

# The Shovelcrats

By CRAIG RALSTON

Continued from last month.

The City Council managed everything of a public nature, including schools, water supply, streets, and sanitation. The tax levy for these public services wrought a second change that had its economic effect.

With the huge advance in the value of shovels, it followed that shovels were placed on the tax roll at a much higher figure than when they were worth \$1. Foreseeing a grave danger, Martin revolved in his mind other expedients to produce revenue. He insisted that to tax shovels would impair their value and, consequently, the wealth of the community, thus seriously hampering its prosperity.

The staple camp food was beans, supplied by a Mexican named José Vasquez, who lived some 200 miles



south. Vasquez had a plantation which he turned into a prodigious bean farm when the establishment of the camp afforded a market. Carloads of beans arrived daily from Vasquez' plantation.

After reflecting on Vasquez and his beans, Martin was greatly impressed with an idea. He caused a

meeting to be held, which he addressed as follows:

"Ladies and Gentlemen: Wholly patriotic and lofty motives impel me to summon you, on the eve of the tax levy, to point out a public peril and indicate an avenue of escape. It is necessary to levy the taxes. One of the sources of revenue will be the shovel, the cornerstone of wealth in our community.

"Naturally, it would depreciate the value of the shovel to burden it with taxation. This would be unjust to our citizens who have invested in shovels. It would be harmful to those who have purchased shovels, which they are now holding for a suitable market. It would devastate the widow and the orphan, whose funds are represented by shovels. It would discourage capitalists, who will refuse to finance the workman with sums necessary to obtain shovels, and this in turn will do irreparable injury to labor.

"I believe all this is unnecessary, and I shall point out a way to relieve shovels of the tax load, and thus escape this disaster.

"My plan is to make José Vasquez, the foreigner, pay our taxes. Vasquez charges us \$1 per bag for beans. He should pay for access to this unexampled market.

"Let the council require Vasquez to pay a tax of \$1 per bag on all the beans he sells here. This will supply revenue to defray the expense of our government. By this expedient, our citizens will be freed from taxation, which will be borne by Senor Vasquez."

This suggestion looked so feasible that it was approved with tremendous acclaim. It was ordered that Vasquez pay, and everybody went home highly pleased. Many felt that Martin was a statesman of such consummate abilities that he should be elected to Congress, and given some post commensurate with his genius, such as chairman of the ways and means committee.

Miguel Panza was the local agent of Senor Vasquez; he attended to weighing the beans and remitting for them. The next day, Panza announced that beans would sell for \$2 per bag. This ended the matter, but for long afterwards, citizens congratulated themselves on their adroitness in requiring a Mexican to pay the taxes of an American city.



Doubtless the tax would have oppressed Vasquez immensely, had he known of it. Since the \$1 per bag was going forward regularly, however, Panza deemed the incident of no consequence, and never notified Vasquez who remained in innocence of the burden upon his shoulders. Therefore everybody was happy, except Tom Morgan, who asserted that those who ate the beans—not Senor Vasquez—paid the tax. Martin scouted that idea. Vasquez' agent, Panza, signed the tax remittances—and even if the consumers paid, Martin argued that there was no cause for complaint because the enormously enhanced value of shovels produced more wealth with which to pay.

The shift of taxes from shovels to José Vasquez' beans had two effects. The first was tax relief for shovels. This produced an immediate increase in their value. The second was that beans became more costly and hard-

er to get. But it was necessary to obtain beans; and to get them it was necessary to use shovels. Workmen who had worked half time, or hung back in the hope that they would be able soon to procure shovels at reasonable prices, saw their resources dwindle. Pressure on the shovel market redoubled. Shovels rose again, because of intensified demand.



As shovels became more costly, debts increased. This was because workmen had to give larger mortgages in purchase, or pay more of their wages to use a shovel. With the adoption of the bean tax, shovel tenants began to pay one fourth their wages to use a shovel; wages, instead of being \$5 per day, were now \$3.75, the sum the workman had left after he paid his shovel rent. For \$3.75 you could hire a man anywhere in the camp.



With time, shovels became so well established as the camp's chief asset that every business transaction was thought out with the shovel as the basis.

Shovels were mortgaged far into the future. On shovels, the owners borrowed large sums to erect commodious homes or send to distant cities for luxuries.

To determine what shovels were worth in this prosperous era, financiers calculated what they would earn for the investor. They found a shovel would yield an income of \$375 per year on a 300-day work basis. They estimated the value of a shovel as equal to a capital investment that would earn \$375 a year at five per cent, the rate at which money could be borrowed in Dry Lake. According to this calculation, a shovel was now worth \$7,500. According to the same figures, the wealth of Dry Lake City, as represented in shovels, had pyramided to the astounding total of \$105,000,000.

When citizens reflected that all this vast wealth had been created by Martin's simple expedient of withholding 1,000 shovels from use, and taxing José Vasquez' beans—that it



had been created without an extra day's work by anyone—it is not remarkable that they considered him a statesman of enormous capacity.

It was noticeable, however, that as shovels increased in value, the owners became fewer in number, and more shovel operatives became tenants.

It was extremely difficult for a tenant to purchase a shovel for \$7,500 when he had to give one-fourth his wages each day for its use, while he was earning money to pay for it. It became still harder after José

Vasquez began paying the taxes, because each shoveler suddenly found it twice as costly to eat.

On the other hand, it was easier for those who possessed shovels whence they derived increasing revenues, to purchase additional shovels. This they did from time to time, usually when some workman became ill or had some bad fortune, which compelled him to sell or mortgage his shovel; or, sometimes, they took advantage of the improvident or the idle. Thus shovels accumulated in the hands of those who already had the most of them.



About 1,000 leading citizens who owned many shovels were idle all the time except when they were figuring up their incomes, collecting rents, interest, or dividends, or devising means to entertain themselves or each other.

Another 1,000 were sunk into deep and dejected poverty. Deciding that nothing was to be gained by hustling, this 1,000 took to odd jobs or panhandling.

Counting out the very rich and the very poor, there were left 12,000 men to work in the trenches. As they toiled, these 12,000 were constantly harassed and impeded. The 1,000 leading citizens were about continually with mortgage and lease renewals, taking up the time of the workmen with squabbles over what a shovel was worth for the next term. Then there were shovel speculators who had bought shovels for a rise. They refused either to shovel, or to let anyone else shovel, and got in the way of those trying to

shovel. If the straw boss expostulated, they claimed they were performing the important economic function of holding shovels until the demand increased to where the shovels could be profitably used. The 1,000 who considered work a dead loss hung around trying to bum the price of a meal off those on the job. On the whole, the 12,000 actually working hardly performed labor equivalent to that of 10,000 steady shovelers.

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History is replete with bizarre episodes which can be traced to the desire of some puissant personage to enhance the well-being of himself or his fellows. Its pages have now been enriched by the experiences of Dry Lake City.

That democracies are not ungrateful was demonstrated when Dry Lake City elected Martin to the City Council. In his statesman's role, it was incumbent upon Martin to ponder new boons which he might confer upon his constituents.

The appearance in town of \$105,000,000 of new wealth, Martin mused, was almost instantly followed by the apparition of 1,000 bums—a remarkable, but meaningless, coincidence. More wealth, Martin told himself, should produce fewer bums. If, in spite of more wealth, bums abound, it must be due to some cause which the wise statesman will seek out and eradicate.

Bums are bums, thought Martin, because they do not work. If they do not work, it is because they have no work. If government can create wealth to give to those who want it, Martin reasoned, it can also create work to give to folks who need it.

While Martin thus simplified the problem, his gaze wandered through the plate glass window that fronted his luxurious office and fell upon the railroad yard where switchmen were shunting a car of José Vasquez' beans. Leaping to his feet, Martin banged his fist triumphantly on his mahogany desk.

In that night's council meeting, Martin proposed this resolution:

"Whereas, the railroad that links Dry Lake City to the Southern Pa-

cific main line is a short railroad, and

"Whereas, short railroads deprive men of work and thereby cause hard times, poverty, and breadlines, now therefore be it

"Resolved, That this council hereby ordains that the railroad be revised outward in length to a distance sufficient to give work to the jobless and restore the prosperity of our camp."

"Mr. President," Martin said, "for years, José Vasquez, the foreigner, has balefully dumped the cheap beans of his Mexican plantation upon the intelligent and industrious workmen of Dry Lake City. He can afflict our camp with the cheap bean because he ships on a railroad so short that he pays a mere bagatelle to get his beans here.

"What are the dire consequences of this flood of cheap foreign beans?"

"Beset by the cheap bean, Dry Lake City is unable to develop its own bean culture. For lack of this, and similar industries, labor walks the streets.

"The crisis demands that we protect the honest Dry Lake City workmen from the short railroad and the cheap bean.

"How can this be done?"

"Our power to tax is the answer. We can impose a protective tax on

the beans of Senor Vasquez, which will make them as costly as though they had been shipped on a railroad 4,000 or 5,000 miles long.

"What will this beneficent tax do?"

"Without fear of successful contradiction, I assert that this tax, if sufficiently high, will absolutely protect our workmen from the bane of the cheap bean. The cheap bean will harass him no more—it will be replaced by the valuable bean.

"Capital—as you have doubtless observed—is attracted by opportunities to produce valuable commodities. Once capital is in a position to produce the valuable bean, it will expand our infant bean industry—now restricted to our back yards—to the limitless sage brush flats around us.

"The creation of this infant industry will not only give work to workmen, but it will inaugurate an era of prosperity in which wealth will be fabulously increased."

Martin's logic looked good, and the council voted to boost the bean tax from \$1 to \$4.50 per bag. Well stocked bean merchants cashed in on the spot at prices which instantaneously increased their wealth. Martin, it seemed, was both statesman and seer.

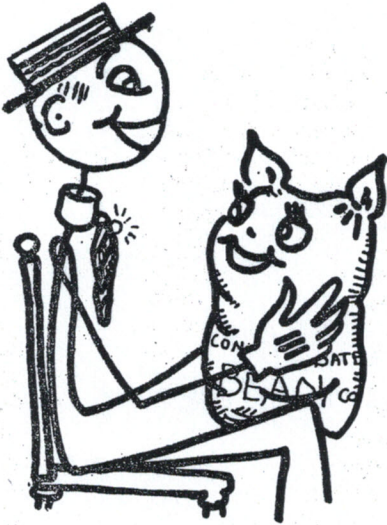
In order to sell beans in Dry Lake City, José Vasquez now had to get \$5.50 per bag—\$1 for the beans and \$4.50 for the tax.

The valuable bean had arrived in camp, and Martin himself dandled the first infant industry—the Consolidated Bean Corporation—on his knee. On Dry Lake City's arid plains, beans blossomed few and far between, but at \$5 per bag Martin grew enough to sprout a sizable era of prosperity in the Corporation office.

So \$5 per bag it was. At that price, Martin undersold Senor Vasquez by 50 cents per bag, and captured the market. Senor Vasquez retreated to his Mexican rancho, and Martin was protected from the cheap foreign bean.

Each year, Martin's infant bean industry yielded \$25,000 profit. He pocketed that, and paid the rest of the proceeds to workers to whom he





had given work hoeing his beans, for wages. Consolidated Bean Corporation shares paid dividends which indicated that the enterprise was worth \$500,000, an important addition to Dry Lake City's wealth.

Protectionism mystified the camp. Some acclaimed it because it made more work. Others bewailed the bull bean market.

"A railroad is made to railroad with, and what I pay for beans and from whom I buy is none of the City Council's business, it's mine," Morgan said. "I don't need the government to tell me where to shop, or how. I can pick my own beans. I don't want to be protected."

Inspired by Martin's success, other promoters devised other schemes to protect the workingman. Capitalists formed the Amalgamated Prairie Dog Footwear Company, which gave work to workmen pursuing the thousands of prairie dogs which squealed at citizens from all directions. Once caught, or excavated from their lairs, these animals supplied skins to fabricate shoes. Customers bemoaned the strange clogs but to no avail. They consoled themselves with the thought that shoes were now really worth while—the protective tax increased the price from \$5 to \$10 per pair.

Some infant industries were so heavily subsidized by the protective tax that they paid better wages than a shoveler earned at his job.

Some shovelers stopped digging in the lake and used their shovels to spade bean patches, or rout prairie dogs out of the earth. The Dry Lake City Irrigation Project limped more and more.

Each newly subsidized infant industry brought with it a new tax. The Council taxed bricks burned in a clay bank; hats woven from desert soap weed; buttons carved from ancient sea shells; and this and that.

Prices of taxed articles soared. Workmen lived in costly dwellings, wore expensive hats, and buttoned up with buttons of great price. Everybody was richly housed, fed, and appareled.

Differences in wealth and privileges had now reached the stage where they gave rise to class distinctions. "The rich" and "the poor"—those who had shovels or infant industries and those who had none—were recognized groups.

Some citizens were fortunate enough to own ten shovels, whence they derived one-fourth the wages of the laborers who wielded the shovels, or \$3,750. A few owned ten times as many shovels, and raked in \$37,500. This gave them a higher rank in luxury—important to them because luxury was the social barometer. Then there were other groups, with intermediate incomes. Some owned shares in bean patches, or in shoe and button shops, whence they drew the profits made possible by the protective tax.

Of the \$18,000,000 that went into the camp each year, a little more than half was retained by those who did the work while the remainder was split among shovel owners, tax collectors, investors and corporations, some 1,000 persons getting the chief benefits. These 1,000 and their families were Dry Lake City's top-notchers. Politically, they constituted the Conservative group of the camp; socially they were the "Upper Ten."

An undismayed and industrious remnant kept shoveling sand out of the lake bed, so productive activity did not halt entirely. Had the whole force quit, the entire superstructure

erected by the skill of Martin's statecraft would have collapsed; for those who shoveled were in one way or another sustaining those who did not, since they went home each night with the only real wages paid in the camp, whence the profits of all were drawn.

Among these workers was Tom Morgan, who was unconvinced of the soundness of Martin's theories of wealth—still less so, when he surveyed the luxury and privation that were its consequences, and the division of the camp into patricians and plebs. Morgan denied that Dry Lake City was really richer or better off, scouted common beliefs in Martin's genius, and proved himself an all-around skeptic.

Shoveling away with his \$7,500 shovel, Morgan insisted—in the face of much ridicule—that it was really worth \$1; that the value placed on shovels was illusion; that Dry Lake City's wealth was mirage; that a shovel is made to shovel with, and that is all it is good for. He scoffed at the idea that a shovel is anything more than an implement for digging holes in the ground, and made himself a nuisance generally by pointing out that the work of digging the lake proceeded only a little more than half as rapidly as it would had Martin never thought of his scheme.

(Continued next month.)

