

THE FUTURE OF OUR COUNTRY DEPENDS ON ENDING THE UNIVERSAL CONFUSION ABOUT TAXES NOW.

(Only Basic Truths About Taxation Can End Tax Confusion)

(If you, as an intelligent, truth-seeking person, will try to understand the facts about taxation presented in this article you will end or greatly reduce your confusion about taxation. Furthermore, you will see the possibility of eliminating or modifying many of our social problems and conditioning our country to meet and overcome the challenge of Communism. You will feel a challenge to pursue the subject at greater length. READING TIME 15 MINUTES.)

The Beginning

"In the beginning God created the heaven and the earth." After that He created Man. (*) By this sequence of creation He gave us the one and only basic structure of economic science and of taxation as well.

The Basic Problem

In economic science the earth (man's material universe) is known as LAND; man is known as LABOR. Land and Labor are PRIMARY factors of production. Since Capital is derived from these it is a SECONDARY factor. Every economic and social problem relates directly or indirectly to these three factors. Any man-made distortion of the natural relationship of these three factors is certain to produce and compound bad results throughout the economy.

Taxes Good for Labor Are Also Good for Providers of Capital

Because of the interdependence and mutually supporting nature of Labor and Capital, these two may be considered as one when discussing taxation.

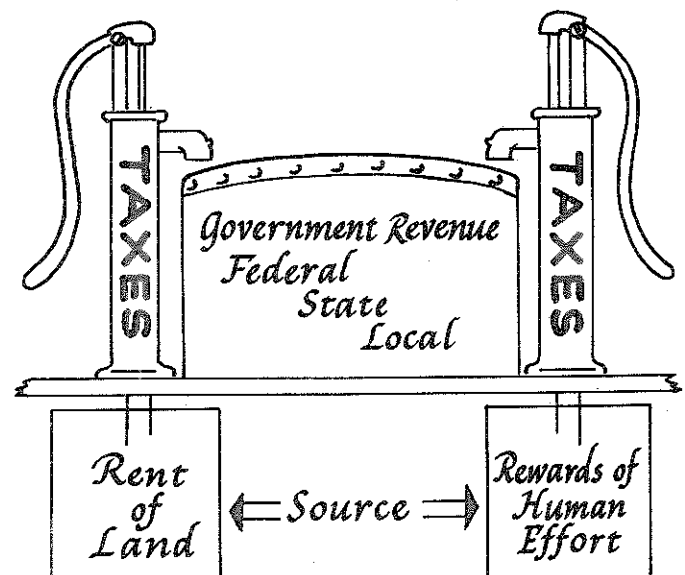
Capital is a product of Labor working on Land; it is a result of making, saving and investing — putting savings to work in the production of commodities and services for exchange.

Demand for Labor accompanies a demand for Capital, and vice versa. The rewards of Labor and Capital depend on their mutual contributions to productions as measured in the free market. These

rewards tend to rise and fall together, although one or the other may move first or lag behind in the ever continuing market-adjusting process. Because of this direct and cooperating relationship no tax law can be enacted which, if good for Labor, is not also good for Capital Providers. On the other hand, those who live from the income of RENT-of-land have interests in tax laws opposed to those who live by labor or by providing man-made capital, or both. It is self-evident that tax laws good for the privileged title holders of land, are not good for Labor (including management and professional labor); nor for those who provide Capital for the use of Labor and industry.

The basic scientific facts of taxation point to a tremendous unrealized potential for the good of the individual and the free enterprise economy. They show how we may enjoy steadily expanding prosperity that keeps pace with man's ever increasing desire for products and services, and in this way creates more jobs at higher real wages for all willing and able to work.

Taxes Are Not Sources - A Vital Fact



(*) Some may prefer to think of the creation of the earth as a geological or evolutionary phenomenon. Which ever view is taken will not affect the fact that there are two basic sources of public revenue and that we can greatly and automatically reduce the number of taxes and their cost of collection, the cost of public services and the waste of billions upon billions of dollars annually caused by our failure to correct our present destructive system of taxation.

Everyone knows the difference between a pump and the source from which it draws. Yet most of our best known economists and political leaders seem not to know that a TAX is not a SOURCE of public revenue, and calling it a SOURCE does not make it one. A tax is like a pump; it draws revenue from a source to government - Federal, state and local. No matter what names are given to the tax pumps and regardless which political party or special interest group imposes these taxes upon us, they can pump revenue to government from the basic sources only.

Basic Sources of Public Revenue

The shares of production (or avenues of distribution, as economists often refer to them) are also the basic sources of public revenue. The fact unfortunately is unknown or it escapes the attention of most economists and political leaders. The sources of public revenue (avenues of distribution) are:

1. RENT-of-land, the share or surplus arising from lower costs of production on land having natural or community-made advantages as compared to the amount of production on marginal land - land so poor that it yields no RENT-of-land. (RENT-of-land includes all royalties on natural resources.)

2. WAGES, the share due Labor (including management and professional labor.)

3. INTEREST, the share due owners of Capital because of the increase in productivity made possible by its use.

For further simplification and convenience, sources 2 and 3 may be considered as ONE SOURCE, hereafter called REWARDS-of-human-effort. No one who sees clearly that there are only two basic sources of public revenue need remain confused about our multiplicity of taxes and the monstrosity of the whole tax structure.

Questions That Help Eliminate Tax Confusion

Since government can draw public revenue from two sources only;

1. Why do we continue our present massive, complex, compounding, costly-to-collect, unjust, temptation-breeding maze of taxes? With only two sources to draw from we surely do not need the many "tax pumps" we have now at all levels of government.

2. Why not abolish all indirect or hidden taxes? Such taxes are totally unsuited to people of dignity and integrity, who should not be fooled

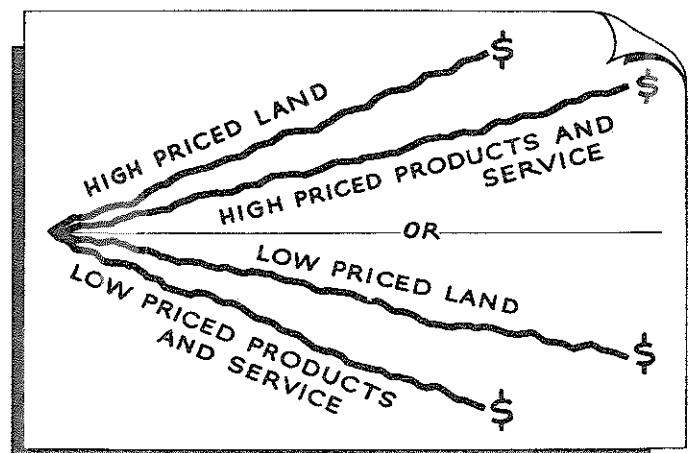
about their tax obligations. Why permit those who wish tax privileges and benefits for themselves, at the expense of others, to operate behind a smoke screen of utter tax confusion? It's time to lay the facts on the table and bring out into the open the great, simple, scientific and moral truths about taxation.

3. Why not collect more public income through fees for direct public services when rendered specifically to individuals or to organizations? And why not collect cooperatively all general public revenue to be shared among Federal, state and local governments on a percentage basis after a determination has been made of the functions each is best able to perform.

Source, Not Taxes, Must Become the Issue

The factors and principles of economic science show that the proper scientific basis of tax-education, in or out of schools, is the study of public revenue SOURCES, and the effects of their use on men and government. When the classification of taxes enacted by our political representatives are used by tax-educators as a framework or basis for tax studies, the net result to students is tax-confusion. Economic science makes clear that the most important issue that must be understood and considered is not which taxes (pumps) to use, but which SOURCES to use, or use first - RENT-of-land or REWARDS-of-human-effort. Naturally, the decision ought to be guided by the difference in economic and social results that will follow the use of each of these sources; and whether the results are good or bad. Unless we are permitted to understand, face and decide the issue of source now, the harsh, destructive "class-struggle" type of taxation which we have inherited from the past will continue to plague us and future generations; and the continuance of the adverse social conditions caused by our evil tax structure will be used to justify future expansion of the Welfare State.

Public Revenue Sources and High and Low Price Trends



Economists know that we can bring about two diametrically opposed general price trends by taking either RENT-of-land or the REWARDS-of-human-effort as the major, if not the only, source of public revenue. They know with certainty that the more RENT-of-land is taxed, the LOWER the prices of land will be; the less RENT-of-land is taxed, the HIGHER the price of land will be. They also know that the more we use taxes which collect, directly or indirectly, the REWARDS-of-human-effort, the fewer products and services Labor and Capital Providers will produce, and the HIGHER their prices will be; whereas, the less we use such taxes, the more products and services will be produced with a consequent LOWERING of their prices.

Economic science offers no knowledge of taxation which is as significant for the good of mankind as this knowledge of how to produce these opposing price trends. How long will the very great majority of economists, sociologists and historians continue to ignore our possible choice of such price trend potentials and their economic and social significance?

Benefits To Be Derived from Use of RENT-of-land Source

By use of more RENT-of-land and less of the REWARDS-of-human-effort we can:

- A) Make it easier to secure orderly and efficient use of land for homes, for industry, for roads, schools, parks and play grounds, for privately or government provided utilities, and for purposes of conservation and recreation.
- B) Make it easier to increase the supply of Capital or of Consumers Wealth when desired or needed.
- C) Make it easier to assure more jobs than there are men to fill them, and have full employment for all willing and able to work.
- D) Make it easier to adjust the supply of jobs to automation and all other forms of increasing efficiency in production.
- E) Make it easier to raise basic wages and living standards.
- F) Make it easier for private incentive to prevent or eliminate slums and to stimulate construction and maintenance of housing of all sorts at the lowest cost.

G) Make it easier to reduce the number of people unable to secure today's essentials and easier for private social agencies to care for them.

H) Make it easier to achieve higher health standards, to secure facilities for the care of the sick and aged, and to assure their earlier contact with doctors and hospitals.

I) Make it easier to have effective urban and rural community planning and avoid the obstructionism of those whose special land speculative interests give them an incentive to interfere.

J) Make it easier to limit government services to fields in which government is the most efficient so that private endeavor can serve where it is most efficient. Further, it will enable the people to understand the principle that a government budget which exceeds the natural public revenue (RENT-of-land) encroaches on the freedom and efficiency of private enterprise — the individual's right to the fruits of his labor.

K) Make it easier to establish a positive trend towards:

- 1. A State of Welfare, not a Welfare State.
- 2. A truer Free Enterprise Economy, not Socialism.
- 3. A FREE society, not a Communist or other totalitarian state.
- 4. World peace, not a continuous state of cold or hot war.

Now, Consider These Points, Please

- 1. While the great majority of economists know the facts of economic science and the cause and effect patterns on which the above conclusions are based, they are not known by most intelligent and otherwise well-educated, civic minded people. This is true even though many such people may have once become acquainted with these facts in their economics courses.
- 2. The failure to learn and remember these facts with some intellectual interest and appreciation stems from the paucity of information about their economic and social

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significance in textbooks on economics and social studies, and in lectures and discussions in classes.

3. In many cases, these facts are carefully and skillfully ignored or are made to seem insignificant by use of highly superficial and often prejudiced objections to the conclusions that can be drawn from them. Yet our conclusions are supported by studies made of the experiences of New Zealand, Australia, Denmark, California Irrigation Districts, Pittsburgh, Pennsylvania, and other places where more of the publicly created RENT-of-land source and less of the privately earned REWARDS-of-human-effort is being used for public revenue.

The Public Revenue Education Council is a non-profit, non-political, Missouri, Inc., Federal tax-deductible educational institution. It offers a tax-education program that eliminates taxes and reduces taxation, that:

1. Reveals why TAXES are not SOURCES:
2. Shows there are only TWO BASIC SOURCES:
3. Explains the right source to use and why, to increase jobs, production and real wages.

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How To Get More Information

If this has stimulated your thinking and you realize that something can be done to end tax confusion and to realize the benefits to be derived by doing so, you may wish more detailed information. If so, mail the enclosed card (or write a letter or phone) and we will send you a copy of an open letter sent to thousands of economists in our 50 states entitled: "Economic Problems - Whose Responsibility?", plus our basic pamphlet "Let's Abolish Taxes and Use Natural Public Revenue", and other important supplementary material.