public income we could get by using these and many other



A TAX IMAGE - THAT WILL ABOLISH TAXES AND DEFEAT COMMUNISM

taxes, too, and obviously at far less cost. We refer to our direct Income and Inheritance taxes. The moral gain by such an honest, above board - non hidden - tax structure is beyond measurement; and the effect of more direct knowledge on the part of citizens of what is paid for government will, of itself, assure less spending.

Single Source For All Government Levels Possible

Today we see more and more sharing by various government bodies of income collected for them by one. Budgeting is possible, and percentages allowed according to functions assigned, can be worked out. Men of experience in large business and industry and with the larger social organizations will see no unsolvable problem in the setting up and perfecting such a distribution of functions and income.

As soon as enough people see the economic and moral significance of separating natural public from natural private income, allowing each to be used by its creators, the public in one case and the individual in the other, they will see both the moral and economic reasons for eliminating or greatly reducing both the income and inheritance taxes as quickly as possible. Then, the sharing of RENT-of-land between different levels of government, as indicated above, will naturally follow.

Free Enterprise Trapped - Between Two Killer-Tigers



Free Enterprise, the system by which has been evolved out of tested human experience, the finest possible economic and moral naturally cooperative and free living-together-association-of-man and the system whose theory and morality have never been proven wrong in spite of abuse heaped upon it by its enemies, and by many of

its best known and most vocal proponents - is today caught between two monstrous killer-tigers. One is in front blocking its forward growth. The other menaces its flanks and rear. In front is a Tax-Tiger of our own creation, blocking all present and threatening all future progress. It is constantly slashing at our system's natural and sensitive tendrils of growth - its precious ability to stimulate and harness incentives, and its capacity to accomplish endless service. At the same time this Tax-Tiger (tax-structure) is punishing each and every constructive productive effort and result with endless, smothering tax-fines - for a tax is like a fine in effect. Unlike a fine, however, it is continuous in its bad effects.

The tiger at our flanks and rear is the cunning, long-range planning Communist-Tiger. In addition to direct slashes at our government and economy, it infiltrates, corrupts and sabotages within our country, and is wholly dedicated and determined to rend, destroy and bury Free Enterprise from without - by a cold war, or a hot one if necessary.

Our first job is to work to remodel our existing tax-structure so that it conforms more nearly to the TAX-IMAGE which Economic Science clearly reveals is possible for us. This done, we can turn our attention to the Communist-Killer-Tiger. Stimulated by the progressively increasing benefits of our Free Enterprise System as it is being freed from its tax-chains, we can compete vigorously and victoriously in all ways with Communism; and can win the world to this true Freedom - and in peace.

You Are Invited

You are invited to help in the process of reconditioning our Free Enterprise Economy for a finer perfection of Freedom so as to defeat Communism. We need to spread knowledge of this hopeful and helpful objective to more and more thinking people. With the use of modern methods of communication, and the means to use them generously, public understanding and favorable opinion can soon be won to the task of conforming our tax-structure to the TAX-IMAGE best for Free Enterprise and Freedom. The Public Revenue Education Council seeks financial means to improve its presentation of its tax-education program, and its techniques of communicating with the people. You can help by sending in your contribution to the Council. If you seek more information and/or have questions, we will be glad to accommodate you.

Noah D. Alper, President
Public Revenue Education Council.