

## **Taxes kill jobs**

Taxes kill jobs is the message of political candidates. The American economic system causes unemployment and recessions; that is true, but without revenue and the role of government the U.S. would surely be a third world country.

However, there is one tax system that actually creates jobs. It's not based on the socialistic principle of "Ability to Pay", like most of our taxes. It's based on the value of the "Benefits Received" by the taxpayer. It doesn't confiscate a percentage of income, taking more from those who have a greater income, even when the benefits they receive are the same as others. It doesn't tax wages, which are the earned income of labor; it doesn't tax buildings, machines, or inventories, which were acquired from the people who made them; it doesn't tax sales or consumption, which is the only reason anyone produces anything.

It is simply a charge for the value of the natural opportunities to which the taxpayer has been given exclusive control. It is a tax on the value of land. It can be taxed at 100% without in any way adding to the cost of production. It doesn't add to the value of land or the value of things produced on the land. It simply collects what would otherwise go to the holders of land as an un-earned income when the land is actually used.

It insures that the government has ample revenue for the legitimate needs of society, while limiting the government to those values that cannot be attributed to the efforts of individuals or corporations, but are socially created by the

community as a whole and attach to the land. It cannot be evaded, because the land cannot be hidden.

The reason wages no longer rise as inventions and new technologies increase the results of labor is because people have no independent way to employ them-selves.

If you're among the least skilled workers, no matter how little machines cost or how much those machines increase the results of your labor, you have to bid against other people who want the same job; the result is that wages tend to a bare minimum--superseded by the legal Min. Wage.

For workers with superior skills and knowledge, those with whom employers can increase their profits, it is simply a matter of supply and demand — the higher the pay, the greater the incentive to learn the skill and acquire the knowledge. The wages of any qualified worker will be determined by two opposing factors. First, the demand for the goods or services they produce will encourage employers to offer wages that tend to equal the greater value of their contribution to the product or service. But, as the higher pay stimulates others to acquire similar skills and knowledge the increased supply of superior workers competing against each other, brings wages down until the wages that reward the special skill are no longer high enough to stimulate others to acquire the same skill and knowledge required for the job. Remember when computer programmers earned twice what they do now? The supply increased and their wages went down. They still make more than the average worker, because it's not

so easy to learn computer programming. The supply has not exceeded the demand.

Although the vast majority of workers have no way to employ themselves, and the general level of wages haven't increased in 40 years, it is not a natural law that wages will always tend to remain static. The United States has 700,000 square miles of arable land. That is less than 450 people per square mile. France has more than 850. The U.K. has more than 2,500 and Japan has more than 7,500 people per square mile.

All production takes place on land. The reason why more workers are looking for employment than landowners are looking for workers is that an enormous portion of the arable land in America is unused or grossly under used; simply held as an asset.

Suppose that cities were developed to their full potential. The slums with empty houses and abandoned factories were redeveloped to their full potential; the surface parking lots were replaced with multistory parking garages; the grossly underdeveloped sites in the high-rise business districts were put to their highest and best use. Suppose the suburbs were carefully planned and developed with wooded and open parkland instead of relying on land speculators posing as farmers to provide open space; suppose we eliminated sprawl with its leapfrogging patterns that increase the cost of the infrastructure, waste land, and separate people from work and social relations; suppose we created a disincentive to hold idle, mineral land that increases in value. That is to say: What would

happen if the majority of now privately held idle land was put to good use? It would generate an increase in the demand for labor and create job opportunities for everyone who was willing and able to work.

What is required is a shift from confiscatory taxation, which we now have, to a revenue system that is based on the value of land, which measures the value of the benefits received by landholders from society. Land values include the surface rights, mineral rights, and all other natural opportunities like the electromagnetic spectrum used for communications.

Under this proposal, the rental value has to be paid whether the land is used or not. While the payment of rent is a payment for a benefit received, for those who leave their land idle, it becomes a penalty, and that insures an ample supply of land for all who need or want to use it.

It also insures that all workers and the owners of buildings, machinery, and inventory get to keep everything they produce by taking advantage of the natural opportunities that are equally available to everyone else. []