

# TAX FACTS

Published in  
the interest of

SOUND ECONOMICS

and

AMERICAN IDEALS

Vol. IX

Los Angeles, California, December, 1930

No. 8

## The California Legislature And the Farmer's Taxes

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Can the California Legislature reduce the farmer's taxes? It can, if by farmer you mean a real "dirt farmer",—a farmer who lives on a farm and actually farms. The legislature can put into shape and submit to the voters of California, an amendment to the tax provisions of our state constitution containing the following tax exemptions on real farmers:

1. Exempt livestock from taxation,—horses, cattle, sheep, hogs, poultry, etc.
2. Exempt growing crops, including trees, vines, and alfalfa stands.
3. Exempt stored crops from taxation.
4. Exempt farm tools and machinery, including packing house and creamery tools, and machinery.
5. Exempt household furniture and clothing.

The above exemptions will not reduce the taxes of the holders of idle farm lands held for speculative purposes,—these will be raised,—but they will reduce the taxes of the real farmers.

How can the above tax exemptions for the benefit of farmers be put in such shape as to secure the majority vote of the voters of California? One or two additions to the above program, entirely proper and desirable additions, will go a long way towards making the program popular, as follows:

No. 3 above. Expand this exemption to include all food products, such as groceries, canned goods, etc., whether found in warehouses, grocery stores or elsewhere. This will make food cheaper in the cities and will gain many votes.

No. 4 above. Expand this exemption to include manufacturing machinery and raw materials and manufactured goods in the hands of the manufacturers. This will put California manufacturing

on the same favorable basis now enjoyed by manufacturing in a number of the great manufacturing states of the East. This also will gain many votes in the cities, and will increase the farmers' home market.

No. 5 above. Expand this exemption to include the exemption of household furniture and clothing for city folks as well as for farmers. This will receive unanimous approval all around. County assessors say this tax hardly pays the cost of its collection, and it is a very uneven and irritating tax.

Besides reducing the real dirt farmer's taxes, and incidentally the real working man's cost of living, the above tax exemptions would have two further good effects. The proposed changes would facilitate the change of the date of the annual tax assessment from the first Monday in March to the first of January. The farmers would not object to this change of date if their stored crops were not subject to taxation. The county assessors need the change in date, in order to do their work more efficiently. Also the proposed change would increase the state's revenue from the corporation state income tax without increasing any corporation's total tax.

This arises out of certain complicated provisions of the corporation state income tax law providing for offsets for personal taxes paid locally, which we have not space here to explain. The increased revenue to the state which would arise from the tax exemptions suggested above could be used to increase the state's contribution to the local public schools, thus further reducing the farmer's taxes.

And so we say that if the state legislature really wants to reduce the taxes of real farmers—not on land speculators—it can be done by the exemptions above suggested.

### ASSESSOR FOR IOWA

The Bulletin of the National Tax Association for October publishes an extract from the program for the discussion of Tax Reform in Iowa at the Seventh Commonwealth Conference to be held next July. There will be sixteen pertinent questions up for discussion, and some of them sound suspiciously like questions that might be discussed at a convention of first class, professional house-breakers. Can tangible and intangibles really be discovered and assessed for taxation?

It would seem that in Iowa, as in the other forty-seven states, the collecting of taxes is very like a disgraceful game of hide-and-seek, played with supposedly honest and sensible citizens on one side and tax assessors, usually honest and conscientious, on the other. The tax assessors, who merely represent the public, are at their wits end to devise means to discover how much valuable personal property each man and woman possesses, while the honest and noble citizens hide their valuables as carefully from the assessors as from the burglars.

The program for the Iowa meeting says in part: "Although it is largely true that intangible property does at present escape assessment, it is an exaggeration to say that such property cannot be discovered and assessed. The newly created Board of Assessment and Review has been proving in the last year that it can be, for they have discovered much tangible property which has escaped the attention of the assessors. A single, responsible tax head in each county would result in the more efficient assessment of both tangibles and intangibles."

If Iowa really wants an assessor who can bring to light the gold and precious jewels that appear on the fair ladies, but not on the assessor's books, we suggest in all seriousness a second-story man. He will find in fifteen minutes more gew-gaws in any given house than the assessors have seen in fifteen years. And he has absolutely as much right to the watches and precious jewels that come to his hand as the public has that sends the assessor to the front door in the name of the law. The chief difference between the two is that the second-story man takes the whole treasure trove at one fell swoop, while the assessor works on the principle of the man who cut the dog's tail off an inch at a time so it wouldn't hurt so much.

Production should carry with it the inviolable right of ownership. A man's watch or his fair lady's necklace should be as safe from the assessor as from the burglar. If he did not come by his valuables honestly, they should be taken away from him. If he did come by them honestly, he should be guaranteed possession safe against individuals or groups of individuals.

### A LONG, LONG TRAIL AWINDING

Jackson A. Graves, pioneer president of the Farmers' and Merchants' National Bank, is not afraid to look squarely at the real cause of our business depression while other men hide from and dodge the real issue. Mr. Graves, who came to Los Angeles in 1875, has seen several business depressions come and go. In that first year "we fell into the throes of a crazy real estate boom, occasioned by approaching completion of the Southern Pacific's line connecting Los Angeles with San Francisco. Subdivisions were laid out wherein the lots did not become occupied for from ten to fifteen years. Of course the real estate boom collapsed. . . . Then in the eighties we had another real estate boom. Prices were boosted to outrageous figures. Of course, it also collapsed, resulting in great hardships. Our population was constantly increasing, and so was the wealth of the country; but it required nearly all of the nineties to recover from the depression of the eighties."

The real estate boom in Florida a few years ago was such a preposterous attempt to gamble in increasing land values that most of us who didn't "play" were inclined to have a hearty laugh over the consternation of those who played black and then raised a wail when it came red. We didn't have too much sympathy for the lambs that were led to the sacrificial, as Sarah Gamp would say, on Wall Street. "Stocks were boosted too high. There was bound to be a crash," say the wise ones—after it happened. Well, there is likely to be some kind of a crash for somebody in any kind of a gambling game.

Some months ago, an organization called the Property Owners' Defense League was formed in Los Angeles. Its purpose was to obtain "justice" for people who had bought lots with the understanding that they were to be resold at a profit within a short time. They were not sold, and the buyers claimed they were swindled. Land is tangible enough, but land values are not. These "gamblers" lost.

The words of Mr. Graves suggest that Wall Street is a long, long trail that winds across and through and up and down our country, and it is bordered with vacant land on which these many homeless folks might be living and working if they had a chance, if prices in real estate had not been "boosted to outrageous prices." Even a doll house can't be suspended in the air with no visible support. To say that there is overproduction is nonsense. Production can't keep up with human desires. There is merely a collection of goods that people can't buy because they haven't sufficient wages because there aren't enough jobs because the land upon which all must labor, if they work at all, is being held out of use along this Wall Street Highway.

## With Greetings for the New Year



THE question of disarmament, which the world has been waiting for so long, has suddenly been swept aside by the unemployment situation. The answer is simple. Men can live only on land. All industry must have access to natural resources or it cannot function, and men will be thrown out of work. Land is the one free gift to all, therefore, whatever men create on and from land, belongs to them by the right of production. On the other hand, all the value that attaches to the land through the presence of population belongs to that population. It is a

community made and owned value. By taxing this community created value into the public treasury, society would not need to lay the burden of taxation on productive industry. Yet in every nation, some men own the soil on which all must live, and to them capital and labor alike must pay toll. Out of all the wealth produced, a portion must go to the owners of land, as owners, who produce nothing. When capital and labor divide between them all that is produced, there will be no overproduction. When the burden of taxation is removed from industry, it will function freely and there will be no unemployment.

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### INDUSTRY OR CHARITY?

Up and down the country from Washington to Wippoorwill Hollow, men are wracking their brains for ideas to increase employment. People are to become spendthrifts; public works are undertaken whether they are really necessary or not. The metropolitan papers swell the chorus that is becoming more and more general: let each working man cut his hours and days of work and there will be enough for all.

Shorter working hours and fewer working days, giving more leisure for cultivating the fine arts, or at least for resting the weary bones, is an economic condition greatly to be desired, but when hours are cut arbitrarily, and wages along with them, merely to divide the same loaf of bread among a greater number of hungry men, such limitation of labor, such creation of more jobs, is charity and no fancy names can make it anything else.

Two men were watching a steam shovel at work. Said one to the other: "No wonder men are out of work. If they would employ men with picks and shovels, they could use twenty-five or thirty more men on this job." "Yes," said his friend, "and think how many more they could employ if the men did the work with salad forks."

That is what leaders are proposing to do today, do their digging with salad forks, not because it is a wise and efficient method of carrying on the world's industries, but because it is a cold-blooded, charitable emergency method.

Those who labor and produce the world's wealth are about to be asked to sacrifice a part of their pay for a day off. In every city and town there are people who have three hundred and sixty-five days a year off with no sacrifice whatever. They own a farm or a business lot which they no longer wish to use, or never did use, and

have leased to someone who will use it and pay handsomely for the privilege. These long vacationers will not be called upon to cut their own incomes to aid the tenant farmer who is working their land or the struggling merchant who must sell enough goods during the business depression to pay his rent.

Then we wonder why we have Socialists and Communists and such.

The way to save money is to spend it.—*American Lumberman (Chicago)*.

If some people lived up to their ideals they would be stooping.—*South Bend Tribune*.

Now the dregs understand why it is called the American Bar Association.—*Dallas News*.

In the business world, these days, a profit is not without honor in any country.—*Judge*.

It might not be a bad idea to try busyness as a tonic for business.—*Nashville Banner*.

Give your money a job and the other fellow will be able to find one.—*American Lumberman*.

If it was a campaign of education, the G. O. P. certainly learned a lot.—*Milwaukee Journal*.

The trouble with a burning issue is that it produces so much more heat than light.—*San Diego Union*.

The impression grows in Central Europe that this is a "peace to end peace."—*Cincinnati Times-Star*.

Looks like it would be easy for business to start a revival—it has so many mourners.—*Springfield Union*.

And now at last all of the nations have those nice tariff walls that cause prosperity.—*Rochester Times-Union*.

Strangely enough, it is the sinking fund that enables bonded cities to keep afloat in the financial sea.—*Weston Leader*.

The Republicans are enthusiastic for truce, but something tells us Democrats they'll give back no post-offices.—*Dallas News*.

The Department of Commerce announces that more than \$207,000,000 was spent last year in America on cosmetics. Business seems to be all right on the surface.—*New York Evening Post*.

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Published Monthly  
By The Tax Relief Association of California  
412 American Bank Building, Los Angeles, Calif.  
Phone: Tucker 2417

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Subscription per year 50 cents

Vol. IX Los Angeles, Cal., December, 1930 No. 8

## THE CRISIS

When business is plodding along with only the usual number of failures that come with the exigencies of life; when a small percentage of people are starving to death; when comparatively few are committing murder and suicide because they find making a living almost impossible, it is well enough for smug business men, bankers, politicians, statesmen and other leaders in public life, to say: "Tut, tut, now. We mustn't try experiments. We mustn't make any radical changes in our economic system and disturb the balance of power. These are old established customs. Men have been appropriating the earth for their own private benefit for thousands of years."

They have. And civilizations have been falling now and then for thousands of years. The present condition of business and labor is the strongest indictment that could be brought against our present civilization, the greatest possible censure of the methods defended by these very men. America is conceded to be the richest country in the world in natural resources and in the products of industry; yet America, in company with the rest of the nations, is suffering so acutely from her economic ills that the present civilization is perilously near to a smash.

Those who would help us by their suggestions seem utterly confused. They tell us that we brought disaster on ourselves by spending too prodigally during the fat years. We had saved nothing for these lean years that were sure to come. In the next breath they tell us that we must spend, spend liberally to stimulate business. Don't stop with buying necessities, buy luxuries.

Now if spending liberally today will stimulate business and bring prosperity, how on earth did it bring on this business depression when we spent so freely yesterday? And if spending liberally brought on hard times, how can it cure them?

In other words, politicians, statesmen and newspaper writers grow more childish with every utterance. Our President can do nothing but appoint commission after commission to look into this phase and that phase of our alarming condition. They are still looking. It is proposed that we spend millions to carry on public works, that

we cut the number of working hours for individuals, that we send all the married school teachers and clerks back to the dust mops and frying pans, that we make special appropriations for farm relief, that we try all the pills and salves in our patent medicine chest rather than clear our system and build up real economic health by making any fundamental changes.

Artificially created jobs or arbitrarily established hours and wages can only tide us over, at best, from one period of business depression to another. Such procedure does absolutely nothing toward building permanent prosperity. It ignores entirely the fundamental cause of unemployment and business depression. It ignores the principles that govern the production and distribution of wealth. It ignores the natural law that makes all society pay the penalty for allowing individuals to take what belongs to the group as a whole.

We are paying that penalty now with unemployment, failing business concerns, bankrupt farmers, closing banks; and when the present depression is past, we will go on paying the penalty for our ignorance, selfishness and heedlessness with a little less unemployment, fewer business failures and bankrupts, until the cycle comes round again and we have to do it all over.

Conditions in America are changing. Free land is gone, or nearly gone, and with it the opportunities that made it possible for a vigorous young nation to recover from panic and depression. Each time she comes back from hard times, she won't come back quite so far. We do things in a big way in our country. When we have a disaster, it is worth front page space. America rose with unprecedented speed from a few colonies to an empire. She may fall as suddenly. It will be a sight for the gods and make Olympus tremble.

The time has past when men may say: "Let be. Our ship sails faster thus." She may be sailing to her doom. Special privilege was the rotten foundation beneath the glory that was Greece and the grandeur that was Rome. It is the rotten foundation upon which our own republic stands today. The House of Have must learn to recognize the natural laws that govern our economic life or real prosperity will never come. Tinkering with labor laws and saving-accounts is wasted effort. There's no use stopping to calk the decks when she's leaking in the hold.

This is no time to be squeemish about our economics, no time to cling blindly to old traditions, old ideals, old gods. If we sit in the cabin with eyes and ears closed to the truth, saying: "It was never done by John Paul Jones," till her deck are awash, Heaven help us!

The nations of the world are at the cross roads. Civilization, itself, is on trial. N. C.