

INTRODUCTORY REMARKS (Of Importance to our Bicentennial Celebration)

-----200 years ago two events of amazing potential for the good of mankind occurred: one, in Scotland - in the Old World; the other in the New World, in thirteen small American colonies then dominated by Imperial England. In Scotland, Adam Smith gave the world a book entitled "The Wealth of Nations." This is said to be the first book suitable for a formal study of the principles of Political Economy and Taxation. The thirteen colonies, forced into militant cooperation by the tyranny of their English rulers, staged the most thorough and authentic political and military revolution ever known for the dignity and liberty of individuals, and for free men in a free country.

Unfortunately, this revolution, which assured political freedom, did not occur under such conditions of economic-social pressure as to compel its leaders to be concerned about economic freedom. They seemed assured of this by natural circumstances - ample free land and natural material resources. And even though they wrote the means to correct all such future shortcomings into our constitutional law, we have, up to the present, done nothing to correct this truly basic economic error, a failure to achieve economic freedom.

The Boston Tea Party did not occur because our tea was taxed, but because our Mother Country refused to consult us in the matter. So, "Taxation without representation is unjust" was one of the revolution's keynotes. Having won the right to tax ourselves, our representatives proceeded to tax not only our tea, but our coffee and everything in sight as well. In fact, our representatives, aided and abetted by mistaken or corrupt professional economists, created a tax-structure the like of which few nations have experienced. In it are a large number of classifications and kinds of taxes in each class; an almost endless number of places in the economy where taxes are imposed. We have evolved a variety of social, political, and economic problems which, in turn, demand more taxes. As a result of such errors, the quantity of production diverted from the private use of its producers to the use of government, as is the case in the United States today, is utterly amazing in a supposedly free country.

The messy conglomeration of taxes, costly to collect and to pay, imposed by layers on layers of government, exists in spite of the fact that in 1776, the year our freedom was assured, "The Wealth of Nations" was published by Adam Smith.

- The Public Revenue Education Council believes that an improved quality of economic education is the most necessary single approach to secure increased expansion of our economy and greater justice in wealth distribution. This demands a scientifically clear identification of the basic Factors of Production, a more precise understanding of the nature of wealth (and services) which result from our economic process; and how the product should be shared naturally (justly) by those who contribute to its production. Further, the scientific inquiry inevitably calls for the recognition of this seriously neglected economic truth: that such an identification of the Avenues of Distribution (with the factors

involved) will automatically identify for us the basic SOURCES of public and private revenue as RENT-of-land, wages, and interest.

With such knowledge, we can see clearly and at once the fatal error of current economic education as it applies to public versus private revenue. This pressing and widespread error lies in the continuing attempt to teach Public Revenue (or Taxation) by having students and others learn so-called principles and applications of TAXES. Taxes are enacted by lawmakers under all kinds of economic and politically established desires and conditions, while ignoring the most vital tax-truth economic science reveals: that of the SOURCES from which taxes, regardless of details, draw income to government. As we constantly repeat in our educational material, a tax is no more a source of Public Revenue than a water pump is the source of the water it delivers. Taxes are like pumps. When we educate in terms of SOURCES and not TAXES (pumps), it will be possible for people to see clearly the one basic tax-problem they, as citizens, must decide, namely: Which source of public revenue should we use, or use first, to support government?

(Reproduced with changes from our Ninth Annual Report - 1959-60)

RENT-OF LAND - NATURAL PUBLIC REVENUE

On this there can be no real doubt: Adam Smith made clear the role the landlord (landowner) really plays in the production and distribution of wealth and services in his book "The Wealth of Nations" written in 1776. He made it strikingly clear that RENT-of-land, when collected and retained for personal use by landlords, as such, is in no sense an earned income in the way that Wages and Interest are to the people who earn them. RENT-of-land is the natural income, the natural source of public revenue of the people; and, as such, it should be shared to support government - Federal, State, and local.

Socialists and Communist thinkers err in saying that private ownership of Capital exploits labor. Capital, regardless of who provides it, must be used to serve others if its owner is to receive interest-income, a round-about form of wages on his Capital. Interest is as much an earned income to those who provide Capital as wages are earned income to those who labor.

It must also be remembered that when landowners hold land out of use (or keep it in poorer use than is warranted by its current annual value) while waiting for a speculative increase in expected value, urban and rural sprawl is caused. Space already provided with public services is kept idle, largely because of land speculation. This unnatural spreading out area of land use increases costs in providing both private and public services such as roads, water, sewers, electricity, etc.

There is no doubt among economists or sensible people that land of better quality than marginal or breakeven land will yield a surplus. This surplus is identified as RENT-of-land by the economists. The use of this source of public revenue to support government is, by any and all principles of political economy and morals, the natural public revenue of all the people. This is because all the people of the community, not just landholders, produce it. The moral economic rule is

that all of us who produce RENT-of-land should enjoy its benefits on equal terms. On the other hand, all who labor or save and create Capital should privately enjoy their incomes of wages and interest-wages individually; they should be untaxed as far as possible.

Adam Smith truly states the economic and social facts about RENT-of-land and landholders in his book "The Wealth of Nations. Some sample statements follow:

"I shall conclude this very long chapter with observing that every improvement in the circumstances of the society tends either directly or indirectly to raise the real rent of land, to increase the real wealth of the landlord, his power of purchasing the labour, or the produce of labour of other people.

"The extension of improvement and cultivation tends to raise it directly. The landlord's share of the produce necessarily increases with the increase of the produce.

"That rise in the real price of those parts of the rude produce of land, which is first the effect of extended improvement and cultivation, and afterwards the cause of their being still further extended, the rise in the price of cattle, for example, tends too to raise the rent of land directly, and in a still greater proportion. The real value of the landlord's share, his real command of the labour of other people not only rises with the real value of the produce, but the proportion of his share to the whole produce rises with it. That produce, after the rise in its real price, requires no more labour to collect it than before. A smaller proportion of it will, therefore, be sufficient to replace, with the ordinary profit, the stock which employs that labour. A greater proportion of it must, consequently, belong to the landlord.

"All those improvements in the productive power of labour which tend directly to reduce the real price of manufacture tend indirectly to raise the real rent of land."

--p.248, The Wealth of Nations
by Adam Smith

"Every increase in the real wealth of the society, every increase in the quantity of useful labour employed within it, tends indirectly to raise the real rent of land. A certain proportion of this labour naturally goes to the land. A greater number of men and cattle are employed in its cultivation, the produce increases with the increase of the stock which is thus employed in raising it, and the rent increases with the produce."

--p.248

"They are, indeed, too often defective in this tolerable knowledge. They are the only one of the three orders whose revenue costs them neither labour nor care, but comes to them, as it were, of its own accord, and independent of any plan or project of their own."

--p.249

TO WHOM DOES LAND BELONG?

The moral idea that land belongs to the "Children of Men" as a gift of God is made clear in the Bible, and this viewpoint is found in some of the literature of the Public Revenue Education Council. Jews and Christians, especially, need to be reminded that land value taxation (the payment to government of any or all of its rental value) is the scientific and modern method of restoring land to all the people.

In no way does this requirement destroy or prohibit private titles or private possession and use of land. However, as all informed people know, a title to land is a special privilege. In no sense is such a privilege a guarantee of absolute ownership. People know and fully understand that if they do not pay their taxes they will lose their title. Other people who will then meet the requirements of title ownership will get the right to possess and use the land.

These ideas are important to establishing and maintaining peace, steady prosperity, and are made clear in the following taken from our pamphlet "The Voice and The Tax Committee." (Please write for a free copy.)

The following is from The Soucine Edition of the Pentateuch and Haftorahs. With Hebrew Text - English Translation and Commentary; Edited by Dr. J. H. Hertz, Late Chief Rabbi of the British Empire. - Page 533

"According to Scripture 'the earth is the Lord's and all the land was, as it were, held from God on lease (v 23). The Israelite who voluntarily or through some compulsion sold his land to another, sold not the ownership of the land, but the remainder of the lease--till the next year of the Jubilee, when all leases fell in simultaneously. The land then came back to his family, all contracts of the sale to the contrary notwithstanding. His children thus enjoyed the same advantage of 'a fair start' as their father had before them (Verinder). Heine rightly remarks that the Torah does not aim at the impossible--the abolition of property, but at the moralization of property, striving to bring it into harmony with equity and the true law of Reason by means of the Jubilee Year. This institution forms a most striking contrast to 'prescription' among the Romans, according to which the possessor of a piece of land could not, after the lapse of a certain period, be compelled to restore it to its own real owner, so long as the latter was unable to show that he had during that period demanded restitution in due form. Far other is the spirit that we find in the law of Moses. 'It is not protection of property, but the protection of humanity, that is the aim of the Mosaic Code. Its Sabbath day and Sabbath Year secure even to the lowliest, rest and leisure. With the blast of the jubilee trumpets the slave goes free. And a redivision of the land assures again the poorest his fair share in the bounty of the Common Creator.'"

--Henry George

BULK LITERATURE DISTRIBUTED

Literature Distributed:

To Economists who requested free reading course material:

742 each: City Finance and the Property Tax-Harriss; Economic Problems Whose Responsibility; Supreme Tragedy of American Economic Education; Archimedes: Mark Twain; Leo Tolstoy and Henry George

To Dun & Bradstreet list of employers of 35 and over employees:

4,195 each: "INCENTIVE" Real Estate Tax Reform Urgently Needed NOW To Solve Urban Decay Problems; A Proposal to get the City of St. Louis Going Again." (Prentice)

Friends and Contributors List:

231 each: Schools fail economic test, business men say; Columbia (Mo) Missourian: Feb. 1, 1975:: Schools Should Teach Sound Economic Tenants; Columbia (Mo) Missourian - Feb 9, 1975:: Archimedes: Mark Twain, and other material. Station KMOX Editorial and Noah D. Alper's reply; January 16th and 17th, on land value taxation.

Members of Legislature, State of Missouri, and others:

283 copies of: "INCENTIVE" Real Estate Tax Reform Urgently Needed NOW to Solve Urban Decay Problem:: A Serious Economic and Social Defect in Missouri's State Constitution:: Why Do WE Ignore One of Economic Sciences Most Important Principles?: Hawaii's Battle With Land Monopoly.

Mailed to Members of St. Louis Metropolitan Toastmasters Club:

30 each: Tax-Education Challenged; Why Do We Ignore One of Economic Sciences Most Important Principles?: The Manufacturer vs. The College Professor On Taxation:: The Destroyer of Free Enterprise.

Messanic Forum:

30 each: The Voice and The Tax Committee: Tax-Education Challenged; Why Do WE Ignore One of Economic Sciences Most Important Principles? Taxing Land Values and Untaxing Improvements: What's Happened Where It Has Been Tried. Moses by Henry George

Sanford-Brown Business College; to students & members of faculty:

100 each: How To Reduce Government Spending, Costs and Taxes; Tax-Education Challenged; Why Do We Ignore One of Economic Sciences Most Important Principles; Taxing Land Values and Untaxing Improvements: What's Happened Where It Has Been Tried.

Boulevard Park & Forest Lawn Neighborhood Assn, April 30, 1975:

35 each: Taxes and Death of Cities: Tax-Education Challenged; Why Do We Ignore One of Economic Sciences Most Important Principles; A

Serious Economic and Social Defect in Missouri's State Constitution;
A Proposal to Get the City of St. Louis Going Again.

National Christian University, Richardson, Texas: A cassette
recording of "The Destroyer of FREE ENTERPRISE.

To Librarians of State of Missouri:

363 copies each: The Future of Our Country Depends on Ending the
Universal Confusion About Taxes Now; The Council's Brochure on the
Robert Schalkenbach Foundation film: "One Way to Better Cities;" Tax
Education Challenged

To Edward Gross, Crete, Nebraska:

100 copies each: Fighting Communism in Asia Yet Simultaneously Handi-
capping Private Enterprise at Home, by Harry G. & Elizabeth R. Brown;
The Future of Our Country Depends on Ending the Universal Confusion
About Taxes Now.

To Members of Home Builders Assn of Greater St. Louis:

850 each: Fighting Communism in Asia Yet Simultaneously Handicapping
Private Enterprise at Home; Harnessing The Profit Motive to Better
Lane Use, Perry Prentice

To Special PREC Contributors List and Others:

240 each: PREC's 24th Annual Report; How College Textbooks Treat
Land Value Taxation by Elizabeth R. Brown; Fighting Communism in Asia
Yet Simultaneously Handicapping Private Enterprise at Home by Harry G.
and Elizabeth R. Brown.

To Universities, Colleges, and Highschools in Missouri:

768 each: The future of Our Country Depends on Ending the Universal
Confusion About Taxes Now; Tax Education Challenged; Why Do We
Ignore One of Economic Sciences Most Important Principles; A Serious
Economic and Social Defect in Missouri's State Constitution; Brochures
offering the loan of the Robert Schalkenbach Foundation film "One Way
To Better Cities."

To Jack Tetleys Publication - Gorgoyle, Woodridge N.J.:

244 each: How About It; PREC's 24th Annual Report; How College
Textbooks Treat Land Value Taxation; Fighting Communism in Asia Yet
Simultaneously Handicapping Private Enterprise at Home; Leo Tolstoy,
Henry George and others.

240 copies of Harnessing the Profit Motive to Better Land Use, Perry
Prentice: Gorgoyle Publication

One each of the following items were sent to a Dun & Bradstreet
list of 8000 Missouri Business Men:

The Future of Our Country Depends on Ending the Universal Confusion About Taxes Now; Tax-Education Challenged (The Fundamental Error and How It Can Be Corrected); Why Do We Ignore One of Economic Sciences Most Important Principles; A Serious Economic and Social Defect in Missouri's State Constitution.

Film Showing: One Way To Better Cities:

Sanford Brown Business College: 2/19/75

Boulevard Park & Forest Lawn Neighborhood Assn: 4/30/75

RECEIPTS AND EXPENDITURES -- 1975

Receipts	(Including transfers from Savings Account).....	\$19,080.74
Expenditures	(Including transfers from Savings to Checking Accounts and Checking Accounts to Savings.....)	19,026.25
		\$ 54.49
	SHARES IN MONEY MARKET MGT., Inc.:	7,084.02
		\$ 7,138.51
	BALANCE IN BANK ON DECEMBER 31, 1975:	533.65
	TOTAL CASH, DECEMBER 31, 1975:	<u>\$ 7,672.16</u>

Receipts Details

Contributions.....	\$ -
Contributing Associates.....	13.00
Participating Associates.....	895.00
Special Participating Associates.....	709.44
Sustaining Associates.....	4,400.00
Literature	
Miscellaneous	
Foundations.....	4,000.00
Interest (*).....	1.52

Disbursement Details

Postage.....	\$ 595.57
Office Rent.....	869.04
Phone and Answering Service.....	489.04
Printing.....	3,408.26
Office Supplies.....	156.87
Salaries.....	1,129.80
Miscellaneous.....	91.00
Advertising.....	1,473.15
Magazines and Newspapers (**)	450.00
Secretarial Help.....	131.66
Transportation.....	527.21
Social Security.....	152.40
Books, Pamphlets, and Film.....	2.25
Audit Fee.....	50.00

(*) Practically all interest accumulates in savings accounts...not paid directly to PREC.

(**) Includes 200 subscriptions to Land and Liberty (England) for Missouri schools and libraries

CONCLUSION

The Public Revenue Education Council believes that all possible effort should be used to get this thought over to our people: that taxes act as pumps which pump revenue to government - Federal, State, and local; and that taxes (pumps) must have sources from which to pump. This could lead to further interest in causing RENT-of-land to become the major, if not the only, source of revenue used to support all levels of government.

Try a quickie. In some way start talking about taxation. Say, for instance, something like this: "I read an article on taxation in which the writer said: 'Taxes act like pumps!' As pumps they must draw revenue from some economic science identified source. This article raised this question: 'Suppose a man lives only from wages. Then his wages are the source of the taxes he pays. Some may be fortunate enough to live only from interest on past savings. If so, the taxes they pay comes out of interest. Others may have incomes of RENT-of-land or ground rent or royalties on oil, gas, gold, silver, or other metals or other natural resources. Others may have two or all three of these forms of income in which they pay a proportional part of their incomes out of all three in taxes.

But the real question remains. It is which of these sources government should use or use first for its support, and why?

As we all know, nobody living made the land nor the resources upon it or within it; and we all make them valuable. All who read this have the capability of at least pointing out that RENT-of-land, in all forms mentioned above, is natural public revenue. We should draw public revenue from this source before taking in any way privately created and earned incomes of wages and interest-wages.

And carry on! You will develop your finest techniques as you practice the art of educating people in conversation about which source we should use or use first. And, of course, you had best have simple answers to the question that will surely be raised: won't the taxes be passed on to the consumer anyway?

Further, you must be prepared for the question, will the RENT-of-land source yield enough revenue. If we confine ourselves to spending only what this source permits, it will; if we spend more, then be prepared to discuss inheritance, income, excises, and the like. But be sure to emphasize they should be direct and visible taxes. Nothing is more important to a free people than getting rid of all indirect or hidden taxes -- the shame of people of modern democracies.