

Who Owes Whom—and How Much?

by ROBERT BERVEILER

THE producers of the United States owe debts of staggering figures. They owe some (perhaps 10 per cent) of the people around \$290 billions on the Washington ledger. They owe mortgage debts and debts on commercial ledgers of many billions. All these run close to three-quarters of a trillion dollars.

However, they owe a bigger and much more onerous debt in the "right to work" debt, aggregating probably one trillion dollars or more, commonly called land values. The values of these land titles (natural resources included) is a first mortgage on the output of every producer in the U.S.

Some 90 per cent owe a probable 10 per cent—a debt too mountainous for an IBM machine to calculate.

Let one fact be perfectly clear in the mind of every person. The federal, state and municipal governments owe not one cent of debt—they merely keep the ledgers. The producers owe the creditors or holders of the debt. If you own a considerable amount in land titles, common shares or other property enjoying the privileged status, you owe none of these debts. You are a creditor and collector. There is no fixed line between creditor and debtor—many are on both sides of this line. Some producers enjoy constitutional or law-made privileges, and some of the privileged ones do some producing.

The corporations owe no debt. Every dollar shown on the liability side will be liquidated out of consumer sales profits. The shareholders will put out nothing to liquidate the debts on the ledgers—these are

cared for out of the profits of the business.

One congressman proposes that the Congress begin to liquidate the debt on the Washington ledger at the rate of one per cent each year. He has yet to learn that debts of the producers cannot be liquidated under a "free enterprise" or "let's-broaden-the-tax-base" economy. Mathematics is against any such idea. The debts will grow bigger and bigger. Anyone having a passing acquaintance with political economy may well understand this.

The debts can be liquidated and doubtless will be, but there are only two ways—equity or revolution. In the past most debts have been liquidated by revolutions.

What is equity?

Equity is merely the substitution for taxation of *payment for value*. Equity is the only orderly way to clear our debts.

But before we can make a start the people must learn to distinguish between property and privilege, and also between production and privilege. It is necessary to understand taxation, the incidence of taxation, and the incidence of the benefits from the public expenditures. Otherwise there can be no liquidation short of revolution.

Blackstone, Locke, Jefferson, Lincoln, George and other great philosophers were exponents of equity. The hope of the world lies in increasing the number of their followers. "Economic growth," "dynamic economy," "expansion," and "gross national product," will fail us. The road that leads out of debt depends on *equity*—to the producer belongs the product!