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Settling Up The Country

Has the community discharged its whole duty when it has compelled technical observance of the law? Should government lend itself to the promotion of private speculation in homesteads? Does equity permit one citizen to profit by the necessities of another citizen? Should any man be allowed to stand between idle men and idle acres? Is the declaration of the California Constitution, Art. 7, Sec. 2, "The holding of large tracts of land, uncultivated and unimproved, by individuals and corporations, is against the public interest," a pleasantry or a fundamental principle?

Another attempt is announced to bring California's idle lands into use. For several years the State has conducted two experimental colonies under the supervision of Dr. Elwood Mead of the State University. As a result of the success of Dr. Mead's work it is announced that leading owners of large tracts of land have formed the California Approved Land Settlement Association.

This association, which is expected to represent a million acres, is to include only projects that have received the approval of the State Real Estate Commissioner. The lands are mainly in the San Joaquin and Sacramento Valleys, and include twenty of the leading landed estates of the State.

This may be a step in the right direction, but clearly it is only a step, and may be fraught with unpleasant consequences. It is possible for men with large holdings to sell off part of their acreage in such a way as to build up a dangerous monopoly power with the land that is left.

It is not enough for the State to see that only good land is offered to settlers, and that the owners are technically honest. The State should follow the deal through from the beginning to the end. It should know in advance how much land is to be offered for sale, and on what terms. It should supervise the selling of the last piece of land as well as the first. The two inescapable duties of the State are to keep the peace and maintain land tenure.

Manifestly it would be wrong for the State, representing all the people, to lend its approval to this colonization plan to sell the first parcels at a low price to attract settlers, and then when the first comers have by their presence, and by their industry, made the remaining lands more valuable, allow the new comers to be mulct by speculative prices.

The State can fulfill its obligation only by recognizing the principle that the lands of the country belong to the people of the country, and that when parcels of land are assigned to individuals those individuals should not treat their holdings in a way to harm the rest of the community.

What a man makes he may do with as he pleases, so long as he encroaches not upon the equal right of his fellows. But the earth itself which was not made by man, must be used for the good of all men.

Private ownership of land was instituted for the purpose of securing its best development and use. When, therefore, that ownership is used for speculation, and the enrichment of owners at the expense of users, it is the duty of the State to interfere.

Even should the members of the California Approved Land Settlement Association acquit themselves fairly in every respect in selling their lands to bona fide settlers, there would still remain the evil that comes from the advance in price of lands not in the association, but due to the settlements established. Just to the degree that

this adventure is successful in securing bona fide settlers, and establishing thriving communities, just to that extent will the owners of surrounding lands hold out for higher prices, and by the prevailing speculative methods blackmail the settlers who are to come.

It may be asked what more the State can do in the premises than to see that these associations are honestly managed. It can exercise its sovereign power of taxation in a way to discourage, rather than promote land speculation. It can lay an extra tax on untilled lands, as Canada is now levying on the vacant land of the Hudson Bay Company. It can impose a graduated tax on large land holdings, as New Zealand and Australia have done, and as has been recommended by the California Commission of Immigration and Housing.

The Hudson Bay Company has refused to sell its vast holdings of valuable land. There was greater profit in paying the trifling tax, and waiting for the settlers on surrounding lands to build up the communities, and increase the value of the Company lands. But the vacant-land tax put a different phase on the situation. The Company now finds it to its interest to sell. The graduated land tax in New Zealand had a similar effect in breaking up the large landed estates in the hands of men who expected to set up a land system similar to that of England.

The same reasoning that denied to the American Indian the right to hold a continent as a hunting ground for a handful of people who derived support from the chase, when it is needed by hundreds of millions who cultivate the soil and develop the natural resources, forbids the holding of idle acres by speculative monopolists when bona fide settlers are ready to use the land.

Had this country adopted the right land system in the beginning, the present blight of speculation could have been avoided. But having blundered at the start, and allowed vast areas to drift into the hands of speculators who now stand in the way of men and women who wish to use the land, resort must be had to the taxing power. The State can not interfere with titles to lands held for speculative purposes, but it can tax them. As the Federal Government drove State bank notes out of existence in the "wild cat" money days by a tax of ten per cent, so the State government can drive speculative land holdings out of existence by taxation.

The Legislature can do this, but the speculators will see that it does not do it until

the people insist. It is merely a question of who runs the State: The People, or the Land Speculators.

REWARDING OUR BENEFACTORS

The Los Angeles City Council deserves commendation for its recent action in repealing the general occupation tax law. Heretofore the city has assumed the attitude that any man, woman, or child in Los Angeles that tries to render a service to any one must be fined, and the greater the service the greater the fine.

If a widow had a rooming house with receipts less than \$4,000 a year, she was taxed \$6. If it was a hotel with a business of \$2,000,000 a year the tax was \$1,875. A manufacturer or merchant doing a business of less than \$6,000 paid a tax of \$6. If the business amounted to \$10,000,000 the tax was \$7,500. Physicians, attorneys, music teachers, trained nurses, geologists, chiroprudists, and everybody that did any thing for pay was taxed. The enumerations and fines filled two large newspaper pages of fine type.

Yet there was one strange omission. A person might buy land for speculation, and sell it for twice the purchase price without being taxed. But if he did anything useful, anything to build up the city, or to serve his fellows, he was taxed.

If a man bought a lot on speculation, the act was not taxed, but there was a small tax on the vacant land. If he built on the lot, he was taxed much more. If he put in a stock of goods to sell, the goods were taxed, and he was taxed for selling them. If he bought and sold a vacant lot he was not taxed. But the merchant or manufacturer who used the lot was taxed. And yet people have been astonished and amused at the Adventures of Alice in Wonderland.

The City Council has repealed the occupation tax. How long will it be before it repeals the tax on all industry?

FEDERAL TAX RELIEF

. . . The program of the Manufacturers' and Merchants' Federal Tax League of Chicago is worthy of some notice, and its efforts to popularize the bills which are to be introduced into the House of Representatives in December are commendable.

The league's tax relief program is designed to raise revenue and to relieve business, industry, and agriculture of about \$1,250,000,000 of the burden which it now carries, a no inconsiderable amount even when billions are spoken of so lightly in financial transactions as they are today. This program it proposes to carry out through the agency of four bills, the land value tax measure being the one in which it is particularly interested.

This land value tax bill provides for a federal tax of one per cent on the privilege of holding lands and natural resources worth more than \$10,000 after deducting the value of all buildings, personal property, and improvements. In the case of farms, cost of clearing, draining, plowing, and cultivation, together with soil fertility, are classed as improvement values. It will exempt over 98 per cent of all actual farmers and also exempts standing timber from taxation, whether naturally or artificially grown, while it would tax monopoly holders of vacant natural resources, valuable "sites" in cities and the holding of land in general out of use. It is estimated that the revenue raised under this bill would be about \$1,000,000,000 annually.

The other measures to be introduced include one repealing a great variety of taxes on business and industry, leaving, however, the taxes on such products as distilled spirits, tobacco, and the manufactures dependent upon child labor, one amending the income tax law so as to distinguish between "earned" and "unearned" income, and one amending the inheritance tax.

It is claimed that the above program will relieve the people of the United States of from three to five times the actual amount—\$1,250,000,000—saved by the relief on business by reducing the inflated living costs. Be that as it may, it is at any rate refreshing to see concrete efforts being made to solve the American federal tax problem.—*Christian Science Monitor*.

[The Manufacturers' and Merchants' Federal Tax League (1346 Altgeld St., Chicago), has called a Tax Relief Conference to meet in Chicago, November 9 and 10, 1923.]

NOTES

"Every improvement in the circumstances of society tends either directly or indirectly to raise the rent of land."—*Adam Smith's Wealth of Nations*.

One of the demands in the working program of the Nonpartizan League of California is, "Exemption of farm and home improvements from taxation."

We recommend: The revision of the taxation system so as to exempt from taxation all improvements, and tax unused land at its full rental value.—*Federal Commission on Industrial Relations, Final Report, p. 132*.

Now that the United States Steel corporation has abandoned the twelve hour shifts the question of the eight hour day in this country may be considered settled—with the exception of a few million farmers and a good many million housewives.

"The ordinary Progress of society which increases in wealth is at all times tending to augment the incomes of landlords. They grow richer, as it were, in their sleep, without working, risking or economizing."—*John Stuart Mill's Political Economy*.

Mechanical devices for detecting liars have been supplemented by statistical tables to detect encumbrance. The Glens Falls Insurance Company has prepared an elaborate table showing that loss from fires fluctuates with business, increasing when business is bad, and decreasing when business is good.

Senator Brookhart, writing from Russia, of the peasants' strike against the cities, says: "It was settled in Poland by electing a farmer as Prime Minister, and in Russia by giving the farmers the land and establishing a tax rate that is quite satisfactory."

"When I settle with the grocer for his services," says Uncle Cy, "I pay for what they're worth. When I settle with the government for its services I'm taxed on what I am worth. Will some politician or professor tell me why? Ain't service service? And oughtn't a man rich or poor to pay for what he gets, according to value?"

Approximately quarter of a billion people, well over one-eighth of the earth's population (estimated, 1922, at 1,747,000,000), are living in Proportional Representation territory — nations or other governmental units throughout which proportional elections are held for important representative bodies by direct popular vote.—*Proportional Representation Review*.

The New Era is not dependent on elections. It overlaps all kinds of human conventions. Men are twice deceived, once when they think they can bring in the new era by committee meetings, and again when they think that because their committee meetings have failed the new era is delayed. The great changes come regardless, as spring and autumn come.—*Dearborn Independent*.

The Georgia House of Representatives has voted to tax opera companies coming into the State \$1,000 a day in cities of less than 100,000, and \$2,500 in cities over that number. This will be of interest to the group of public spirited citizens of Atlanta who have been making up the deficit when the Metropolitan Opera Company of New York comes to their city. It also measures the legislators' appreciation of music and culture.

Remember that taxation is a social force, subject to the will of the community. If you understand how to manage your own income you can act. But no matter how well you understand the income of the state you are helpless till your neighbors also understand it. When you have read TAX FACTS, therefore, pass it on to a neighbor, and urge him to subscribe. The more rapidly the circulation is built up, the more quickly will you secure community action on the tax question.

In my judgment, the strongest element influencing 1924 business is a growing competition in American manufacturing, which during the coming twelve months will amount to super-competition. It will be the greatest competition in business this country has ever experienced, and will be due to the fact that we shall not be able to export our surplus at profitable prices, and shall be obliged to depend almost entirely upon our home market.—*Edward A. Filene, merchant economist*.

It is time for us once more to reassert that we recognize for the purposes of taxation, whether Imperial or local, a distinct difference between two kinds of value—the value created by the energy and enterprise of individuals and the value which is not so created, but which rises from the progress and general development of the community at large. Upon that fundamental distinction we have always taken our stand, and we hold as we always have held, I think, that so far as practicable local and national taxes which are necessary for public purposes should fall on the publicly created value rather than on that which is the product of individual enterprise and industry.—*Herbert H. Asquith, former British Prime Minister*.

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TAXED TO DEATH

Ohio is one of the States that has had its tax system laid out by the reactionaries. When the last constitution was adopted care was taken to see that no new fangled revenue ideas slipped in, and one—the shifting of taxes from industry to land values—was specifically forbidden. Having made everything safe and sound by an ironclad constitution, industry was told to go ahead, and have no fear of the pernicious reformers.

But it is one thing for reactionaries to assure business that the way to prosperity is clear; it is an entirely different thing for business to travel that road. Legislatures may make laws, and people may adopt constitutions, but there is another law-maker whose decrees persist in spite of all. Nature's law of supply and demand may be repealed by the legislature, or declared unconstitutional by the courts, but somehow it continues to function. The same is true also of the natural law that the consumer pays the cost of production, and that taxes on production—regardless of legislatures, constitutions, and court decisions—enter into prices.

The Cleveland Chamber of Commerce is one of the bodies that wants to know. It shows that of the \$20,000,000 revenue of Cleveland less than \$1,000,000 came from individual personal property, \$11,000,000 from real estate, and the remainder from corporations—principally from public utilities and banks. Though the law calls for the taxing of all personal property over \$100, the number of persons paying personal property tax is steadily decreasing.

The Ohio Council of Retail Merchants also appears to have doubts that all things are as they should be. A committee has been appointed to make a survey of the tax system, and an expert from the State University has been employed to direct the work. The president of the Council uttered a truism when he said: "Ohio merchants as a class have paid little attention in the past to the State's taxation program."

This marks progress. Having come to a realization that it is not safe to permit the reactionaries to do their thinking for them, the retail merchants of Ohio have hired a college professor to assist them. As nature's laws persist even in spite of scholastic learning, and as the retail merchants are ground finer and finer between the inexorable natural laws and the obstacles that stupid legislators put in the way, it is not too much to hope that the victims some day will come to think for themselves.

When that day arrives, when the retail merchants of Ohio open their eyes and see what is before them, they will discover a great fact. That fact is that they are only one of the victims of a system that men have built up in defiance of natural law. And having discovered that fact, they will sooner or later come to realize that in order to secure relief for themselves they will have to make common cause with the other victims.

Farmers clamor for government aid; manufacturers, merchants, and labor, all feel themselves oppressed. And they are oppressed. They should have relief. But they will get nowhere as long as each seeks to save himself regardless of the others.

This is not a question of persons or of classes. It is a matter of natural order. It is not a theory, it is a fact.

"The law of progress," said a great philosopher, "is association in equality." When men associate together to create wealth they produce two values: an individual and a social, or community value. The individual value attaches to the things produced; the community value attaches to the land from which, or on which, they are produced.

If society, in order to defray the cost of government that serves the whole community, will tax the land values created by the community its members will be associated on a plane of equality, and society will progress. But if society taxes individually created values, and permits the community-created land values to remain in the hands of land speculators, the producers, the farmers, manufacturers, merchants, and all who labor, will not be associated in equality, and society will progress under great difficulties, if at all.

If the Ohio retail merchants, in common with all other producers, will do a little thinking for themselves they will soon put an end to the speculators and special privilege beneficiaries that now batten on industry.