CC: S. Traherin ✓

[redacted]
Hudson, Florida
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C-Span
400 N. Capitol St. NW
Washington, D.C. 20001

NOV 19 ANS'D

Dear Bryan, Susan, et al.

I must say that I enjoy C-Span tremendously, and that I have actually been able to get a couple of calls through to your program, all of you should be complimented for providing a truly informative program.

This is in no way a criticism, but rather a suggestion for, what I think, might be an enhancement to the good job you're already doing.

During the recent hassle on the budget, which at times seemed interminable, I sensed a substantive omission in many of the arguments and analyses by your guests.

In analyzing the "whys" and "wherefores" of these complex matters, I think one must, at least, refer to history in order to make valid judgments.

If we go back to the 1920's in our country, we find that laissez faire capitalism had pretty much a free rein, i.e., almost no government interference in business affairs, less taxation both personal and corporate, a balanced budget ten years running, etc. Yet, despite all this, we ended this decade in a disastrous economic quagmire, perhaps as bad or worse than the Soviet Union finds itself today.

Although many reasons are given as to the cause of the Great Depression, an honest appraisal would certainly have to include the serious flaws found in this economic and political philosophy. On this ground, Karl Marx stands on equal footing with Adam Smith.

The rest is history too. From 1932 to Reagan, our government incorporated many measures that could be considered socialistic in order to counterbalance the inconsistencies found in the policies of individualistic free enterprise.

Reaganomics (I regard Reagan as only a figurehead) tried to wrench the country back into the 1920's. These policies were successful enough to create the quandary that faces us today.

(con't)

In my mind the budget battle is little more than a tug-of-war in order to get back to middle ground. On the other side of the sprectrum, we find Gorbeshev going through much the same throes, albeit it from a different philosophy; Bush as well as he must retreat from dogma, if they are successful.

Realizing that your bank of resourses must be limited, I can only suggest that,perhaps, you can find people and time to air a program along these lines. I think it might add to a better understanding in your audience.

I am sending along two articles, written by myself, which are a departure from traditionally held concepts. Hope you can find time to read them since they might provide food for thought.

Thank you,

[redacted]

Note Date

The 'single tax theory'

By [redacted]
Guest Columnist

The election of 1978 will be remembered, if at all, by the number of tax initiatives that appeared on various state ballots.

Proposition 13, the granddaddy bill, having passed a year earlier in California, seemed to have set a precedent for angry taxpayer revolt across the entire nation.

The success or failure of those measures passed remains to be seen. Already many Californians seem to be having second thoughts following the enactment of Proposition 13.

In our own county the "school impact fee" (a plan to alleviate some of the anticipated costs for building schools) seems to have bogged down due to a lack of consensus among the participating communities (it does seem ironic that Everglades City would reject the plan while at the same time petitioning the school board for greater school expenditures in that area).

It is my contention that all of these tax schemes are doomed to failure unless the writers of such proposals start to consider the first and foremost principle of any taxation, i.e., the ability to pay.

The recent history of tax reform in this country shows a definite inclination towards regressiveness. Regressive taxation occurs when those least able to pay are required to pay a greater proportion of their income (in the form of taxes) than are those with greater ability to pay.

Legislators at all levels of government show little imagination or incentive to come up with new tax plans that will genuinely ease the monetary strain borne by the average taxpayer.

It would probably surprise most people in this country to learn that a fair, equitable, and sufficient tax plan was formulated before the turn of this century. This plan is known as the "single tax theory" and its chief proponent, Henry George, came very close to winning the mayorship of New York City in the election of 1886 with a campaign based on this theory. If this plan had been adopted at that point in time, it is conceivable that New York would now be lending money to the federal government, rather that the other way around.

As the name implies, this one tax (in theory at least) could generate enough revenue to conduct all essential government services, and by doing so, reduce or completely abolish all other forms of taxes. This seems to be less likely today than at that time; however, the potential for tax relief remains very plausible.

The central tenet of the single tax theory is that land rent is in the nature of a surplus and can be taxed heavily (George advocated 50 per cent without curbing the incentive to produce. The term "rent" is used here in the economic sense, meaning the actual cost-value for the use of land.)

A simple example would be, let us say, the corner of Broad Avenue and Third Street South here in Naples. Without knowing precisely the original value of this piece of property (in the very beginning it was merely appropriated or confiscated by force), we can safely assume that the value has increased greatly as the city of Naples grew. This added value can be classified as surplus.

If we disregard the buildings that now stand on this property (which prove the incentive to produce has not been curtailed because of higher rents), we can see that this added value has come about simply because this parcel of land is where it is, not because of individual effort of any kind (we would have to except the cost of clearing the land and, perhaps, the burden of ad valorem taxes).

Note, too, that persons who have owned this property did not have to be deserving citizens in order to profit from this increased value. A virtuous and poor landowner will be given exactly the same rental by competition as will a greedy land speculator (a fact to remember as more foreign investors enter into the U.S. land market).

When we consider the fact that the total supply of land is relatively fixed by nature (economists define this factor as complete inelasticity), and that the price or return on this land will continue its upward spiral due to the demands placed on it by increased population, we can begin to see the basis for taxation that Henry George visualized.

Critics of a tax proposal of this kind will certainly argue that ownership of the land (so-called property rights) entitles the deed-holder to do and to gain from this ownership whatever he can, simply because he is the owner. The same argument (with greater justification I might add) can be used about personal income, which (unlike surplus value) is taxed heavily and most unfairly. The recipients of profits on surplus value enjoy rights without performing functions (economic), and rights without function is privilege — pure and simple! This is certainly not the way Thomas Jefferson would have had it.

It is not likely that legislators will voluntarily propose such tax measures as the single tax with real estate and monied interests exerting the influence that they have in our state capitals; but, as the monster "megalopolis" spreads its tenacious grip from Jacksonville on our northeast coast down and around our coastline to Tampa and beyond, land values will continue to soar, and the average taxpayer is missing a good bet if he fails to see the possibilities of this added value in forming a tax base that is fair and equitable.

Speaking Out

[redacted]

[redacted] has lived in Naples eight years and has taught in the [redacted] all that time. He currently is teaching adult classes at [redacted].

He is a member of the [redacted] and has served on its executive council. He moved to Naples from Kalamazoo, Mich. He taught high school for 25 years in Michigan, Virginia and Florida.

He earned his bachelor's and master's degrees at Western Michigan University and did Ph.D work at Michigan State University.

The Star extends its thanks to Mr. [redacted] for this week's Speaking Out.

The Star always is willing to have readers speak out on any topic of local interest. Lively, provocative articles of 800 to 1,000 words are welcome. However, The Star reserves the right not to publish Speaking Out offerings felt not to be in good taste nor of general interest.

Letters to the Star

NOTE DATE

Poverty still exists in midst of plenty

By [redacted]
Guest Columnist

Speaking Out

[redacted] has been a resident of Naples for 10 years, coming from Kalamazoo, Mich. He has taught high school and social studies in Florida, Michigan and Virginia for 25 years.

In Collier County, Shaver has taught English at all three area high schools, and in the Adult and Community Education program has instructed courses in high school review, creative writing and other special classes for adults.

In Michigan, he developed a block system for teaching handicapped youngsters.

He earned bachelors' and masters' degrees at Western Michigan and did Ph.D. work at Michigan State University under George S. Counts.

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[redacted]

The United States is a wealthy nation. Blessed with abundant natural resources, a climate that is conducive to large-scale production of food, a close proximity to great bodies of water, and an extensive land mass, our country remains unique in its natural wealth and geographic position.

It is from this natural advantage that many of our citizens have been permitted to derive a per capita income that, too, is unsurpassed throughout the history of mankind.

It would seem, because of this great wealth, that relative poverty in our nation would be, or should be, practically non-existent in our time; however, this is not the case.

Today, we witness millions of our citizens who are economically deprived, and millions more who are inexorably being drawn into this army of the dispossessed through the erosion of life savings.

It is my belief that this anomaly, poverty in the midst of plenty, stems from a gross inequality in the distribution of our wealth, and that this process of inequality has been present since the beginning of our nation.

The study of American history and government, as taught in our schools, paints a picture of rugged individuals who, by dint of courage, intelligence, and perserverance, succeeded in throwing off the yoke of monarchical tyranny in order to shape a nation based on equality and justice for all. What is the real story?

Charles A. Beard, an American historian, in his study and consequent book, "An Economic Theory of the Constitution," shows an entirely different version of our historical process.

Beard begins his text by taking issue with the fact that most historians have failed to mention the extent of economic forces in the determination of the structure of our society, and, particularly, how these same economic forces have shaped both public and private law which deal mainly with the property relationships between individuals and groups. A quote by James Madison (father of the Constitution) elicited from the "Federalist Papers" #10 substantiates Beard's argument:

"The diversity in the faculties of men from which the rights of property originate, is not less an insuperable obstacle to a uniformity of interests. The protection of these faculties is the "first" (my quotes) object of government. From the different and unequal faculties of acquiring property, the possession of different degrees and kinds of property immediately results; and from the influence of these on the sentiments and views of the respective proprietors ensues a division of society into different interests and parties . . . "

In other words, government is instituted, first and foremost, to protect minority interests against those of the majority!

Space does not permit me to denote the many nuances regarding the personalities of members who made up the Constitutional Convention of 1787 which Beard's painstaking study discloses, for this reason the reader must be content with just his major conclusions:

SHOULD READ PROPERTY LESS

1. The movement for the Constitution of the United States was originated and carried through principally by four groups of personality interests which had been affected adversely under the Articles of Confederation: money, public securities, manufactures, and trade and shipping.

2. The first firm steps toward the formation of the Constitution were taken by a small and active group of men immediately interested through their personal possessions in the outcome of their labors.

3. No popular vote was taken directly or indirectly on the proposition to call the Convention which drafted the Constitution.

4. A large property mass was, under the prevailing suffrage qualifications, excluded at the outset from participation (through representation) in the work of framing the Constitution.

5. The members of the Philadelphia Convention which drafted the Constitution were with few exceptions, immediately, directly, and personally interested in, and derived economic advantage from, the establishment of the new system.

6. The Constitution was essentially an economic document based upon the concept that the fundamental private rights of property are anterior to government, and morally beyond the reach of popular majorities.

7. In the ratification, it became manifest that the line of cleavage for and against the Constitution was between substantial personality interests on the one hand and the small farming and debtor interests on the other.

8. The Constitution was not created by "the whole person" as the jurists have said; neither was it created by "the states" as Southern nullifiers have long contended; but it was the work of a consolidated group whose interests knew no state boundaries and were truly national in scope.

What has been the result of this historical process in its 200 year interval?

Statistics on the distribution of national income have been compiled and recorded since 1913 in our country. During the intervening period of half a century, we can observe a fairly constant pattern of income distribution.

In 1949 the fifth of the population with the highest incomes received 45 per cent of the total income, while the fifth with the lowest received only 4 per cent of the total. The second highest fifth received 23 per cent of the total, while the second lowest fifth received 11 per cent. The middle fifth received 17 per cent of the total. If the population were divided into tenths, the highest tenth in 1948 received 32 per cent of the total, while the lowest tenth received only 1 per cent ("The Annual Economic Review" by the Council of Economic Advisors, January 1951, p. 229 — also, "Federal Reserve Bulletin," January 1950, p. 23).

It would be fair to observe that certain legislative attempts have been made to redistribute national income (progressive income tax, capital gains tax, etc.) in the interim since 1913; however, there is no clear indication of any significant change in this distribution over the past decades. A fair assumption would be, due to inflation and more regressive tax laws, that the gap between the "haves" and "have nots" is actually widening.

There is little doubt that the institution of private property in land (created by the founders of this country) has attributed to this economic inequality. Natural resources, possibly of unsuspected quantity and quality at that time, have been exploited on a scale that has yielded exorbitant incomes and profits to a minority of our citizens — oil is an excellent example.

Closely related to private property is the institution of inheritance, which is another source of inequality. Inheritance often enhances inequalities by permitting a family fortune to grow for several generations through use in business. Or, it may merely perpetuate inequality by permitting heirs to retain possession of income property for generations, thereby creating a situation that leads to unearned incomes.

What has been the effect of these imbedded institutions for the average American?

1. Extreme differences in living standards may create class hostility and strife which, in turn, may put restraints upon the close cooperation so essential to satisfactory functioning of a complex society. Labor and management confrontation remains a serious and, as yet, unsolved social problem.

2. High income groups possess power disproportionate to their numbers to promote society's productive agents into essential uses. The home builder will prefer to build one $100,000 home rather than 10 $10,000 ones. Ostentatious consumption is glaringly obvious in the U.S. marketplace.

3. Economic inequality creates inequality of opportunity in the fields of education and occupational training, and for the development of innate capacity. Many with little innate ability but with much opportunity to acquire training and with the proper connections rise to positions of importance which might have been filled by others with greater ability but with little opportunity to do so. Many readers will be familiar with this situation.

SHOULD READ VARIED

4. Perhaps the greatest inequity of all is that high-income recipients come into the possession of disproportionate power to control political, educational and cultural institutions and organizations in our country. When these controls (as they often do) prevent social forces from carrying through bona fide reforms for the majority, the very existence of our society may be jeopardized.

In the past 200 years we have witnessed, through history, a system of wealth much like a giant ice cream cone. A cone with very richness at the top enjoyed by the few; while each descending layer of social strata benefited in diminished proportion as the cone was consumed, leaving at the bottom the dry powder of poverty.

It would seem appropriate and proper then, that we, as a people, can devise a more equitable system for allocating the scarcities we must face in the next 200 years of this nation's existence.

Letters to The Star

Big debate

Dear Editor:

people seemed well satisfied with the system and that no party would dream of advocating its abolition. Mrs. Thatcher's