

Tax Reform By Mike Curtis

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There is really only one legitimate way to reform our tax system, and that is for each and everyone of us to pay for the benefits we receive from the government — nothing more. Land, meaning the surface of the Earth, includes mineral resources and airwaves, and its value measures exactly the benefits received from society. Government represents society and transfers those values to individuals and corporations with the title to land. Without title, no social benefits are accessible. All that is needed for tax reform is to make every title to land conditional upon the payment of its rental value — and abolish all other taxes. By doing that, everyone pays for the value of the benefits received and no one is robbed of the things they've produced, which are their rightful property.

The value of land is the total value of advantages: weather, climate, scenery, and topography, access to shopping, jobs, and recreation, the quality of schools, the level of safety, and even the sense of community; it sums the values of proximity to navigable water, rail roads, high-voltage electric, and even the presence of a skilled workforce; it values the presence of potential customers and their propensity to spend; and, it calculates the difference between the value of minerals in the market and the cost of their extraction at every particular location.

All people feel an inherent right to live, but without access to land no one can exist. To say that some people have a greater right to land is to say they have a greater right to life. Therefore, all people must have an equal right to land. By the same reasoning, if what we produce (food, clothing, and shelter), is taken from us, we will not experience our right to live. To the extent that any portion of what we produce is taken from us, the quality of our life is equally diminished. Therefore, all people must have an equal right to the natural opportunities of the Earth, and an exclusive right to the products of their labor.

Title to land is necessary to insure that what is produced on the land is secure. Who would plant a crop or build a house, much less a modern factory, if they couldn't put up a fence and lock the doors? But, all land is not of equal quality — the same title that insures the product to the producer, also confers an advantage to the owners of superior land. Not only is some land better for crops and mining, but certain natural conditions such as adjoining rivers and natural harbors draw people into a community. The larger the community, the greater the potential for divisions of labor, and the accumulation of special tools and machines for each specific product. Far more results than when each family produces their own food, clothing, and shelter. The larger and denser the population, the more productive each person becomes. Public infrastructure and service permit larger and denser

populations with greater divisions of labor and economies of scale. And all of the greater results of increased density of population, which is enabled and enhanced by the infrastructure and the functions of government, add to the value of land.

By paying to the community the value of the land that is exclusively held, each landowner satisfies all other peoples equal right to the same parcel of land. By eliminating all other taxes, every person's exclusive right to the product of their labor is assured.

The United States has about 450 people per square mile of arable land. France has a little more than twice that density; Germany, more than three times; and Britain has more than five times as many people per square mile of arable land as the United States. The reason so many people who are willing and able to work are unemployed, in spite of the abundance of arable, habitable, and potentially productive land, is that too much of it is being held un-used or under used as an appreciating asset. With every new technology, every addition to the infrastructure, and every increase in the population, the incomes and the selling values of land increase. And that increase encourages holding land as an appreciating asset. Not only is the value of land an equitable source of revenue, but collecting it removes the profit and imposes a burden on those that hold their land idle or under used — causing unemployment and recessions.

When the rental value of land is collected throughout the country, Labor and capital will migrate from the least productive places to previously un-used and under used land in cities and urban areas. The rejuvenation of cities will grossly reduce the demand for less potentially productive land in rural areas and make much of it accessible for free. Not that a significant segment of the population will be inclined to live and work on the rural land that is free, but, it will offer every worker an alternative when negotiating wages. No one will work for someone else unless they are offered more than they can produce working for themselves where the opportunities to do so are free. The same goes for people who have saved and are looking for productive investments; the free alternative place for investment and production will increase the return on savings.

Those who hold superior land will have to put it to full economic use, for its rental value will have to be paid, even if the land is idle and yields no income. In spite of significantly higher Wages and the return to buildings and machinery, the tremendous incentive to fully use the more potentially productive sites will keep to a minimum the actual use of land that is free. Full employment and higher wages will require welfare only for those who are physically and mentally unable to work, and the rate of crime will be greatly reduced. This will give government more resources for infrastructure, and public service, which are essential to denser populations and the value of urban land.

As cities and urban areas redevelop and evolve with far greater populations, productivity and the rental value of its land will increase as well. As inventions and technologies increase productivity, wages everywhere will be equal to the increasing productive potential of the

natural opportunities that are free. And, while the vast majority of inventions increase productivity everywhere, they increase it disproportionately more on superior land. The latest farm equipment increases productivity more on the most fertile land. Faster elevators increase efficiency far more in areas with the tallest buildings. The greater yield from superior land will also provide for social security, universal healthcare, and national defense.

Private ownership of wealth and common ownership of land is a fundamental dichotomy that gives real meaning to the concept of Limited Government. It assures to the individual and corporation all values that can be attributed to their efforts and productions, while allocating to the people as a whole, those values that are socially created, and result from the title to superior opportunities.

In summary: collecting the rental value of land for public revenue will increase the total productions of the country; it will create full employment, eliminate recessions, and raise wages. It will yield to labor everything that can be attributed to the efforts of workers — while granting to the owners of buildings, machines, and products in the course of being made and exchanged, whatever is necessary to induce their accumulation where the land is free. It will share with everyone, those values that can not be attributed to the efforts of individuals and corporations, but result from the conscious and sub-conscious cooperations of all the people in communities and society.

Compare this to our current system of taxing income, sales, and buildings, all of which confiscate the rightful property of producers, while insuring that some portion of what is socially produced is taken exclusively by private citizens and corporations. Taxing the rich more; eliminating deductions and loop-holes; adding or eliminating brackets; taxing or not taxing corporations, estates, inheritance, and capital gains does not alter the fundamental distribution of wealth.

Under the current system some deductions offer a measure of relief for medical expenses and losses from natural disasters. However, under all the tax reform programs already enacted and proposed in our legislatures, land remains private property. As long as it does, the workers and producers will continue to get after-tax wages just as they do now — below which productivity would fall. All taxes are paid out of what would in their absence go to the owners of land and other monopolies. So, in spite of all the above proposals, until the rental value of land is taken for public purpose, all reductions in taxes and all increases in production will continue to go to the owners of land and other monopolies.