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A Working Tax Plan

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"The power to tax is the power to destroy." It is the greatest power for good or ill exercised by government. Wisely used, it promotes social, political and economic health. Used unwisely, it results in economic distress and ultimate social disaster.

We are using the taxing power unwisely, unjustly, selfishly. We are using it to thwart our declared purpose of making equal opportunity a fact. We are using it to promote and further the ends of greedy men, to stifle industry, destroy agriculture and interfere with the natural and equitable distribution of labor-capital products.

Our immediate and imperative need is jobs for men. This is the only way there can be developed an effective demand for goods. Doles, charity, public works of doubtful necessity or socialized control of the distribution of food, clothing or shelter materials will not restore lasting prosperity.

Industry cannot stage a recovery burdened by unjust or excessive taxation plus a load of debt and responsibility for dividends. It must be relieved from taxation. It cannot wait upon attempts to stop waste and senseless extravagance in government expenditure. Labor—industry—agriculture—commerce—must have immediate relief through a sane, fearless and judicious use of the taxing power.

How can this be done? A special session of the legislature could submit, or voters initiate, a tax program along the following lines:

To encourage industry, agriculture and commerce in the production and distribution of goods, and employment of labor, the following property should be freed from state or local taxation:

Tools, machinery, raw materials and buildings in actual use in the processing or fabrication of goods; tools, machinery, live stock, buildings, crops, trees and vines in use by owners; improve-

ments to the value of \$10,000.00 occupied by the owner for residence purposes; personal property used by the owner, stocks of merchandise displayed for sale at retail or wholesale, and automobiles operated by the owners for their own use, but not those for the transportation of freight or passengers for hire.

In connection with this state-wide measure any political subdivision should be permitted, by a vote of the people resident therein, to tax for local purposes any part of the property freed from taxation by such measure.

As a further incentive to the use of land and to meet pressing needs of the unemployed there should be an adequate state bond issue to be retired by a one mill tax upon the assessed value of land. This to be done upon the theory that land values are in a peculiar sense "people" values and should be drawn upon first in an emergency. The result of this tax would be to stimulate the use of land for *land cannot be used without employing labor!*

It has been suggested that a one mill surtax upon unused land would tend to deflate speculative values which retard development. Such a tax would make effective the constitutional provision of our state which declares that "holding large tracts of land out of use is contrary to public policy and ought to be discouraged."

Citizens interested in recapturing beaches for public use will find a graduated sur-tax upon ocean frontage an effective method for discouraging speculation in such property.

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PAVING OUR HIGHWAYS

The gasoline tax is defended chiefly on the ground that the motorists are the ones who benefit most from well paved highways. At first glance, that seems to be a reasonable conclusion, but a second look shows the problem in quite another light.

The Manufacturer and Industrial News Bureau of Portland, Oregon, gives a clear view of the matter in its editorial, "Modern Roads for Farmers."

"There are millions of farmers in the United States who, when winter comes, are almost as completely cut off from the outside world as if they were in darkest Africa. They have the vehicles—but the roads serving them have not been essentially improved since the days of the horse and wagon.

"The world of today is largely dependent for its social and economic progress, on quick and certain transport. What the railroads mean on long hauls, good roads mean to the farmer on short hauls. They allow him to sell his goods at the best possible time, to buy supplies on short notice, to get quick medical help when needed. They aid small town merchants by bringing them business that otherwise could not reach them.

"States and counties will not have done their duty to the farmer until every farming area is provided with dustless, mudless, weatherproof, feeder roads. Modern road building and surfacing methods make such roads available today at moderate cost."

When we pave a city street, we assess the cost of the pavement on the lots on that street. We do this because we know that the lots are more valuable after the street is paved than they were before. We don't tax the people living at the other end of town simply because they sometimes drive over that particular street, nor do we tax the pedestrians who find it so much easier to negotiate a crossing on a paved than on an unpaved street. We simply recognize the fact that the pavement adds to the value of the lots that border it and assess the cost of the pavement accordingly.

Surely it is not difficult to see that the same principle applies to highways and farm or ranch lands. If a farmer can do more easily all those things that the Manufacturer and Industrial News Bureau says he can when his farm is situated on a well paved dustless, mudless, weatherproof road, then his farm is more valuable than if his particular "feeder" road was dusty, muddy and rutty.

Who should pay for that highway? Who pays for the city street? As Mr. R. E. Chadwick says, there is no more sense in taxing gasoline to pay for highway paving than there would

have been to finance road building by taxing the alfalfa consumed by the horse in the horse and wagon days. What difference does it make whether the truck is hauled by a gasoline burner or a "hayburner?" It is the farm that increases in value through the building of good roads.

WHERE THE PLUMS FALL

Here in Southern California, we are being urged to buy home products, that is, goods manufactured on the Coast. By helping home industries, we will help ourselves, so we are told. This is the way it works. "During the first nine months of this year, 194 new plants and expansions were announced, representing investment in land, equipment and improvements, of \$24,350,000." (*Industrial Los Angeles.*) Land was the first item that had to be paid for in establishing these industries, and the more that the manufacturers had to pay for the land to build on, the less remained of that \$24,350,000 to put into construction work, the only part that employed labor and paid wages. The more successful we are in inducing manufacturers to come to Southern California, the more demand there will be for land and the higher the land owners will boost the price, sadly hampering both capital and labor. The citrus crop of California is mediocre compared to the plums that drop into the laps of the land speculators. If we could make these plums fall into the public treasury, our tax problem would be solved.

(Continued from front page)

It is to be born in mind that land selling is not true industry. Industry is the making and marketing of goods. Land—the passive factor in production—is not man-made.

Labor—the active and vital factor in production—must have its opportunity for employment TODAY. Capital, the necessary auxiliary factor in production cannot wait indefinitely for use or employment.

There is a potential demand for all the goods men and machines can produce. For, until every human is adequately supplied with all he desires of material things, there can be no general surplus, or overstocking of the market.

If we put land to work by taxing it into use, prosperity will be nearer than "around the corner" and social security will be assured. Continue to penalize industry by unjust taxation and make it increasingly difficult for labor and capital to use land, and the tide of prosperity will continue to flow outward. It is to be hoped that we have the courage and intelligence to make a wise and just use of the taxing power before it is too late. It's up to us!

INDUSTRY IS NOT CHARITY

In all the efforts that are being made to solve the unemployment problem, one fact stands out with amazing clarity. Look for a moment at the plans and suggestions that have been made.

William Green of the A. F. L. tells us that if every employer in the country were to give work to two additional men, nearly all of the seven million jobless would have work; W. A. Starrett, chairman of the construction committee of the President's organization for employment, will tour the country to preach the doctrine of job-rotation as the only way by which the winter's unemployment problem can be solved; railway executives met in Washington a short time ago to discuss ways of stabilizing employment and wages and what to do with 350,000 railway employees who are out of work; County Supervisor Shaw says that many employees have adopted the five-day work week and thus saved some of their employees who would otherwise have been dismissed; called together by the Los Angeles Chamber of Commerce, the heads of the larger manufacturing plants in this district gave serious thought to methods by which employment can be spread as far as possible in local manufacturing plants.

In all these discussions, one startling fact shows itself—those who are asked to give employment are those who are already employing all the labor they need, all the men they can afford to pay. Railroads and manufacturers don't owe anybody a job. No living being owes another man a job. Neither does any man owe his services to another. Service should be rendered by one man to another only when it results in mutual benefit. Those who are engaged in productive industry should not expect nor attempt to employ one man that they do not actually need.

No business man, whether he has laid off one man, or a thousand or none, is responsible for this unemployment situation. Who are the ones that are keeping men out of jobs, and how do they do it?

In every town and city are men, women and widows who own land that they are not using, land that is producing no goods and employing no labor, land that is poorly improved or actually vacant, some of it the highest priced land in our cities. It is unfair and unjust to ask those who are already employing labor to increase their pay rolls when there is plenty of land upon which the jobless could be employed erecting homes to live in and buildings to work in, giving employment to lumber jacks in the forest, stone cutters in the quarries, furniture factories, cloth mills, truck drivers, painters and paper hangers—but any enumerate? There wouldn't be more than a handful of seasonal laborers looking for jobs at any one time, and these should be able to

save enough out of increased wages to tide them over to the next piece of work, for no man would work under any other conditions if he had any choice in the matter, and the whole object of releasing this idle land for use is to make jobs so plentiful that men will have a choice.

Until we make such a situation possible, we are merely establishing arbitrary rules and regulations that will get us nowhere. Employers are urged to give work, organized labor insists that no cut be made in wages, yet production, out of which wages are paid, has fallen off tremendously. These employers are being asked to carry a double burden while the owners of vacant land give a few dollars to the Community Chest for cold, degrading charity, and hang on to their vacant land, hoping—knowing—that real estate will "take an upward turn" and they will be able to sell at an advanced price—their reward for having kept men out of work and little children hungry.

When we ask industry to stabilize employment and maintain wages, we are attributing to business a paternalism that smacks of charity; and until we recognize the relation between land and labor, we cannot solve our economic problem.

OUR MONEY OR OUR HEALTH?

When Dr. Parrish was Health Commissioner of Los Angeles, he proposed posting signs and warnings to keep people from swimming in the Pacific Ocean in the immediate vicinity of the mouth of an outfall sewer. The reason for and advisability of such an official act on the part of a health commissioner is obvious. "You mustn't do that," said the politicians. "You will injure property values in that neighborhood. Who would buy a beach lot if he knew that the waters in front of the lot were, or were likely to become, contaminated?" Ah, who indeed!

It is known without the shadow of a doubt exactly where and in what direction lies the fault that runs under Los Angeles and environs which cause the earthquakes in this town. It is equally well known that the hardest part of the shake-up comes directly over a fault. That would seem to be a very excellent place *not* to erect a building of any sort. But you see, buildings were erected and much money invested in Los Angeles real estate before the geologists made this unpleasant discovery. If such knowledge were made public, what would happen to "property values" along this particular line?

The men who know these things are bound to secrecy. So come, all ye happy children, and buy lots in and about Los Angeles. If a brick happens to fall on your head when old Mother Earth has the Irrawaddy chills, it's just too bad, but property values must be maintained.

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HOARDING

Bankers and other business men unite in urging people to stop hoarding their money, to bring it out of hiding from banks or domestic seclusion, and put it to work employing labor. Is there anything in the shape of a pill or a hypodermic or a knock on the head that we can administer to these well intentioned gentlemen that will make them recognize land as one of the essential factors in this unemployment problem? They talk about men and they talk about money, but land they mention never.

Why do men want work? They want work because they want the things that work produces—food, clothes, houses to live in. Can you name any kind of food, from parsnips that grow in the ground to pears that grow on the trees, that can be grown or produced without using land? Is there anything from which clothes can be made, from cotton and linen of the vegetable kingdom to wool and hides of the animal kingdom, that can be raised or produced without using land? Is there anything that can be used to construct houses, from wood and stone to metal and cement, from the shingles on the roof to the paper on the walls, that did not originally come from the earth? The earth itself is man's storehouse from which he must draw his materials.

Now what is so mysterious about that? We were expected to use the earth when we were put here, weren't we—not some of us, but all of us? Is there any excuse, then for grown men to gather in conference or conventions and talk about the unemployment problem and never once mention, not even under their breath, the earth upon which all men must work, if they work at all, and upon which they must live, whether they work or not, until they die?

What do these honorable gentlemen expect people to do with their money if they do bring it out of hiding? They could give men both jobs and homes if they built houses with it, but how could they build houses without building them on the ground and using the products of the ground? They could give men jobs by building

factories and manufacturing plants, but these, too, must rest upon the land, and whatever is made in these workshops, whether davenport or tin cans, must be made from materials that come from the earth.

Men have been known to provide themselves with food and shelter, even with crude garments, without the aid of money of any kind. They worked under difficulties, yes, but they worked. On the other hand, no living human being ever supplied himself with anything that he wanted from a shoe-string to a saxophone without using land. It can't be done. It never has been done. It never will be done.

It isn't the hoarded money that is making the trouble, keeping men out of employment and slowing down industry, it is the hoarded land, the vacant and poorly improved lots in residence and business districts of our towns and cities and in the manufacturing areas. Do something to make people stop hoarding land and men will have work. You won't have to urge people to bring out their hoarded dollars, they'll trot them out fast enough.

What do we mean by hoarding land? Exactly what we mean by hoarding anything else—buying land and holding it without using it and without letting anybody else use it. Literature full of weird tales of men, and sometimes women, who have a mania for collecting some form of wealth which they refuse to part with. Sometimes it is old clothing or old newspapers or what is commonly called junk, sometimes it is money. In any case, we call these people misers and laugh at the poor, harmless creatures, but when people come into a community and buy up land and hold it for a rise in price, when they hoard it and keep their fellow men in idleness, we think they are wise and far-sighted.

The cause of this depression is not hoarded dollars, but hoarded land. Make these dogs-in-the-manger give up their vacant lots and idle acreage, and men can go to work without taxing an already over-burdened industry in order to carry on public improvements in the name of charity at a time when the budgets of the state and nation are showing an alarming deficit.

In order to work and earn wages with which to buy the necessities of life, men must have access to land. Whether they raise turnips or skyscrapers, whether they sell hardware or run adding machines, whether they build airplanes or weave cloth, they must use land. In the light of this indisputable fact, what good does it do for bankers and other business men, for President Hoover or any of his commissions to talk about the unemployment problem and never once mention land? Don't you make the same mistake.