

TAX FACTS

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Political Platforms and Taxation

Political platforms in this country have always ranked high in the endeavor to say nothing in a solemn and impressive way. But it may seriously be doubted if anything in the past ever has quite equalled this year's achievements in the gentle art of political dodging. Platitudes there are in plenty, fine and resounding phrases and promises, but a careful analysis of them in the light of past pronouncements and performances finds them singularly lacking in tangible and definite proposals.

In spite of many words in two of the platforms, and much vehemence in the other, it will be necessary to await the personal declarations of the candidates before one will feel safe in appraising the political situation. And even then the probabilities are that so far as there being before the country a practical proposal for the correction of public ills, nothing will be found but words, words, words.

Men may say ever so solemnly, or with the greatest vehemence, that the farmer must be relieved, that business must be unshackled, that the cost of living must come down; but these things will not come to pass from any sort of incantations or exorcisms. The hardships of the farmer, the laborer, and the business man are the effects of definite causes; and they can be removed only by removing the causes.

The evils complained of are in no sense due to a lack of wealth production. There has been no failure in soil fertility, or of efficiency in the factory that consumers are in want of food, clothing, and the comforts of life. On the contrary, there is too much food on the farms, and too many goods in the warehouses.

The plain fact of the matter is that income does not equal outgo. This is due to the fact that though all producers are consumers, not all consumers are producers. The situation may be vehemently denounced, and solemnly condemned;

but in spite of all the fulminations of statesmen and politicians the fact remains that when a consumer gets something for nothing some producer will have produced something for nothing.

The producer may keep going a little longer by working harder, by inventing labor-saving machinery, by discovering cheaper methods, or by devising other means of increasing his product; but as long as the non-producing consumers also increase, the producer will ever find himself threatened with disaster.

The new economists understand this matter. They know that it is legal privilege that saps the life of industry. They know that it is statute law that enables some men to consume goods without producing goods. And they realize that the labor and capital engaged in industry cannot be relieved until those statute laws have been modified or changed.

When in a country where all wealth is produced by labor and capital men are able through special laws to grow rich without employing labor or producing wealth even politicians see that something must be done. But it will avail little to practice the cheese-paring economy of President Coolidge, or extol democratic traditions with Mr. Davis, or join in the denunciations of wealth with Mr. La Follette. It is not a matter of persons. It is a matter of institutions based upon statute law. The same law

tends to work the same results regardless of the virtues of individuals. Right laws tend to a restoration of just conditions in spite of evil-minded persons.

The greatest influence governing the production and distribution of wealth is taxation. Tax production, and industry will slacken, men will be laid off, wages will fall, consumption will decline—which will still further depress industry. Tax special privilege, speculators in and monopolists of unused lands, minerals, forests, waterpower, and city lots, and these natural opportunities will be forced into use.

The question arises, is there anything to indicate that the men who drew these three platforms, or the men who stand upon them, understand the fundamental principles of taxation? Apparently not. The so-called Mellon bill made the first new departure in American legislation when it distinguished between earned and unearned incomes.

But it is still a question whether this action was based upon principle or expediency. Apparently the later was the motive, for the idea is absent from all three of the platforms, and no attempt has been made to extend it. At the very time the Mellon bill was under discussion there were two bills pending in Congress to further distinguish between earned and unearned incomes.

One was a bill introduced by Representative Keller of Minnesota, a Republican, laying a Federal tax of one per cent on the privilege of holding lands and natural resources worth over \$10,000 after deducting the value of all buildings, personal property and improvements. This bill has the active support of the Manufacturers and Merchants Federal Tax League. The other bill is by Representative Griffin of New York, a Democrat, which provides that any person or firm owning unused and unimproved land shall pay an excise tax of one per cent on the value thereof.

Either of these bills would raise approximately one billion dollars, which would permit the remission of a like amount of taxes on industries. But no notice was taken of either bill by any of the platforms, or by any of the candidates. Clearly, the people will get little relief from Washington until the fundamental principles of taxation are more widely known.

UNTAXED CITY LAMENTS

Word comes from Shanghai that Peking, long exempt from tax burdens by reason of emperors' generosity must make terms with the assessor. For centuries, according to the Los Angeles Times, the city has been a landlord's paradise, but it must now join the other great cities as a tenant's terror. And all because the Peking government is hard up. Says the Times:

"It has long been a tradition in Peking that no taxes should be imposed on the inhabitants. Since Peking was the imperial city it was only fitting that the Emperor should display his generosity by paying the city's upkeep himself. When China became a republic the officials felt that they should be at least as generous as the Emperor. So landlords and tenants paid no taxes. In fact no one paid any. But the Peking government has finally decided that Peking is not very much different from other cities, and that its citizens should begin to pay taxes. They have announced a schedule soon to go into effect. Apparently the framers of the schedule are in cahoots with the landlord. By its conditions the tenant pays the taxes in addition to the rent. And if the house is empty there is no tax. The kindness of the government is shown in another provision. It is declared that if a houseowner is too poor to pay a tax, he may apply for an exemption."

OVERCROWDING

According to a report of the Glasgow City Council Housing Committee there is one district with 126 houses to the acre. As an acre divided into 126 portions would mean tracts less than 20 feet square, one can imagine how much room there would be between the houses.

A WASTEFUL NATION

Statisticians have estimated that crime is costing this country, directly and indirectly, \$10,000,000,000 a year. Efficiency experts are attempting to show that inefficient methods of production cost the country another \$10,000,000,000 a year. If to these figures were to be added the loss from the valuable land lying idle the total would be so great that if it could all be saved perhaps we would not have to work at all.

ALL THE WORLD AKIN

The Greater Los Angeles Association is extending credit to factories coming to the city whose owners could not otherwise finance their venture, and the speculators who own the factory sites put up the price accordingly.

The British government is subsidizing house building, and the land owners are advancing the price of building sites. The British government is now finding that building sites are advancing in price faster than the subsidies grow, and building is falling off.

How long will it be before the Greater Los Angeles Association will find that factory sites are going up faster than they can extend credit? Or is this booster association organized for the purpose of capitalizing the civic pride of Los Angeles citizens in general for the pecuniary profit of the land speculators in particular?

SYSTEMATIZING PUBLIC GRATUITIES

When the recently deposed harbor commissioner of Los Angeles harbor was attacked for leasing docking facilities to certain large interests at less than the going rate, he explained that it was necessary to grant these favors in order to encourage the development of new business, or to keep present shippers from going to other ports. But in view of the fact that there were certain substantial favors conferred upon the Harbor Commissioner by the favored companies, Mr. Woodhead, president of the Municipal League, suggests that these favors be dispensed more methodically, and in a way that can be appreciated by the people who foot the bill. At the City Club luncheon, where the Harbor Commissioner made his explanation, Mr. Woodhead said:

"In order that gratitude may flow perennially in the hearts of those enjoying at the hand of the voters special privileges in the form of subsidies at the harbor, we should, once a year, appoint a day of general rejoicing and self gratulation when, before the assembled multitudes, the Dohenys, the Wrigglies, the Grabutts, etc., would be presented with checks in varying amounts, representing the varying depth of affection of our citizens for these men whom we delight to subsidize."

AN AID TO CLEAR THINKING

John Moody, financial expert, and formerly publisher of Moody's Manual, writes: "Whenever I meet a really clear, straight thinker in business life, I generally find that he has read and mastered 'Progress and Poverty.' If the young man of today would read and study this masterpiece of economic science, the coming generation would not be befuddled in its thinking as the present one is, and my faith in the future of my country would be increased a hundredfold."

TAX FACTS will mail to any address the unabbreviated Progress and Poverty in paper for seventy-five cents, or a fine abridgement bound in cloth for \$1.00. Add 25 cents to either amount and receive TAX FACTS for a year.

PAY FOR WHAT YOU GET

The special assessment method of paying for public improvements of all kinds is the only equitable way—vastly more just than the payment for such things by bonds to be liquidated out of the general taxes. For general taxes are assessed not only against frontages, which are increased in value by the improvements, but also against buildings and household goods and stocks of merchandise and other forms of property the value of which is not increased an iota by the improvement. If the proposed Hollywood park plan had gone through, every foot of land in a large area would have been made more valuable, some of it immensely so. But not a single house or business building, nor a single piano or automobile, nor a single piece of machinery or store of goods, would have been raised in value one penny.

It is easy enough then to see what is the just and equitable plan for paying for public improvements. The tax should be paid where the value is received. There is no other method that stands the test of equity and honesty.—*Holly Leaves, Hollywood, Calif.*

A MINE OF TAX INFORMATION

The report of the Tax Relief Convention held in Chicago last November is just off the press. Instead of putting out a pamphlet of 70 or 80 pages covering the actual proceedings of the meeting, the publishers, the Manufacturers and Merchants Federal Tax League, have enlarged the book to 357 pages by inserting a vast amount of material on taxation in its relation to business, gleaned from the reports and writings of the best known authorities on the subject.

The value of such a book to a citizen who would post himself on the subject that all should understand cannot be overstated. It is a ready reference library on taxation. It is a complete exposition on the subject, told in plain and simple language, with an abundance of diagrams and illustrations. Price \$2. Manufacturers and Merchants Federal Tax League, 1346 Altgeld St., Chicago.

WHITE TOUR

John Z. White, noted lecturer on economic questions will tour the Pacific Coast States between January and April. F. H. Monroe is now on the Coast booking dates for Mr. White. He may be addressed through the Chicago office, 538 S. Dearborn St. Don't neglect to arrange meetings for this greatest of living experts on taxation.

WHY NOT?

Land values without roads may not be more than \$20 an acre. The same land with good roads will readily sell for \$50 an acre. An average increased land value of 150 per cent proves the benefit of building roads.—*Alabama Traveler.*

Then why not take the increased land value to pay for the roads, instead of taxing for the purpose all sorts of property not so increased in value?—*Courier, Fairhope, Alabama.*

NOTES

Equity in human relations demands that we make monopoly values the exclusive basis of taxation.—*Bishop Williams, Michigan.*

Taxing land values and exempting improvements is the only way out of our industrial difficulties.—*Senator Ferris, Michigan.*

Tax reform should seek to remove all burdens from capital and labor and impose them on monopolies.—*Prof. John R. Commons, University of Wisconsin.*

It is a fact, notorious in its flagrancy and magnitude, that concealment of personal property from the tax collector is not only a national habit, but has become the rule instead of the exception.—*C. E. Kunze.*

Three things are worth while—time, intelligence and the earth you stand on. You can't buy intelligence, you can't buy or bribe time as it flies past you. But you can buy the earth you stand on. Therefore, be an owner of real estate.—*Arthur Brisbane.*

The average number of inmates in the State and Federal prisons for 1923, was 84,761, of whom 51,262 were employed at productive labor. The total value of the goods sold by both Federal and State prisons amounted to \$43,479,211, and the value of building and road construction to \$15,331,545.

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INDUSTRIAL CO-OPERATION

Seldom is better advice heard in the labor-capital controversy than that given by Leighton's Magazine for July. John H. Leighton, be it known, is the man who put into operation the Leighton co-operative industries on the Pacific Coast, in which the employes own nearly all the stock. The editorial in question says:

Month after month we have pointed out the fact that the only way to make any real progress toward stable conditions and popular prosperity is to adopt a positive instead of a negative attitude, a constructive instead of a destructive policy, a spirit of practical co-operation and good will instead of one of antagonism and vindictiveness.

The editor illustrates his point by instancing the case of the Baltimore and Ohio railroad and its shop men, whose relations were anything but harmonious. The railroad officials and the officials of the union entered into an agreement under which they were to work co-operatively, with the understanding that the saving over former costs would be divided between the men and the road. Forty-five joint committees were appointed, composed of representatives of the road and the union, located at different points on the railroad system.

The function of the committees, the United States Department of Labor says, "is the discussion of questions relating to planning and carrying on the work, the specific purpose being mutual helpfulness and not criticism and fault-finding."

Since there have been substantial gains made over the old system, and since both the men and the road share in those gains, both are putting forth every effort to get still better results, and each looks upon the other not as an enemy withholding a right from him, but as a friend aiding him in realizing his desire.

The question arises, why is not all industry conducted co-operatively? Why

should labor look upon the man who employs him as an enemy? Why should the employer suspect the good faith of the man in his employ? For the same reason that people thought the earth was flat: it looks that way.

Laborers knowing that science and invention have increased enormously the power of labor, cannot understand why they do not receive more of the increased product, and accuse capital of withholding it. The employer, finding it increasingly difficult to make both ends meet, accuses labor of shirking. Thus suspicion is aroused, distrust follows, and soon both are angry and struggling for mastery.

It is not the man who gives employment to labor that does harm. The mischief comes from the man who does not give employment. Every factory, every store, every building, every bit of wealth in any shape requires labor in its creation. The more wealth created the more labor employed, the higher wages and the lower prices.

But while some men employ labor and produce wealth, others speculate in the lands and resources required for production, and without employing labor or producing wealth they secure a large part of the wealth others produce. What they get without producing, labor and capital produce without getting. That is why labor and capital quarrel. But the quarrel should not be between labor and capital, but between the non-producing speculator on the one hand and labor and capital on the other.

Co-operation between employer and employe will lead to more friendly relations and a better understanding, and will hasten the day when they will see that their interests are mutual. As long as they stand apart and permit the non-producing, non-employing exploiter to make each think the other is his enemy, the speculator will prey upon both.

Co-operating friends, when they fully realize the source of their troubles will find at hand a simple and effective cure: The removal of taxes from industry, and the taxing of privilege and monopoly. Remove the heavy burdens of government from those who employ labor and produce wealth, and lay them upon those who enrich themselves without employing labor or producing wealth.