

# TAX FACTS

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## Why Women Are Interested In Taxation

Men have spent so much money for war, and for preparation for war, that there is little left for social development. Present tax burdens restrict industry, and fall with especial weight upon the home. Man with his vision of great things for the race and nation has overlooked the essentials of the family. Woman drawing her inspiration from the care of children and the management of the home is approaching the social problem from a different point of view.

Men were wont to ask, when universal suffrage was proposed, what do women know about politics? What can they do that men have not done? And some who were exceptionally narrow visioned attempted by means of cranial measurements and psychological tests to prove woman the inferior of man.

All this is apart from the real point at issue, which is: How can the social life of the world best be developed? To understand and direct public affairs intelligently one must have a social sense, and the social sense is not dependent upon cranial measurements or the weight of the brain.

That women have a highly developed social sense is evident from the course they have pursued since receiving the franchise. They have given little attention to the building of battleships, and the creation of standing armies. Rather have they devoted their energies to conserving the family, to improving the home, the school, and the various activities that contribute to a better environment for children, and the making of better and happier men and women.

But these plans required more revenue, and women found themselves face to face with the problem of taxation. They found that not only was a disproportionate share of the revenue devoted to military purposes, but the whole question of taxation was in such confusion that speculators were taking advantage of producers.

This discovery brought an unexpected reaction. When men receive the ballot they are immature and inexperienced; but most women, when enfranchised, were older, and more experienced, and not a few of them had demonstrated great ability. Necessarily they approached the problem in a different spirit. Whereas the young men had a tendency to follow in the footsteps of their fathers in administering a man-ruled world, the women, holding settled rules of life, and recognizing the imperfections of man's reign, began to question.

Hence the women's clubs for the study of public affairs. Classes for the study of government appeared upon every hand. Experts were invited in, not of this party or that party, but of all parties and schools. Not all of the members of these classes and clubs arrived at the correct solution, but they set out earnestly with unbiased minds, to study the problem. They are still studying that problem, and from a different point of view.

When the inexperienced young man cast his first ballot with his fathers' assurance that he "had better let well enough alone," he too often acquiesced. But the woman who has raised a family and managed a home for forty years, when told there is no money to carry on social work, wants to know the reason.

And she is finding out. She is discovering that our tax system is a hodge-podge

of wisdom and foolishness that has grown up under a false system of political economy. She has brought out the fact that our legislative bodies tax citizens upon two diametrically opposed principles. She has found, for instance, that when the city paves a street, digs a sewer, or lays a water pipe, the cost is levied entirely upon the land, on the principle that since land is increased in value by the improvement, while the buildings and personal property are not increased in value, the owner of the land should pay for the improvement.

But this inquiring woman voter has also found that when a school house is built the cost is levied upon all property, on the principle that schools benefit all the people. Most men have accepted without question these two methods of taxation for building public improvements. But woman wants to know why.

Street pavements are for the use of all the people, but they advance the value of the land only. Schools are for the use of all the people, and they advance the value of the land, and only the value of the land. Real estate men know this. They are quick to call attention to good schools within reach of the lot they are selling, and they add to the price all that the advantage is worth. But the contractor does not charge more for a five-room bungalow because it is near a school. Nor does a merchant ask more for his goods.

A moment's unbiased reflection makes clear the reason. A street pavement and a school both make a community a more desirable place in which to live. And people are willing to pay more for the privilege of living within reach of such public services. Knowing this the owner of the lots in the district advances his price. He advances the price of lots regardless of whether he pays for the improvements, or they are paid for by others.

The question now arises—and this is what inquiring woman wants to know: Why should two public improvements, built by the government for the use of the general public, and increasing the value of the same property be paid for on principles directly opposed to each other?

And having come upon such a glaring inconsistency this inquiring woman wants to know why when the community has provided schools and pavements that add to the value of lots, it lays a heavier tax upon the man who builds a home than it does

upon the man who holds his lot idle for speculation. Having in her studies found that taxes on industry add to the price of goods, while taxes on vacant lots tend to lessen the price, she wants to know what objection there is to putting more of the burden of government on land speculators, and less on homebuilders.

These are some of the reasons why women are interested in taxation. The subject is vital to the carrying out of all her plans for the betterment of society.

### DO HOUSE VALUES INCREASE?

Editor, Tax Facts: I like your tax dope. In most things you show sense, especially in the way you present the American plan of taxing people according to the benefits they get from government. That's horse sense. But we must part company when you say population or location makes land value, but does not make house value. Why, man alive, any fool knows you can get more rent for a building near the center of the city than on the outskirts. Besides, I have the authority of the Los Angeles Times, and I don't believe even you would question The Times. In its issue of October 3, 1921, the editor said: "The value of the land on which The Times building stands is fixed by its location near the heart of the metropolis. But the value of the building is fixed by the location just as much as that of the lot on which it stands." There, what can you say to that?

Joseph Enright.

Pasadena, Calif.

Apparently our correspondent has been confused by considering land values and house values together in the common terms of real estate. Undoubtedly improved property will command more rent near the center of the city than on the outskirts, but that does not prove that the house value changes with location. It costs no more to build a four story building at one place than at another.

The tax assessor acts on this principle. The State law requires improvements and land to be valued separately. The field assessors of Los Angeles County, acting under that law, merely report the class of the building, whether brick, concrete, frame, etc., and its condition. Clerk's in the office give its value according to a table of costs, and without any regard to its location.

Evidently the editor of the Times was trying to disprove what all economists of standing admit, that land values are made by population. If Mr. Enright still thinks with The Times that "the value of the building is fixed by its location," he might ask the editor of that paper why he does not correct Mr. Hopkins, the assessor, who pays no attention to location in assessing buildings.

## THE COST OF LIVING

Regularly, month after month, the Federal Government issues price reports on staple articles to indicate the rise and fall in the cost of living. Usually the prices cover the principle foods, some times they include clothing. The variation in the average total is not great.

There is one important article in the cost of living, however, that is conspicuous by its absence. That item is rent. Food and clothing may rise and fall, but land values tend ever upward. Buildings may fall in value owing to cheaper production, and now and again a land boom may explode; but on the whole, land is advancing in value throughout the country.

The land of the United States, according to the Census, more than doubled in value from 1900 to 1910; it almost doubled from 1910 to 1920. These figures include very little new land, but are confined almost entirely to the increase in value.

When capital is increased, that is, when two plows are used instead of one, we expect to pay more for capital, but the product is larger. When however the price for land is increased fourfold for the same acre, it gives us pause. To double the value of land every ten years may be a fine thing for the men who own it, but what of the men who use it?

Has this anything to do with the fact that nearly a million American farmers moved to the cities last year? Has it anything to do with the fact that in spite of the enormous increase in labor-saving inventions and discoveries the percentage of home owners is steadily decreasing?

### NOTES

The basis of all property rights is in the self evident truth that every man has a right to what he produces.—*Holly Leaves*.

"Durned if I can see," says Uncle Cy, "how it comes that some men can make money just holding land idle, when us farmers can't make a living working it."

Alderman Stewart, of New York City, who at first opposed the proposal to exempt new dwellings from taxation for ten years, is now one of its supporters because the plan has worked so well.

The burden of municipal taxation should be so shifted as to put the weight of taxation upon the unearned rise in value of the land itself, rather than upon the improvements.—*Theodore Roosevelt, The Century, October, 1913.*

If you accept the figures of the Department of Agriculture, 14 per cent of our farmers failed to "break even" last year, and the profits of the remainder averaged \$917 for the 12 months. The messenger boys of the Western Union Telegraph Company in New York averaged \$18 a week—\$936 a year. The farmer has an investment in his land, his buildings, is stock, and his farm utensils. The messenger boy has none.—*Richard Spillane in Commerce and Finance.*

New evidence is afforded by the Baltimore study that poverty is an important factor in infant mortality. Eliminating differences in color and nationality and considering only the babies born to native white mothers, the facts showed that infant mortality rose as the father's wages fell. In the poorest families studied one baby in six died within the year; in the most prosperous families about one baby in twenty-six died within the year. *Report of Children's Bureau, U. S. Department of Labor.*

The one big problem now stumping John Doe and Richard Doe is taxes. Taxes, taxes, and more taxes. The problem is not the technical jingle of rights, methods, incidence, valuation, and all that, but the simple hard fact of money. Money taken from the work of the people and spent in the going on of the government. The amount of this money is too big. The percentage of this money to what people earn and have is too large. The amount keeps getting bigger and the percentage keeps getting larger. *Collier's.*

Whatever is to be the ultimate state of society in this country, whatever its political, social, and economic institutions, they are going to be brought about by gradual approaches. Regardless of the length of the road progress will be step by step. If any step be a wrong one or a mistaken one, it can be traced. No matter how certain some individuals may be of the correctness of their position, the great mass of people have not that conviction. And they are going to hold fast to what they have until assured from actual experience that the proposed step is an improvement.

Schools and colleges of California, public and private, are required by State law to teach the United States Constitution. Now if some means can be found to teach the members of the Legislature the State Constitution, government will function more smoothly. Particular attention might be called to Article 17, Section 2, of the California Constitution, which says: "The holding of large tracts of land, uncultivated and unimproved, by individuals and corporations, is against public interest, and should be discouraged by all means not inconsistent with the rights of private property."

The three subjects about which there appears to be most uncertainty are the hereafter, money, and taxation. All but a few think they know about the hereafter. Nobody to date understands the money question. And only a few know the tax problem. Among these few is TAX FACTS. For the insignificant sum of fifty cents a year it will give you the plain truth, briefly stated, and to the point. The money question will continue to be the football of bankers and politicians, the hereafter is as it is, but if you wish to take an intelligent part in the affairs of state, you simply must understand taxation. Send in your subscription, and tell your friends. Three subscriptions for one dollar.

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## TAX RELIEF

Mr. Average Citizen has heard so much talk about taxes in the last few years, and, what is more to the point, has paid so much in taxes, that he is slowly coming to the belief that maybe after all there may be something in this "tax question." Even so-called statesmen who are responsible for the present system are in doubt, and are proposing all manner of contradictory measures for relief.

But if relief is had from the crushing burden it will be at the hands of Mr. Average Citizen. Statesmen and politicians may shift the burden from one set of shoulders to another set of shoulders by means of tariff taxes, sales taxes, expenditure taxes, or just plain taxes on industry; but it is always found when all the returns are in that the main part of the burden rests on the shoulders of Mr. Average Citizen. It must rest there, and it must continue to grow heavier until such time as his plight compels him to think and act.

That he has begun to doubt and question is indicated by the interest aroused by the international conference held at Oxford in August. Called by the British Committee for the Taxation of Land Values, this conference, representing fourteen countries, spent a week in considering ways and means of meeting the needs of government without crushing industry. Among political leaders who were interested in the conference were ex-Premier Asquith, labor leaders Arthur Henderson, Robert Smillie, and Andrew MacLaren.

Mr. Asquith was prevented from appearing before the conference, but his position may be inferred from his declaration in a recent speech at Buxton that "it is time for us once more to reassert that we recognize for the purpose of taxation, whether Imperial or local, a distinct difference between two kinds of value—the value created by the energy and enterprise of indi-

viduals and the value which is not so created, but which arises from the progress and general development of the community at large." Mr. Henderson, Mr. Smillie, and Mr. MacLaren pledged enthusiastic support to the proposal to shift taxes from industry to land values that arise "from the progress and general development of the community at large."

But the most encouraging thing about the whole conference is the fact that in spite of the attendance of the usual number of impossibilists who clamor for revolutionary changes instead of evolutionary, the general membership was so overwhelmingly rational that the declaration of principles favors a gradual transition that will avoid disastrous financial disturbances, but will stimulate business, increase employment, and lower the cost of living.

The success of the Oxford conference should lead to a large attendance at the Chicago Tax Relief conference, November 9 and 10, called by the Manufacturers' and Merchants' Federal Tax League.

## WHY VACANT LAND?

Persons unacquainted with the incidence of taxation sometimes ask why any man should hold land idle, paying taxes and losing interest on his investment, when he could put it to use and receive an income. An answer is furnished by Mr. R. E. Filcher in an article in a local paper, giving the land values of Los Angeles County. Says Mr. Filcher:

In 1903 the assessed valuation of unimproved property in Los Angeles County was \$98,711,727. In 1923, according to records just compiled by E. W. Hopkins, county assessor, it was \$881,220,995, an increase of about 800 per cent for the period, or 40 per cent average for each year.

Not a bad showing as an investment. Deducting taxes and interest, there would still remain a net profit far outstripping the gains from normal business. But forty per cent gain a year was the average for the whole county. In some parts it was less and in some vastly more.

It is these places where the increase to vacant land is a great deal more than 40 per cent per year that do the mischief. Shrewd, daring men know they exist, just as the Argonauts of '49 knew there was gold in California. And there follows the same mad rush to get it now that there was then. It is the appeal to the gambling instinct that is in us all.