

TAX FACTS

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THE AUCTION BLOCK

On the Fourth of July, 1932, we celebrated the birth of our independence with the usual flag waving and speech-making. On the seventh of July, the Los Angeles Record printed the picture of a comely and refined looking woman standing beside a welfare worker in the Los Angeles Plaza. Above the picture was this caption: "Woman on Auction Block." Beneath the picture was the following: "Men and women went on the auction block in Los Angeles today. Col. Louis Byrens, welfare worker, climbed on a stand in the Plaza and offered the services of the destitute to the few who were willing to bid. Those who found work will receive between 30 and 50 cents per hour. Someone bid 35 cents per hour for Mrs. (The Record published her name) shown above on the auction block with Colonel Byrens. There will be another auction tomorrow."

We are not criticizing Col. Byrens who, we understand, has been conducting similar auctions in other cities. He is enabling these people to obtain work that they cannot get in any other way. But what a picture! We fought one war to gain our political independence and throw off the yoke of a foreign monarch. Less than a hundred years later, we were engaged in another conflict that struck the shackles from the black man in the South. Less than two hundred years later, we find it necessary to dust off the old auction block and sell to the highest bidder the services of men and women who must choose between that or starvation. Every slave has always had that choice.

The whole purpose of slavery is to permit one man to live by another man's labor. Nothing that man uses in the round of his daily life may be had unless someone labors to produce it, unless someone fashions it from the raw materials that form the various parts of the earth. If you do not wish to labor and make these things yourself, you must do without them or find some means of forcing others to make them

for you. This may be done in either of two ways: (1) by obtaining possession of the man's person through the institution of chattel slavery; (2) by claiming ownership of the natural resources that must be used, the raw materials, that the man must have before he can make the things desired. Either of these methods will allow you to take from him the lion's share of the wealth that he produces.

If you choose the first method and encumber yourself with a retinue of personal slaves, you will be obliged to feed them sufficiently to keep them in good condition—you may want to cash in on them some day at a fancy price; you will have to provide clothing and living quarters, medical care when they are ill—you can't afford to lose a valuable slave. There are many drawbacks to this old-fashioned way of living on the labor of others.

We advise the second method, especially as the present law of the land permits the second and not the first form of slavery. Buy a lot, not just anywhere, be an astute gambler. The downtown lots in growing cities are the real plums. You need not erect a building on it. Lease it to someone else who will. Charge him all the rent you possibly can. He will work and employ others to work at his particular line of business and produce wealth and pay wages and help the prosperity and well being of the community. Out of all that he makes, he will have to give you a large part for the right to occupy that particular portion of the earth's surface.

As the population of the city grows, there will be more and more demand for the land lying within its limits—for the quantity of land cannot be increased. As the value of the land goes up, you can raise your rent, without doing a lick of work. The other lots will be similarly owned. People cannot work, or even live, without using land. The rental value will go up. Many will retain possession of valuable sites, not to use, but to hold for speculation. The incoming popula-

tion will be forced to pay a higher and higher sum, either in purchase price or for lease, in order to use the land. It will rise so high that they cannot produce enough wealth to pay this price and have enough left to conduct their business. They will close their offices and stores and factories. Men and women will be thrown out of work. They will not have wages with which to purchase the food and clothing and ornaments that have been created. More factories will close. Whole families will be driven onto the streets and into the bread lines, some impelled to acts of crime and violence.

The constitution of California says, in Art. I, Sec. 18, "Neither slavery nor involuntary servitude, unless for the punishment of crime, shall ever be tolerated in this state."

You think these men and women are not slaves, are not engaged in involuntary servitude, when they must make terms with the owners of the land before they can produce the common necessities of life?

The strains of our national anthem still linger in the air; over the land of the free and the home of the brave float the Stars and Stripes.

"What am I bid for the services of this woman?"

THE LOCUST PLAGUE

Mark Twain once remarked about a learned treatise on bugs that the humblest bug among them probably knew more about it than the scientist did. That is supposing that bug psychology in no way parallels the cerebral activity in the genus homo. Man can peer through a microscope or a telescope and measure an atom or a Milky Way, but what he knows about man as a social animal dealing with economic problems would rattle around in a hazel nut shell.

Dr. J. C. Faure, a graduate of Cornell, comes home from Africa with some very interesting and illuminating knowledge about grasshoppers, to-wit: "The cause of the world's great locust plague is the strange effect of crowding on a small group of harmless 'isolated' grasshoppers.

"Merely putting too many of these ordinary hoppers of some species in one place changes even their shape and color under a degree of mob psychology perhaps never before reported for living things. From 'fish-bait' they transform into an almost different insect—the ravaging plagues of biblical story and modern crop pest."

By merely raising the solitary hoppers in a community cage, Dr. Faure produced this change. "They entered in all ordinary hopper colors. . . . In successive moults they changed almost 100 per cent to black and yellow—an age old sign of locust plagues. . . . Even a 'solitary' grasshopper, reared in a wire cage surrounded by the ravagers, caught the madness and transformed himself.

Most astonishing of all, when these 'plague' locusts were separated and raised in individual cages, they transformed in shape, color and habits into the harmless type."

Just what Dr. Faure and his brother scientists expect to do in the way of giving Mr. Grasshopper more elbow room so that he won't turn vicious and eat up the crops, has not been divulged, but undoubtedly they will solve the problem. The grasshoppers have no privileges that we are bound to respect. Man, on the other hand, claims certain privileges from time immemorial that put an effectual stop to the solutions of more important problems than locust plagues.

If Dr. Faure will look about him with an observing eye, he will see that human beings are crowded together in our cities, particularly in the tenement districts, for the simple reason that the surface of the earth has been fenced off and there is no roomier place for them to go—unless they can scrape together enough money to pay the price of privilege. In these crowded quarters we find the principal breeding places of crime, of disrespect for law, of the very radicalism that privilege fears so much.

There is no reason to believe that a little baby born into a tenement house has less of the seed of human kindness in its little heart than any child born into the most commodious home, but like the "solitary" grasshopper shut up in the crowded cage, it may very well change its nature and develop into a dangerous citizen, due entirely to this crowding process and close contact with other lawless characters. Why not try giving these children and grown folks, too, more elbow room, a better opportunity to earn an honest and comfortable living, and see if they will not revert like the grasshopper back "into the harmless type?"

Why is it that scientists and professors are so clever about bugs and so stupid about human beings?

IRONY

South of our house are two large, well situated lots overgrown with weeds and wild oats. On one of them stands a dilapidated and abandoned house, a disgrace to the neighborhood. At the rear of the other lot is a movable structure that was used as a tool house and temporary office by the contractor and builder who once owned the two lots. In this small tool house, a poor family has taken up its abode because it cannot afford to pay rent for a regular house where it can live in comfort and decency. The contractor was forced to give up the lots in payment of a debt because there is no demand for houses and consequently he is out of work. Could anything be more ironical?

FOR VALUE RECEIVED

"Southern California Business" for July prints a letter written to the editor by a Los Angeles bank executive. Bank executives have not shown much brilliancy in their comments or advice during these critical times, but here is a man who has a real contribution to make at a time when selfish and unthinking people are trying to solve the economic problem by having their taxes reduced.

This writer says in part: "All the taxes I have ever paid—direct taxes, county, school, district, national income, automobile license, gasoline tax—do not foot up as much as it actually cost to educate my four children through school and high school.

"All the improvement assessments I have met and paid—street, park, storm-drain—amount to about one-fourth of the actual collected increment in value of premises I have owned, occupied and sold. . . .

"I believe in a system of individual opportunity, as against any form of communism. But I believe that the great moral answer to the difficulties of the capitalistic system is to discourage greed.

"Taxation bears the same relation to the individual desire to get ahead, which is the motor of our business structure, as the brake bears to the motor of the automobile."

Here is a man who recognizes that taxes are levied to pay for the services rendered by his government, state, local and Federal, and he even acknowledges that he has received services in excess of the taxes he has paid. Perhaps if more people would sit down and think over the benefits that they have received from their government, they would find that taxes are not too high, but are levied in the wrong way, and that a wrong system of taxation means such a burden upon industry that incomes are sadly reduced. When incomes are reduced, any tax seems too high.

When the desire to get ahead becomes the desire to get something for nothing, it can meet with success only if some means is found by which you can take from another a part of what he earns by his labor. If two or three people did this the effect on the community would not be very far reaching, but when hundreds of thousands do it, when millions do it all over the country, the effect is nothing short of disastrous, and the majority of us are likely to find ourselves in such reduced circumstances that very small taxes loom gigantically in our budget. When we cannot buy a stick of gum or a straw hat without paying tribute to the owners of the earth—although we may be one of them on a limited scale, too much of our wealth will be paid out, not to the government which is constantly ren-

dering us valuable service, but to individuals who give us absolutely nothing in return except the right to live on this little planet of ours.

Taxation is, indeed, the brake that can check and finally stop this graft. It is not only the expenses of government that must be reduced, but the enormous amount of wealth that is flowing into the pockets of those who have not earned it must be rescued and brought into the public treasury where it belongs. It will then be unnecessary to burden industry and home owners with every manner of senseless tax from a sales tax to a personal property tax.

"Individual opportunity" will then belong, not to the favored few who arrived first and seized the choicest spots, but to every child born on earth, today, tomorrow and forever.

HUMAN VALUE

Once, Thomas Hood provoked serious thought with his poem "The Song of the Shirt," but we don't seem to have done much about it. Poorly paid and degrading toil for some, idleness and the charity loaf for others is still a conspicuous mark of our boasted civilization. "O, God! that bread should be so dear, And flesh and blood so cheap!" It is not very flattering to have the famous Dr. C. H. Mayo of Rochester, Minn., tell us that the cash value of the material in the human body has slumped 31 cents, and that, "In war days the value of our bodies was estimated at 98 cents. But I suppose at present low prices we are worth about 67 cents."

After all, this mad struggle to feed and clothe and house this 67 cent body is because we prize that mysterious thing within the body called life. Only sentiment attaches any value to the human frame when it no longer responds to conscious intelligence. Yet that "intelligence" flickers so feebly in most of us that we can't solve this very simple problem of "making a living." If the accident of birth had not provided some ten million people in the United States today with corporeal bodies, they couldn't scrape together the 67 cents to purchase materials to make one.

It has been discovered that in giving until it hurts, some people are extremely sensitive to pain.—*St. Joseph News-Press*.

"What is the greatest need of the Democratic party?" asks a politician. Offhand, we'd say more Democrats.—*Atlanta Constitution*.

America won't recognize Japan's territorial gain in China. Not, anyway, when Japan gets through with it.—*Corvallis (Ore.) Gazette-Times*.

It seems a shame Mr. Ruth is cut down to the same wages as Mr. Hoover. There have been a lot more complaints about Mr. Hoover's hitting and fielding.—*Tampa Tribune*.

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SIGNS OF PROSPERITY

Transferring wealth from one man to another and creating new wealth are two different things, yet the realtors keep telling us, with an enthusiasm worthy of a better cause, that on such a day or during such a week so many transfers of real estate were made. "Real estate transfers within the city, during the week ended the 22nd inst., took a distinct upward turn. . . . Property transfers, as indicated by deeds filed, aggregated 767 in the six communities of the metropolitan area, outside of the city, during the first half of June . . ."

This is cited in all seriousness as an indication of better times. According to the realtor, prosperity will return when we begin to shuffle our parcels of real estate—and the faster we shuffle, the more prosperous we'll be. Is that really true?

Three men sat down to a poker game. Each man had \$500. One man had better luck, or better intuition or a better poker face than the other two. This game was on the level. At the end of two hours, this poker faced gentleman had \$1200 and each of the other players had \$150. The combined "wealth", or the buying power of the group was just what it was when the men sat down to the table—\$1500.

Money had changed hands, but no wealth had been created. Money is not wealth. It represents wealth. Wealth is felt hats and crowbars and cornbread. Money can buy these things; \$1500 can buy so much of these things and no more. When money changes hands, buying power changes hands, but it is not increased. There was no more wealth in the world when the three men finished their game than there was when they started. One man was richer and two men were poorer. Whenever people gamble, no one can gain unless some one loses because the sum total always remains the same.

Poker games are too insignificant to upset the economic world. We can't blame the present depression on poker.

Three men in a town had \$5000 apiece. One of them owned three lots. He sold two of the lots to the other two men for \$4000 each. The

first man then had \$13,000, while the other two had \$1000 each. The combined wealth of the group was still \$15,000. Money had changed hands, but no wealth had been created. In the first place, land is not wealth, it is the source of wealth. In the second place, no land had been created. There was no more land after the transaction than before. The quantity of land was still just what it was when man was a jellyfish.

Any community or state or nation can go on swapping parcels of the earth's surface over and over and over, but there will be no more land than there was when they started and no more wealth. Money will have changed hands like the pea under the shell, but the buying power of the community, state or nation will be just what it was when hopeful humanity started in the real estate business.

If the three gentlemen addicted to poker wish to increase their store of wealth, one or more of them must go to work and create wealth by his labor. When enough has been produced to increase their funds appreciably, they can go back to their game. Or, they may not even perform any labor, themselves, to produce more wealth, but may entice some new-comer into the game. The new player will have money that he has presumably earned by the sweat of his brow, at least his money represents the wealth that *somebody* produced, and when it is added to the game, the winnings will be larger, but not because the game is a productive industry.

The same thing is true of land transfers. If California, for instance, can persuade her Eastern cousins to come West and buy real estate, the new-comer will pay for these purchases with money brought from the outside. To that extent, the community will be richer, but it will be richer because someone back in Iowa or Nebraska or Michigan labored and produced wealth, not because land changed hands in California. All of the prospective victims of the realtors that will come here as tourists this summer are in exactly the same position as the "suckers" that are lured into a poker game. They bring new money to the pot so that the realtors won't have to stop the game long enough to create wealth.

Buying and selling land doesn't create wealth any more than playing poker does. Only human labor applied to land, to some form of natural resources can create wealth. If some men play poker and accumulate money with which to purchase the product of other men's labor, when they have produced none themselves, somebody is going to come off short. If men speculate in land and use the money they win to buy labor products when they have created none themselves, somebody is going to lose. It is inevitable.

Transfers of real estate are not an indication of prosperity any more than the "transfer" of money in any gambling joint.