

TAX FACTS

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Political Platforms and Taxation

Political platforms in this country have always ranked high in the endeavor to say nothing in a solemn and impressive way. But it may seriously be doubted if anything in the past ever has quite equalled this year's achievements in the gentle art of political dodging. Platitudes there are in plenty, fine and resounding phrases and promises, but a careful analysis of them in the light of past pronouncements and performances finds them singularly lacking in tangible and definite proposals.

In spite of many words in two of the platforms, and much vehemence in the other, it will be necessary to await the personal declarations of the candidates before one will feel safe in appraising the political situation. And even then the probabilities are that so far as there being before the country a practical proposal for the correction of public ills, nothing will be found but words, words, words.

Men may say ever so solemnly, or with the greatest vehemence, that the farmer must be relieved, that business must be unshackled, that the cost of living must come down; but these things will not come to pass from any sort of incantations or exorcisms. The hardships of the farmer, the laborer, and the business man are the effects of definite causes; and they can be removed only by removing the causes.

The evils complained of are in no sense due to a lack of wealth production. There has been no failure in soil fertility, or of efficiency in the factory that consumers are in want of food, clothing, and the comforts of life. On the contrary, there is too much food on the farms, and too many goods in the warehouses.

The plain fact of the matter is that income does not equal outgo. This is due to the fact that though all producers are consumers, not all consumers are producers. The situation may be vehemently denounced, and solemnly condemned;

but in spite of all the fulminations of statesmen and politicians the fact remains that when a consumer gets something for nothing some producer will have produced something for nothing.

The producer may keep going a little longer by working harder, by inventing labor-saving machinery, by discovering cheaper methods, or by devising other means of increasing his product; but as long as the non-producing consumers also increase, the producer will ever find himself threatened with disaster.

The new economists understand this matter. They know that it is legal privilege that saps the life of industry. They know that it is statute law that enables some men to consume goods without producing goods. And they realize that the labor and capital engaged in industry cannot be relieved until those statute laws have been modified or changed.

When in a country where all wealth is produced by labor and capital men are able through special laws to grow rich without employing labor or producing wealth even politicians see that something must be done. But it will avail little to practice the cheese-paring economy of President Coolidge, or extol democratic traditions with Mr. Davis, or join in the denunciations of wealth with Mr. La Follette. It is not a matter of persons. It is a matter of institutions based upon statute law. The same law

tends to work the same results regardless of the virtues of individuals. Right laws tend to a restoration of just conditions in spite of evil-minded persons.

The greatest influence governing the production and distribution of wealth is taxation. Tax production, and industry will slacken, men will be laid off, wages will fall, consumption will decline—which will still further depress industry. Tax special privilege, speculators in and monopolists of unused lands, minerals, forests, waterpower, and city lots, and these natural opportunities will be forced into use.

The question arises, is there anything to indicate that the men who drew these three platforms, or the men who stand upon them, understand the fundamental principles of taxation? Apparently not. The so-called Mellon bill made the first new departure in American legislation when it distinguished between earned and unearned incomes.

But it is still a question whether this action was based upon principle or expediency. Apparently the later was the motive, for the idea is absent from all three of the platforms, and no attempt has been made to extend it. At the very time the Mellon bill was under discussion there were two bills pending in Congress to further distinguish between earned and unearned incomes.

One was a bill introduced by Representative Keller of Minnesota, a Republican, laying a Federal tax of one per cent on the privilege of holding lands and natural resources worth over \$10,000 after deducting the value of all buildings, personal property and improvements. This bill has the active support of the Manufacturers and Merchants Federal Tax League. The other bill is by Representative Griffin of New York, a Democrat, which provides that any person or firm owning unused and unimproved land shall pay an excise tax of one per cent on the value thereof.

Either of these bills would raise approximately one billion dollars, which would permit the remission of a like amount of taxes on industries. But no notice was taken of either bill by any of the platforms, or by any of the candidates. Clearly, the people will get little relief from Washington until the fundamental principles of taxation are more widely known.

UNTAXED CITY LAMENTS

Word comes from Shanghai that Peking, long exempt from tax burdens by reason of emperors' generosity must make terms with the assessor. For centuries, according to the Los Angeles Times, the city has been a landlord's paradise, but it must now join the other great cities as a tenant's terror. And all because the Peking government is hard up. Says the Times:

"It has long been a tradition in Peking that no taxes should be imposed on the inhabitants. Since Peking was the imperial city it was only fitting that the Emperor should display his generosity by paying the city's upkeep himself. When China became a republic the officials felt that they should be at least as generous as the Emperor. So landlords and tenants paid no taxes. In fact no one paid any. But the Peking government has finally decided that Peking is not very much different from other cities, and that its citizens should begin to pay taxes. They have announced a schedule soon to go into effect. Apparently the framers of the schedule are in cahoots with the landlord. By its conditions the tenant pays the taxes in addition to the rent. And if the house is empty there is no tax. The kindness of the government is shown in another provision. It is declared that if a houseowner is too poor to pay a tax, he may apply for an exemption."

OVERCROWDING

According to a report of the Glasgow City Council Housing Committee there is one district with 126 houses to the acre. As an acre divided into 126 portions would mean tracts less than 20 feet square, one can imagine how much room there would be between the houses.

A WASTEFUL NATION

Statisticians have estimated that crime is costing this country, directly and indirectly, \$10,000,000,000 a year. Efficiency experts are attempting to show that inefficient methods of production cost the country another \$10,000,000,000 a year. If to these figures were to be added the loss from the valuable land lying idle the total would be so great that if it could all be saved perhaps we would not have to work at all.

ALL THE WORLD AKIN

The Greater Los Angeles Association is extending credit to factories coming to the city whose owners could not otherwise finance their venture, and the speculators who own the factory sites put up the price accordingly.

The British government is subsidizing house building, and the land owners are advancing the price of building sites. The British government is now finding that building sites are advancing in price faster than the subsidies grow, and building is falling off.

How long will it be before the Greater Los Angeles Association will find that factory sites are going up faster than they can extend credit? Or is this booster association organized for the purpose of capitalizing the civic pride of Los Angeles citizens in general for the pecuniary profit of the land speculators in particular?