

# TAX FACTS

Published in  
the interest of

SOUND ECONOMICS

and

AMERICAN IDEALS



VOL. 1

LOS ANGELES, SEPTEMBER, 1922

NO. 5

## DEVIL TAKE THE HINDMOST

**"A few wise heads have discovered the bargains in country homes, and they are quietly buying up all the land they want for themselves, and as much more as they can carry for a speculation. . . . On the other hand if you own city dwelling house property which cannot be converted to business uses, the quicker you get rid of it the better."**

Thus speaks Roger W. Babson, statistician and financial expert, who numbers among his patrons more than 17,000 of the country's leading executives. His particular duty is to tell his customers how to "make money," and believing that he sees a trend of population away from the congested centers, he urges them to buy outlying lands before the price goes up, in order that they not only may get a cheap home for themselves, but may profit on the land held for speculation.

The "wise head" who wants one acre for a home will buy two acres now, and by and by sell the second to a newcomer for enough to pay for both. In other words, the second homeseeker will have to pay for both his own land and that of the first comer.

Roger Babson is a religious man, a man of moral principle. Running through all his advice to young men and women is the injunction to base their lives and activities on fundamental religious principles. One wonders if this latest advice is based upon the Messianic injunction to do as you would be done by; or upon the Mosaic command to eat nothing that "dieth of itself," but "thou mayest sell it unto an alien."

If Mr. Babson had perceived some human need, he might well advise his clients to meet it. By that means is progress stimulated. But what service has been rendered society when one man seizes the home-site that another must have, or go without?

But aside from the question of whether Mr. Babson's advice squares with good morals or not, what shall we say of laws that permit one man to get a homesite at the expense of another, while that other

must pay for two? It is no answer to say that all men have had notice. Many are yet unborn. What about them?

Why does Mr. Babson advise the "wise heads" to buy land for speculation, and say nothing about lumber and brick and cement and plumbing fixtures? Why not buy and hold building materials to sell to newcomers by and by? The "wise heads" know why. Even foolish heads know. They all know that it is only land that increases in value with the growth of population, and the service of government. Land is limited in quantity; building materials are unlimited.

It does not matter, however, whether Mr. Babson gives this advice or not, or whether the "wise heads" heed it. The rural and suburban land he speaks of is already in the hands of men who expect to make the newcomer pay for his own home and theirs too. Not all will succeed. Taxes and loss of interest in many instances will amount to more than the gain. But whether the cost exceeds the gain or not, the future homeseeker will pay for all. And when he does build, this same law that permits him to be victimized by the speculator will tax him roundly for having dared to build a new house on an empty lot. And should he presume to build a large house, and furnish it well—thus giving employment to more labor, and stimulating business—the tax will be all the higher.

Are our tax laws framed in the interest of Mr. Babson's "wise heads," whom he would have get homes at the expense of later comers, or in the interest of all who seek homes? The decreasing percentage of home owners in the United States indicates the answer.

### A TAXLESS TOWN

Death and taxes have so long been held up as the inevitable lot of man that the idea of a town without taxes suggests the millenium. But Long Beach, Cal., bids fair to achieve that distinction. This city, claiming to be in the 100,000 class, owns a lot of oil land, from which several gushers are flowing. Already the citizens are talking of the time when the government of the city will be run without taxes.

No cause is without its effect. What result will inevitably follow a remission of taxes? Will not tax-weary citizens from all parts of the country, nay, from all parts of the world, direct their steps thither. For it is evident that no one can enjoy the benefits of this non-taxing government without placing themselves under its jurisdiction, that is, getting within its borders.

But to get within the borders of Long Beach one must occupy space, in other words, land. As all the land within the city aside from streets and parks, is privately owned the wants of the newcomers added to those already there, will send up the selling price, or rentals, till the increased cost of a site on which to enjoy the benefits of a taxless government will equal the advantages of that government. Thus the benefits of the municipal oil wells of Long Beach will in the end be swallowed up by those who own the land on which the city stands.

Long Beach should remit all taxes for revenue on personal property, business and improvements; but the city should at the same time tax the land according to the value conferred upon it by the community. Only by that means can land speculation be prevented, rents be kept within reason and the benefits of the oil wells be enjoyed by all the people.

### STRIKING AT THE PEOPLE'S POWER

All commentators on government agree that ultimate authority rests in the hands of whoever holds the purse strings. The long struggle in England that ended in the loss of the power of the House of Lords to veto money bills was fought in order that the House of Commons, that is, the people, might have sole authority in money matters.

Not only have Americans clung to this principle by keeping control of revenue bills in the hands of elected representatives, but they have gone farther, and in many States and cities have subjected revenue measures to direct vote of the people. The State of California has that provision in its constitu-

tion as the full fruition of the struggle of centuries.

Now comes an ultra conservative, reactionary organization, masquerading under the guise of the "Peoples' Anti Single Tax League, but whose members are at one with the Better American Federation, and proposes to take from the people this highly cherished right. Of all the powers that lie in the Initiative, the control of the purse strings is to be taken from the people. This is equivalent to a campaign on the part of the British House of Lords to recover their veto of revenue bills passed by the Commons.

The Singletax has nothing whatever to do with this bill. The purpose of the men behind it is to take from the people their control of the public purse. Vote No.

### THE BLIGHT OF GREAT LANDED ESTATES

One answer to the question of why home owning in the United States is decreasing may be found in the report of "Large Landholdings in Southern California," issued by the California Commission of Immigration and Housing in 1919. In eight counties of Southern California, the report states, there are 255 holdings, each of more than 2,000 acres, aggregating 4,893,915 acres. The Southern Pacific Railroad holdings in five of these counties amount to 2,598,775. Aside from railroad lands there are 32 holdings each of more than 15,000 acres; 7 holdings exceed 50,000 acres each; one has 101,000 acres; and one 183,399 acres.

The report charges under assessments and lack of improvements on these big estates. "Much of the land in these great holdings," says the report, "is not for sale under any conditions; some of it is for sale in tracts of a size which renders it wholly inaccessible to the man of small means wishing to make productive use of it, and most of it is for sale at prices which prudence forbids the prospective cultivator to pay."

It is easy to understand why the owners of these great estates with little or no improvements should object to a tax system that would exempt improvements from taxation and levy all taxes on lands at their site value, and it is encouraging to learn that the working farmers, with their few acres and many improvements are beginning to understand the opposition of the big speculators. They begin to see why farming does not pay as well as holding land idle, and they are looking for the remedy.

## IDEALISM AND THE REALTIES

"If we could have asked Cervantes what the moral of Don Quixote was, to his own mind," says Professor Santayana, "he would have told us, perhaps, that it was this: that the force of idealism is wasted if it does not recognize the reality of things. Neglect of the facts of daily life made the absurdities of Don Quixote. What is needed is not, of course, that idealism should be surrendered, either in literature or in life, but that in both it should be made efficacious by a better adjustment to the reality it would transform."

## MEN OR DEER

"The holding of large tracts of land, uncultivated and unimproved," which the California constitution says, "is against public interest, and should be discouraged," is not peculiar to the Pacific Coast, or the United States. Even so old and so thickly populated a country as Great Britain is wrestling with the same problem.

The British government, be it known, is spending \$15,000,000 a year in assisting "surplus" population, that is people out of employment, to the colonies. Lloyd George deprecates this sending away of the bone and sinew of the country. While parliament was discussing this matter the Committee on Scottish Deer Forests issued its report, recommending that the further extension of deer forests be prohibited. Similar reports were made in 1884 and 1895. Meanwhile the deer forests have increased, according to P. Wilson Raffan, member of Parliament, from 200,000 acres to 3,500,000.

"As in the highlands," says Mr. Raffan, "so in every part of the countryside, suitable land is being withheld from would-be cultivators and land users. There is not a single county council in England and Wales that has not on its books large numbers of applicants for small holdings, men whose qualifications for settling upon the soil have been tested and approved. So also in Scotland there are many thousand unsatisfied applicants. There is no lack of suitable land."

What a familiar sound that has. One might think it was our own Prof. Mead speaking of the California situation. And strange to say, Great Britain is meeting the problem very much as California is. Of the 19,000 acres in the city of Bristol, 9,960 were rated as "agricultural" and bore an average tax of \$1.50 per acre. Yet when the city wanted a little of this land for houses the owners demanded several thou-

sand dollars an acre. That also sounds familiar to California. Not only that, but this identical course is pursued in both places regarding taxes. For, no sooner does the Britisher presume to put a building on this low-taxed land, or put it to other fitting use, than the authorities clap on a fine in the shape of a good round tax.

## NOTES

The Bulletin of the Committee of Manufacturers and Merchants on Federal Taxation (Chicago) for September should be in the hands of every voter. In it is a graphic article by J. H. McGill on how Pittsburgh met the depredations of land speculators and relieved business by a sane system of taxation. Mr. McGill's lucid account is supported by many testimonials of Pittsburgh business firms that have been gathered by the Bulletin.

When the philosopher Tagore of India enumerated some of the virtues of Denmark as evidence that that government was the best of all the nations, he neglected to mention what had been done toward removing taxes from industry. On August 4 the Danish Parliament laid a tax of two-thirds of a cent on the selling value of all land, apart from improvements, and remitted the old tax on improvements not exceeding \$2,000 in value. Announcement is also made that the government intends to legislate for local taxes on land value, with a corresponding remission of taxes on improvements and personal incomes.

No citizen can vote intelligently without an understanding of the principles of taxation; and the best book ever written on taxation is "Progress and Poverty," by Henry George. Price, bound in reinforced paper, 75 cents (by mail 80 cents); or "Progress and Poverty and Tax Facts," \$1.00.

As between the present two gubernatorial candidates—one of them respectable, but both of them without vision—forward-looking California voters have been disposed to take to the mountains. But with the eleventh hour announcement that J. Stitt Wilson has entered the lists there is promise that the campaign will not be concluded without some consideration of the fundamental principles of government.

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Published Monthly  
at 420 American Bank Building,  
Los Angeles, Cal.

by  
The Los Angeles Single Tax League

EDITOR ..... STOUGHTON COOLEY

Subscription per year 50 cents

Vol. 1 Los Angeles, Cal., September, 1922 No. 5

## THE CALIFORNIA WATER AND POWER ACT

There is a saying in Missouri that if a man has a piece of land, a plow, and a mule he is independent. And if he has merely the land he can borrow the plow and mule. It is different in California. Here he must have land plus water. Some of the most productive land in the State, land that sells for five hundred and a thousand dollars an acre, would scarcely be worth surveying, were it not that water can be brought to it from the mountains.

That is why the Water and Power Act is of such vital interest to the people of the State. In other parts of the country irrigation and water power are among the many alternatives available. Here there is no alternative. It is like the highway. One may have any kind of a vehicle, but without the road it is useless.

Since the usefulness of California land is as dependent upon water as it is upon highways, the question arises, shall the water be publicly owned and controlled, as are the highways; or shall it be privately owned, as were the old toll roads. In other words, shall the people of the State develop the water power for their mutual advantage, as they have developed the wonderful highways; or shall they allow private companies to develop it for private profit, as private companies of early days built toll roads?

This is a serious question, and it must be decided this year. Not to begin now means greatly added expense when the public does take over the water service, for private companies are filing claims to water sites as fast as surveys can be made. This is the time for the public to act.

There is nothing new or strange about the Water and Power Act, except its size and scope. Each and every provision has been tested in some part of the country and proven to be practicable. It is only when the attempt is made to do for the whole State what has already been done in many of its cities and towns that some timid per-

sons hesitate to follow the logic of experience.

Much ado is made over the fact that the Act empowers the Board to issue bonds to the amount of \$500,000,000. That does not mean at once. The bonds will be issued only as the development proceeds. The first issues may be paid off before the last bonds are put out. Besides, each community will pay its own bonds and will have behind them the community-owned property.

It is not a question, however, whether the people of California shall submit to an indebtedness of \$500,000,000 or not. The power will be developed. If not by public credit, then by private credit. In either case the people will pay. But there is this **difference**: Public credit commands money at five per cent., or less, whereas, private credit must pay as much as seven per cent.

Shall the people of California apply the toll-road principle to its water and power development, or shall they apply the highway principle, as the citizens of Los Angeles did when they brought the Owens River two hundred and fifty miles to Los Angeles?

## THE ARTIST AND THE ASSESSOR

The California Art Club has demonstrated that its members are economists, as well as artists. They have protested against the assessor's attempt to collect taxes on their unsold paintings on exhibition. Commercial goods, hats, for instance, have a known value because they are continually bought and sold. But a painting, the artist contends, has not been sold, and hence no one can know its value.

The price put upon the canvass by the artist, it is claimed, is expressive of his ambition, or perhaps of his conceit. The real value, the value that assessors may take cognizance of, is fixed by the buyer, with the approval of the seller, and is determined by a sale. If the picture has no power to arouse the emotions of the beholder to the extent of making an offer, there is clearly no cash value, and the tax law does not apply.

The assessor might make his point by taking with him some one who would make a cash offer for the painting. But this might lead to complications. The artist might accept the offer; and while the commercial value might be fixed, the tax would then fall upon the purchaser.

In view of what the artist gives to the world, and what he gets out of the world, it would seem to be a poor return to tax him on his unsold paintings.