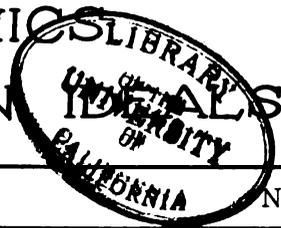


# TAX FACTS

Published in  
the interest of

SOUND ECONOMICS  
and  
AMERICAN



VOL. 1

LOS ANGELES, JANUARY, 1923

NO. 9

## COMMONWEALTH CLUB ON FARM TENANCY

**"The public domain has virtually been exhausted so far as productive farming land is concerned. Prices of available land for farming and stock raising have greatly increased in every section of the country, the financial system has made it very difficult for the tenant to acquire ownership in farm lands, and the increase in variety of farming machinery has made it necessary for the tenant to have very much more capital than was required in the days when grain was sown and reaped by hand and the horse and ox were the only kinds of motive power." Report of San Francisco Commonwealth Club on Land Tenancy in California.**

Turning to "A Report on Large Land-holdings in Southern California," issued in 1919, by the California Commission of Immigration and Housing, one finds where some of the public domain has gone. In Siskiyou county alone the Central Pacific Railroad was assessed on 664,830 acres of land. San Bernardino county has 642,346 acres assessed against the Southern Pacific. The Miller and Lux estate in California was approximately 700,000 acres. In order to appreciate the meaning of such holdings they should be compared with familiar areas. The State of Rhode Island, with its two senators, governor, legislature, and full equipment of government, contains only 798,720 acres.

The Commission of Immigration and Housing confined its investigation to the southern eight counties, where it found 255 holdings aggregating 4,893,915 acres. The Southern Pacific's holdings in five of these counties amount to 2,598,775 acres. Besides these railroad lands there were 32 holdings each of 15,000 acres, 7 of 50,000 acres each, one of 101,000 acres, and one of 183,399 acres. This one ranch is only a little less than one-fourth the size of Rhode Island.

The Commonwealth Club says, "The public domain has virtually been exhausted so far as productive farming is concerned." The Commission of Immigration and Housing found enormous quantities of tillable land unused. The California Constitution, Article 17, Sec. 2, says: "The holding of

large tracts of land, uncultivated and unimproved, by individuals and corporations, is against the public interest."

No problem appears to be more persistent or more universal than that of adjusting man to land. When the Commonwealth Club undertook this inquiry into California farm tenancy, it merely recognized the conditions that led to the farm bloc in Congress, that caused the abandonment of 40,000 acres of Michigan farm lands, and that made the farmers of Idaho wonder why their potatoes did not bring enough to pay the freight.

"One of the most important results of our study," says the committee, in its valuable report, "is the conclusion that tenancy does not provide a means to ownership under existing conditions of high priced lands, short length of tenure, and relatively small returns. It was your committee's hope that, among other things, tenancy would prove itself a stepping stone for conscientious, experienced and trained young men possessed of limited — though some — capital, who, to be of the greatest good to the state, should become land-owners and assume the interest in affairs and the responsibility that such ownership entails."

Inquiries in different parts of the State, however, as to the time needed to acquire ownership brought such answers as, "three to thirty years," "maybe a lifetime." Nor is this the full measure, for the committee

explains: "These years do not mean full ownership, since most of those interviewed considered ownership as being established when sufficient accumulation of earnings has occurred to make the initial payment possible." And adds: "The opinion is almost unanimously expressed that a man cannot purchase land at present prices on the income from the yield of the soil."

Tenancy was found, in short, to be wasteful of the resources of the State and of society. It leads to "skinning" the land, to shiftless cultivation, and to poor improvements. But, worst of all, tenancy means lack of interest in local and State affairs. It means a general want of responsibility. Tenants may increase land values, but they tend to lower social and political values. "We are unanimous in the belief," the committee says, "that the safety of the commonwealth depends, in large measure, upon ownership of land by those who farm it."

But, as the committee was strong in its analysis of the evil, it was weak in its recommendations. Longer leases, safeguarding improvements, greater care in entering upon tenancy, inducing owners of large holdings to subdivide and sell, these and similar palliatives are suggested. The committee apparently was aware of their weakness, for the report closes with the statement: "So we leave the subject still open, hoping though that we have contributed something worth while to your store of knowledge."

Frank, but rather pessimistic. What has happened since the days when men went into the wilderness, or out upon the plains with an ox team, and established a home? Science and invention have added immeasurably to man's powers over nature, yet with all these advantages the present day home-seeker cannot repeat the exploits of his father. Why?

Two great changes have come. One is the high speculative price of land. The other is the enormous increase in taxes on production. The same land that could be bought twenty or thirty years ago for a few dollars an acre is now priced at as many hundred; and Congress that distinguished itself by appropriating a billion dollars has been succeeded by Congresses that appropriate many billions. And to this must be added a like increase in local and State taxes.

Who pays? Manifestly the consumer. Juggle the figures as you will, when all is said and done, the stupendous sums taken in taxes, and the still greater sums taken in

ground rents, all come out of the labor and capital that produce the wealth of the world.

Labor and capital are hard pressed, but the burden falls with peculiar hardship upon the farmer, because the price of his product is fixed in foreign markets, while the price of what he buys is kept up by the tariff, and by other monopolies based upon special privilege. Thus the farmer is whip-sawed. Too often he sells crops that do not pay the cost of production; and when he buys he finds himself saddled with an undue share of the burden of government.

The plight of the small working farmer, tenant or owner, is the condition of all labor and capital not fortified by legal privilege. To relieve the farmer, therefore, industry in general must be relieved.

There is but one way to free industry of its burdens. That is to take them off. This can be done without disturbing the rights of property. And each step in the process will stimulate business, increase the demand for labor, widen the farmer's market, restrict speculation in land.

A law akin to the so-called Pittsburgh Plan will accomplish the desired end. The Pittsburgh graded tax law, which has been in operation ten years, shifts ten per cent. of the tax on improvements to land values every three years. The pending Toronto law shifts taxes from improvements to land values at the rate of ten per cent. a year. No shock or disturbance to business in Pittsburgh has occurred from the forty per cent. that has been transferred from improvements to land values. On the contrary, there has been a decided move to put vacant lots to use, and a tendency to replace old shacks with up-to-date buildings.

If to the Pittsburgh Plan there be added the New Zealand graduated land tax on large land holdings, which was recommended by the Commission of Immigration and Housing, the Commonwealth Club will have its answer. Pittsburgh has demonstrated its effect on business. New Zealand and Australia have broken up the large estates, and Denmark has resorted to it to relieve the small home-owning farmers.

The one question to be determined by the people of the State is this: Shall the tax laws remain as they are in favor of land speculators; or shall they be made in the interest of land users. That is, shall the owners of great landed estates held for a rise be favored with a nominal tax, while the working farmer is taxed at a higher rate on his land, and upon every improvement he makes?

## THE CAPE OF GOOD HOPE

You and I are forever rounding the Cape of Good Hope. Did you know that when that barren rock, long back in the year Very Little, was discovered and charted, the venturesome mariner who first sighted it called it the Cape of Storms, which designation had no golden lure in it for the monarch who had sent the expedition out? The canny king said, "No! who will go for treasure for me to the Cape of Storms! Let it be, instead, the Cape of Good Hope."

Here is your parable, and mine. The whole round earth, today, almost, is sailing about the Cape of Storms. But you and I are cannier. Let us cheer and inspire the sad and hopeless ones, and sooner shall the treasure of peace on earth and of economic justice be chinking into the coffers of mankind. "Storms?" Oh, yes, but storms are transient. Your word is, "Hope lies in the new year." Good. That is my word, too. We revise the chart. No Cape of Storms for us; forever more. The Cape of Good Hope.

—James H. West.

## PROMOTING REFORESTATION

Taxation of standing timber has been and is now responsible for cutting large tracts of timber in certain districts instead of conserving it. Under the proposed system of taxing on the land value basis all standing timber comes under the category of "improvements" and is not subject to taxation, the tax levy being upon the land value only. This is a system of taxation that is strongly advocated by a large number of lumber companies and leading economists, and is favored by the National Forestry Association. . . . Quite a number of owners of cut-over land that is not suitable for agricultural purposes have declared they would gladly inaugurate a reforestation program and reforest were it not for the fact that under the present system "taxes would eat the timber up." In fact, taxation that would fall upon reforested property, or the growing timber, which is an actual improvement, is all that prevents the largest land holder in Cloverland territory from reforesting many idle acres. The head of this big concern said: "When they won't tax us to death we will gladly reforest. Taxation is all that stands in the way of reforestation."—*Cloverland Magazine, Menominee, Mich.*

## A REMEDY FOR FIRE-TRAPS

New York editors appear to be "all het up" over the loss of life in local fires. The disasters occur with amazing frequency, and each new holocaust is followed by a spasmodic enforcement of the fire ordinances; and from time to time the legislature takes

a hand. But the human sacrifice goes on. In spite of State laws and city regulations the ancient buildings, put up in other times and for other purposes, continue to take their toll.

A recent investigation showed that only 260 of 1194 factory buildings met all requirements. Many of the buildings are so flimsy and combustible that the people perish before they have time to make use of the fire escapes. The *Call*, the Socialist daily, lays it to the "greed of capitalism," while other papers put the blame on politics and graft.

But there is a very simple remedy. New York has already resorted to it to cure the housing shortage. To secure more houses the city exempted new dwellings from taxes for ten years, and buildings came into being as if by magic.

The same force will remove the fire-traps. Let the city exempt fireproof buildings from taxation, and the land owners will do the rest. Fireproof buildings will soon be so plentiful that rentals will be less than is now paid for the old rookeries; and the owners of the rookeries, with taxes to pay and no tenants, will lose no time in replacing them with tax-free fireproof buildings.

## NOTES

The Senate "agricultural bloc" is said to be composed of 18 lawyers, an editor, and a well-digger. How did one honest man get into such company?

The late Franklin K. Lane, secretary of the Interior in Wilson's administration, left some letters, now published, in which he called Ralph Waldo Emerson, Henry George and William James the "great American social, spiritual and economic philosophers."

No business man, and no citizen having the good of his country at heart, can afford to be without "*The Bulletin*," published at 1346 Altgeld Street, Chicago, by the Committee of Manufacturers and Merchants on Federal Taxation. The Bulletin is devoted to the task of freeing industry from taxes that should rest upon monopoly. At \$1 per year it is a great "buy."

If you receive a free copy of this number, congratulate yourself. Some personal friend or public spirited citizen has paid you a compliment by signalling you out as one having the intelligence to understand social and political problems, and the will to work for their solution. If your friend has guessed right you can show your appreciation by sending in a subscription to the paper, and by bringing it to the attention of your friends.

# TAX FACTS

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., January, 1923 No. 9

## RADICAL OR REACTIONARY

It is a question, which is the greater obstacle to progress, the unreasoning reactionary, or the indiscriminating radical. The natural tendency of men is to advance, to broaden, to develop; but they are hampered by their environment, and by a sense of caution born of experience.

The would-be leader, impressed by present evils, and inspired by a vision of a social order in which man is brought into harmonious relations with his fellows, sets out on a heroic crusade. He is impatient at the slow course of evolution. He would reach his goal by the short road of revolution.

But men doubt. Experience has taught them that some leaders are dishonest, and some do not know. The mass of men fear to venture from a certainty into the unknown; and they lend a willing ear to the reactionary who bids them keep what they have, rather than risk all on an untried theory. And so they fritter away valuable time over useless palliatives.

This is the situation as regards economic conditions. Men know that something is wrong, and they are casting about in a timid way for means of relief. But just when they are venturing to discuss ways and means, in rushes the uncompromising radical with his penance. "The evils of society," he shouts, "arise from the maladjustment of man to land, that is to say, from private property in land. Freedom is the way out. We have free men. We must have free land. Make land common property. Palliatives are useless; only a revolution can save society."

Whatever this wild enthusiast may mean by his startling terms the great mass of the American people believe he means Bolshevism, communism, anarchy; and they will have none of it. They believe in private property, private property in land, and private property in things made by labor. They may not all have property, but they

look forward to having it, and they respect the right in those who do have it. They are property-minded. Hence, they instinctively distrust the revolutionist, and turn for counsel to the reactionary, who is able, because of their fear, to confuse their minds, and keep them from taking the action they should.

And then the radical, who may be right in principle, but so wrong in method, wonders why people allow themselves to be fooled by reactionaries. The very fact that he is surprised at the result of his methods shows how defective is his judgment, and how little, how very little, he understands human nature.

Those who would effect economic changes in this country must not forget that we live under a democratic form of government. Decision is by majority, the great mass of whom do not understand the law of economic rent, and are unwilling to devote the necessary amount of time to master it. They do not realize the necessity of understanding it. They see a little way ahead; beyond, all is uncertainty. To such minds the step-by-step method is the only way. Tell such men and women that relief from present evils lies in revolution, and they will cling to present evils.

But revolution is not the only alternative. There is a middle course. Changes affecting the fundamental relations of society and business need not be brought about all at once. They may be made piece meal, as experience lends assurance, advancing when the results are good, and pausing when the way is uncertain.

A social reform, to find acceptance in this country, must embrace three things. It must protect inviolate the rights of private property; it must encourage business; and it must make easier the lot of the working farmer, and the wage earner.

TAX FACTS recognizes absolutely the rights of private property.

TAX FACTS favors only such changes in the tax laws as will promote industry, broaden markets, and stabilize business.

TAX FACTS believes that, owing to a faulty system of taxation, both capital and labor are preyed upon by legal privilege, which curtails markets, slows up business, and oppresses the farmer and the wage earner.

TAX FACTS advocates, therefore, the gradual shifting of these oppressive taxes from the privately created values of the individual, to the publically created values of the community.