

# TAX FACTS

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## Better than the Mellon Bill

Who would receive most benefit from the Mellon Bill,—the millionaire or the man who cranks a Ford? Does Congress wish to help the people constructively, or merely to keep them in a constant state of irritation? Should not our lawmakers consider some measure that would not only bring taxes within bounds, but relieve economic conditions?

Secretary of the treasury, Mellon, has drafted a revenue bill that appears to have won the support of a great many influential persons; from the President and high financiers down to the varietal millionaire. But the voice of the farmer, laborer, and others of small income, who are taxed on all they consume, is noticeable mainly by its absence. Financiers and those who have to do with directing and controlling business are loud in its praise, as are the politicians who represent the financiers, but the men and women who consume their incomes as they are earned, maintained an impressive silence.

The gist of the Mellon bill appears to be in small reductions in the tax on moderate incomes, and very large reductions in the tax on great incomes. That is; those persons who spend their whole income for the necessities of life get very slight relief, while those who spend but a small part of their incomes are relieved of a vastly greater proportion. It would appear to be an application of the Scriptural idea, to him that hath shall be given, and to him that hath not shall be taken even that which he hath.

But a bill has been introduced in the House of Representatives by Congressman Anthony J. Griffin of New York that applies a different principle. Mr. Griffin's bill provides "that every person or firm or corporation, joint stock company or association organized for profit, owning unused and unimproved land shall pay every year a special excise tax upon the privilege of holding such land, at a rate equivalent to one per cent of the assessed value."

This bill deserves attention. It is estimated that it will produce about \$900,000,000, which means that taxes to that amount can be taken off industry. In behalf of the measure, Congressman Griffin says:

Under my proposed bill, labor, agriculture and industry can be materially relieved and encouraged by imposing a tax on the owners of land held out of use for the purpose of speculation, and I believe that the many millions of acres of unused land in the United States and Alaska will be turned into productive and profitable use, and, instead of scarcity, high prices and poverty, there will be abundance, low prices and prosperity.

The author might have added, and doubtless intended, that the bill will force the vacant lots in cities into use, as places of business and homes for families, thereby lowering rents, promoting home-owning, and stimulating industry.

Can any objection be urged against this bill? Can one solitary reason be given why valuable land should be vacant? Is any labor employed on vacant land? Yet the United States Census assures us that the land of the country doubled in value between 1900 and 1910, and doubled again between 1910 and 1920.

And what did the owners do for this ten per cent profit for twenty years? The farmers who used their land did not average ten per cent on their crops. Many a farmer and many a business man has become bankrupt during that time. The production of wealth, both in city and country has been so burdened with taxation that many businessmen and farmers are hanging on by the finger tips, while crying for relief; yet the holders of vacant land have been able to reap fortunes doing nothing.

Why should this course be longer pursued? Why burden men who are employing labor and producing wealth, while encouraging others to hold land idle for the gain that society gives the land. Pass the Mellon bill, and the cleavage between rich and poor will be still sharper. Enact the Griffin bill, and every speculator in vacant land, whether it be mineral, farming, or city land, will set about putting the land to use; and vacant land cannot be used without employing labor, nor without producing wealth, or satisfying human wants.

### SPURIOUS PUBLIC OWNERSHIP

Since the idea of public ownership of public utilities has grown so popular, private owners of public utilities are trying to deceive the voters into thinking they have public ownership when the stock of privately owned companies is widely distributed among the voters. If every voter has one share in the company it will be a more effective public ownership, these plausible advocates say, than if the community as a whole owns the utility because it will have the efficiency of private management instead of political management.

The voter who is deceived by this sophistry should be disqualified from voting for lack of intelligence. No matter how many shares of stock are sold to voters—and one company boasts that it has 65,000 stockholders—the centralized management of the company will never permit the control of the company to pass out of its hands. To own less than a controlling interest in the company is, so far as any effective management or control is concerned, equal to owning no stock at all. And so far as the profit from owning one share of stock is concerned the psychological effect on the voter is out of all proportion to the amount of money he receives. As men are found to sell their votes for a dollar or two, so men and women owning a share of stock in a public utility company will allow their petty private interest to outweigh the general welfare.

As a half truth often does more mischief than a whole lie, so the "public ownership" that consists of a little stock distributed among a few voters is more harmful to political morals than a close corporation in the hands of a few men. The difference between real public ownership and the public ownership due to a wider distribution of stock lies in the fact that in the former the control is in the hands of the public, while in the latter it is in the hands of a few men.

### FARMING IN REAL LIFE

Our statesmen have been so busy hatching schemes to give the farmer more credit, says Will Rogers, that they haven't had time to provide a way for him to pay his debts. Here is an outline of the crop events in Idaho in 1923:

G. M. Paulsen, prune grower of Wilder, Idaho, shipped to market 21 cars of prunes. To grow this crop cost \$2,412.27. To pick, pack, and load the fruit cost \$5,249.98. The freight, commission, etc., amounted to \$10,523.34, or a gross total of \$18,176.59. He received all told for his fruit, \$14,178.33, which left him a net loss of \$3,998.26.

It might be a convenience to Mr. Paulsen to be able to borrow money on easier terms than heretofore, but what he would really like would be some means of putting the balance on the other side of the books. Particularly does he look askance at the freight rates. An average rate of \$564 a car for an average selling price of \$767 per car of fruit does not leave much margin for growing, picking, packing, and loading. Perhaps, as he looks at the net loss of \$190 per car, and thinks of the government guaranteed profit to the railroads, he marvels at the partiality shown to citizens.

It is a sad commentary of our affairs that the grower of fruit should have to let it rot on the ground, while people in cities, and in other countries suffer for want of it.

### HELPING THE FARMER

Rarely, if ever in American politics, has there appeared a more opportune book than Herbert Quick's "The Real Trouble with the Farmer," published by The Bobbs-Merrill Company, Indianapolis. The author has to his credit a number of books of exceptional merit, in which he has well said many things worth saying, but it may be questioned if he has put out anything with keener analysis, or more forceful statement than this little book of 215 pages that sells for a dollar.

Mr. Quick wastes no time in showing the deplorable condition of the farmer. A few quotations from recognized authorities, and an appeal to our common information is sufficient. Nor does he waste time over the mad schemes of the vote-seekers in and out of Congress. He goes at once to the bottom of the question by showing that all industry, both manufacturing and agricultural has been victimized by special privilege, but that the farmer suffers most because the price of what he sells is fixed in foreign countries, while much of what he buys commands an extra price from the tariff and other special legislation.

Nor does the author rest here. Not only does he set forth in detail such a plain exhibit of tariff robberies that the slowest wit can grasp it, but he shows with the same clearness that the extra prices the tariff enables the manufacturers and dealers to charge, are in turn taken from them by the various special privilege holders.

Two things must be done, says the author. 1. Transportation must be simplified and cheapened by uniting rail and water, and eliminating all duplications. 2. Land must be freed from the grasp of speculators, and brought back to a price that will permit a decent living for the working farmer. Five and ten dollar lands fifty years ago enabled a man with a team and plow in a few years to own a farm free from debt. The same

land at two hundred dollars an acre will keep a man a tenant his whole life long.

Mr. Quick is as rational and conservative in his remedy as in his diagnosis. He would gradually relieve from taxation the buildings of the farmer, his machinery, fences, crops, orchards, and all improvements, drainage, fertilization, etc., except only the value of his bare land. The same plan would apply with greater force to city lands. This would eliminate speculators and leave the land in the hands of those who use it.

Every lawmaker, every citizen, who would have an intelligent understanding of our greatest problem, should read "The Real Trouble with the Farmer."

### JOHN DEWEY ON A GREAT BOOK

Owing to the fact that certain extremists and fanatics have tried to read into Henry George's works ideas that he never intended to convey, a great many people who never read them have gotten the notion that he advocated Socialism, Communism, Bolshevism, or some other wild plan that would destroy private property. As a matter of fact Henry George was an individualist, a democrat, and believed most emphatically in private property.

As an example of what men think who have studied George's works, and are therefore qualified to express an opinion, the following letter to Mr. E. B. Swinney by Prof. John Dewey of Columbia University, is offered.

"In reply to yours of the 28th, I would state that for many years, ever since first familiarizing myself with the principle of the Singletax, I have regarded it as both theoretically and practically sound, and an indispensable basis of much needed social reform.

"I may add that I am a great admirer of the general social philosophy of Henry George, whose contribution to intellectual thinking about social matters, even quite apart from his practical proposals, does not seem to me to have received the recognition it deserves among thinking people.

"Sincerely yours,

"(Signed) JOHN DEWEY."

As one cannot read everything, one must take many ideas on the judgment of others. But since the abridgement of "Progress and Poverty," Henry George's greatest work, from 563 pages to 211, there is no excuse for any thinking person to harbor a false notion through lack of time to read for himself. This little book, published by Harcourt, Brace & Co., which has all the charm of the unabridged edition will be mailed from this office to any address at the publisher's price of \$1. Or with Tax Facts for one year at \$1.25.

### A JOKE THAT MISSED FIRE

Editor, TAX FACTS:

In your March number appeared the following from Arthur Brisbane, "Get a good piece of real

estate, buy it wisely, pay for it, keep it, and it will keep you." That is about as deep as some folks go. I'd expect that from Brisbane. It's like him. He's fond of saying things that sound well. But what I want to know is why inarnation did you print it. You know better. You know that buying land to have it support you is the curse of the age, and if we don't stop it, it will be the ruination of the country.

Support you, indeed. What about the other fellow. The men that get in first, and buy up all the land and hold on to it are kept by it; but it's the men and women who come after that do the keeping. When the land is all taken, and the late comers have to pay enormous rents to the early birds, it's plain enough who is kept, and who does the keeping. But what has that to do with "sound economics and American ideals", you carry on your title page? There is nothing sound about one man living on the income which another man pays for the use of land. Nor is it in keeping with American ideals. The American ideal is that all men should have an equal opportunity, and each should have what he earns, without paying toll to another for the privilege of using the natural elements. What have you to say for yourself?—*Peter Rosencranz*.

Nothing; absolutely nothing. We thought Brisbane's advice was such a joke—such a preposterous joke, obviously implying all that Mr. Rosencranz has said, and more—that we did not wish to mar it by comments. We'll try to be good.

### NOTES

Nothing is good for any of us ultimately, which is not good for all of us.—*Herbert Quick*.

Who pays the taxes on houses, the landlords or the tenants? Is the tax in the rent? If it is, who is the taxpayer, the man who owns forty houses or each of the forty tenants who occupy them?

If taxes be removed from factories what other effect can it have than to stimulate manufacturing? If the tax be added to vacant land what effect can it have but to make the owner put it to use, or sell to some one who will?

Lands on which I lived in my boyhood, and which sold for five dollars an acre, have been sold in recent years for five hundred dollars an acre. Yet I remember when young men used to buy these lands, after saving their wages as month-hands for two or three years, and equipping themselves each with a team and wagon—buy them and in a comparatively short time pay off the small mortgage. They would be laughed at for trying to do this now.—*Herbert Quick in The Real Trouble With Farmers*.

Arbitrary regulation of trade produces strange and unexpected results. About the time the United States and the British government came to an agreement on the war debt, the British placed an export duty on rubber. As America was the chief consumer it was said that the United States would pay as much in taxes on rubber as she received interest from Britain on the war debt. But the high export duty stimulated the growth of rubber to such an extent that the growers are now at the mercy of American buyers, and the price has fallen to 24 cents, while a fair price is said to be 50 cents.

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## IS THE JAIL THE END?

Has democracy been found wanting? Are American institutions in danger? Is there a lowering of personal integrity among public officials? These and similar questions thoughtful people are asking themselves as they read the testimony delivered before Senate committees in Washington. Politics has crept into the investigations, political leaders are playing for personal and party advantages, while the ordinary citizen is confused and distrustful.

Typical of this state of mind is an utterance of the *Christian Century*, which says:

Neither Teapot Dome nor Fall nor any of the witnesses comprise, in themselves, the fundamental issue at stake. That fundamental issue is the present standard of public morality on the part of governmental servants of the American people. It is a vast deal more important to find out how our men in official life today interpret the dictum that "public office is a public trust" than it is to send Fall or Doheny or anybody else to jail.

It is not conscious wrongdoing that has brought this shame upon us. It is unconscious ignorance of the laws of nature. That a man in high place, or several men, should sell their honor is to be deplored. But such men at most are few in number. Their act is known to be wrong, both by their countrymen and by themselves, and is condemned when known. When, however, acts of like nature, but of far more frequency, are universally committed with no moral consciousness of wrong, then indeed is it bad for the country.

Much ado has been made over the transfer to private hands of some oil lands that had been reserved for the navy. But this is the story of the country from the beginning. Matchless forests that passed into private hands for a trifle, were so completely destroyed that the rainfall has been affected; and the government is buying back the denuded land at many times what it was sold for, in order that it may be reforested. The vast public domain was squandered. The coal and oil and other minerals have

gone the same way. And the struggle is on for water power. The end of coal and oil as a source of power is in sight, and the greedy interests that have wasted them are determined to get possession of the only commercial power left.

When the struggle for water power began there was a question as to terms. Coal and oil were cheap, the transmission of current was wasteful, and private capital demanded long term leases; but conservationists held out for short leases with the right to buy the improvements. A limit of fifty years was finally agreed upon. But already hydro-electric power has grown so rapidly in value that if it be allowed to pass into private hands industry will soon be at the mercy of those who control the water rights.

Congress and the Administration still nibble at the trifling offer Henry Ford has made for a hundred-year lease of Muscle Shoals; and officials at Washington are searching for some excuse to give the Colorado River into private hands.

Henry Ford is a man of remarkable industrial achievement, and the people are willing to trust him with almost any natural power; but he will live at most but a few years, while his lease, in other hands, will run for a century. California, and the southwest, without coal, and with fast-disappearing oil, will soon be wholly dependant upon water power. As the ranch owners are dependant upon the irrigation companies for crops, so industrial plants will soon be dependant upon the hydro-electric companies for power. The ranchers found early in the game that they could not trust privately owned service, but had recourse to co-operative irrigation development. Can there be any doubt of the necessity for publicly owned power?

Los Angeles has the most efficient light and power plant in California. It is cutting under the private companies. One or the other must give way. The decision rests with the people. A few men with vast financial interests at stake are trying to deceive the people into voting with the private companies. The friends of public ownership, who have no financial interest apart from that as citizens, are trying to persuade the voters to protect the public rights of the future.

It is not a question of honesty, but of understanding. A wise citizenry will not put into private hands the vital forces upon which their very being depends.