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UNDER THE BLUE EAGLE

One of the finest things that President Roosevelt has said is a remark, made originally in his inaugural address and since repeated: "if it doesn't work, we'll try something else." There are three methods by which men, as well as animals, learn: by imitation, by trial and error, and by punishment. We cannot learn by imitation, for preceding civilizations made the same mistakes that have brought us to this pass. Surely we have received enough punishment during the past few years to prove that our present course is a wrong one. If we are persistent, and honest with ourselves, we may learn by the trial and error method

what can prevent a repetition of this deplorable situation.

No peace-time president was ever before confronted with such serious and such important social problems, problems that are crying for immediate solution. This is a very difficult situation to handle and mere carping criticism of the President's methods is rather out of place. We may, however, look squarely at conditions and try to determine why the methods being used are not likely to meet with any great success.

At the sign of the Blue Eagle, we are told that better wages are being paid and more people employed. The President is not alone in his desire to see wages raised. Higher wages and better working conditions have been the objective of the labor unions for many a day. The weakest point in this present plan for increasing wages lies in the fact that success rests almost entirely on the willingness of a hundred million people to cooperate in a spirit of helpfulness.

At Baltimore, recently, Hugh S. Johnson, recovery administrator, voiced an appeal to the public that it is almost pathetic. "The public must buy now. It must buy under the Blue Eagle and it must buy to the full of its reasonable and prudent needs. It cannot be otherwise. To support increased wages, there must be increased business. To get increased business, there must be increased buying. Increased wages depend on increased buying and we can't have one without the other and that is as certain as that two and two make four."

Clearly, we cannot raise or lower wages, ex-

cept under certain conditions, and then only temporarily, until we know what determines wages, why they are always higher in new and sparsely settled countries than in old, populous countries, why they are relatively low when production has been greatly facilitated through the use of machinery.

In new countries where the back gate opens upon the wilderness, where good land may be had for the taking, no man will work for another unless he is paid as much or more than he could make working for himself. He may, of course, prefer to work for a little less in order that he may keep his family where there are good schools and other social benefits, but so many others will be willing to strike out for themselves that the labor market will not be crowded. It was this outlet of free land that saved the colonies from the unemployment problem, from sweatshop wages and from intolerable working conditions. If a man didn't like his wages or the terms of his employment he could move westward.

This is the determining factor in fixing the wage level: what a man can earn working for himself on free land, that is, land where he pays no rent. When there is plenty of good land available, the wage level will be high; when the good land is all taken and only land that will yield a very meager living is left, the wage level will naturally fall. That is what happens in old populous countries. All the good land is held in private possession, although millions of acres of farm and urban land are not in use. A man can make so little working for himself on the waste land that is left to him, that a very small wage, indeed, will keep him in the town or city where he may have, at least, the society of his fellows.

If a man is denied the opportunity of working for himself, he must, of necessity, accept any terms that an employer will offer him. This is in direct contradiction to the rights that man claims to life and liberty. If a man has the right to live at all, having been born into this troublous world without any wish or will on his part, certainly he has the right to whatever he needs to sustain life, even to make it enjoyable so long

as he does not infringe on the rights of others.

Wages may be raised above this level temporarily in certain industries or professions when there is a greater demand for labor in those particular occupations than there are men to fill the places. But those higher wages will soon attract men from other occupations until the wage level gradually sinks again. If a new industry sprang up, for instance, in which only men with a certain training could be employed, and these men were few in number, they could command good wages. But good wages would induce other men to train themselves for that particular line of work until the employers would be offered more labor than they could use, and there would be no object in paying wages above those paid in other similar industries.

If all of the good land in the United States, urban lots as well as farm acres, could be opened up for use with no more charges than the annual rent paid into the public treasury in lieu of taxes, the wage level would rise without any appeal to man's humanitarian instincts. No buying urge would be needed. Give an American money, and he'll spend it all right—especially an American woman. If all of the families that are now "doubling up" were to seek separate living quarters there would be a housing shortage in the country today. Building lots put to use would mean work for the building trades, customers for the lumber yards and for every article that goes into building and furnishing a home. Mr. Johnson would not feel called upon to plead with the public to "buy to the full of its reasonable and prudent needs."

Those who would prefer the independence of a rural life would not be forced to pay an exorbitant price for farm land or else seek the poorer and more inaccessible land that is still open to homesteaders. This increased employment would raise the wages and buying power of the public beyond the fondest hopes of the administration.

Another phase of the recovery program that deserves careful consideration is that which calls for decreased production. That is a very curious idea, that we can make ourselves richer by destroying wealth! Real wealth is neither money nor credit, but tangible articles, shoes, woolen cloth, sauce pans, potatoes, sewing machines, and so on. These things, not dollars and cents, are the actual wages of labor, and to destroy them is to destroy wages. Money is a convenient token to carry about with us, to represent the wealth that we have produced, or have helped to produce. We don't eat money nor wear it nor use it for anything except to exchange for food or clothing or some form of wealth or service.

If production is curtailed so that demand exceeds supply, those who have articles to sell can obtain a higher price and will be richer than they

were before, but the country as a whole will be poorer. When wheat is scarce, everyone must work harder in order to buy bread, for the added pennies to purchase a loaf of bread merely mean that you must produce more, or give more service to earn those added pennies. It is very strange that anyone should think that the country becomes poorer in direct ratio to the increasing bounty of nature in producing bumper crops, or to increased production due to invention and labor-saving machinery. Would a cow or a horse that is nibbling a meager meal from the dry, scant grass of a parched and arid range, starve to death if you turned it into a pasture where clover or alfalfa grew abundantly?

A report from Southern Illinois says that the peach harvest is on "with a twenty per cent normal yield and a good demand with prices around \$1.25 per bushel." The peach growers may find more money than usual in their pockets at the end of the season, but the country as a whole will be poorer, for many people who would like to eat peaches must go without.

In Texas, approximately 244,000 farmers have pledged themselves to destroy 25 to 50 per cent of their acreage. "It is estimated that the 4,200,000 acres to be plowed under would have yielded a total of approximately 1,400,000 bales of 500 pounds each of cotton. It was not without expressed misgivings that many cotton growers agreed to cooperate in the movement. To destroy any part of a growing crop which nature provided is looked on as wrong in economic principle. In not a few cases farmers refused to sign contracts because of their scruples against destroying a potential production which might be of some benefit to the people of the world, even if the selling price of cotton is extremely low."

The planters, themselves, are not the only ones who will feel the effects of this curtailed production. Fewer pickers will be required, and it is estimated that between \$3,500,000 and \$7,000,000 will be taken out of the hands of the cotton pickers. Cotton gins, cotton compresses and cottonseed oil mills, railroads, motor trucks and steamships will feel the loss of this 1,400,000 bales of cotton that has been, or will be, plowed under. The planters will receive compensation from the government for the cotton destroyed, and this may pave the way for more and more government subsidies.

The object of the new deal should not be, and we believe it is not, the enrichment of a few at the expense of the many. When every man, woman and child in the world is supplied with all the cotton goods he can use, it will be time enough to talk about plowing under cotton crops.

Our complicated structure of modern business, the intricate dovetailing of cooperation and specialization that characterizes our modern methods

of production in no way nullifies man's natural right to employ himself, a right enjoyed by the most primitive man. Until the opportunity to exercise that right is fully restored to every man, laws and regulations, guilds and labor unions and appeals to man's better instincts can effect only a simulation of just conditions that cannot be far reaching at best, and that must break down under the strain of the depression which they help to precipitate.

THAT INCOME TAX

Only eight individuals reported net incomes in excess of \$5,000,000 in 1930, while exactly 150 taxpayers earned more than \$1,000,000 in that year. This millionaire group represented more than \$360,000,000 of the total reported income of eighteen billions.—*Los Angeles Times*.

We question that word "earned." Labor is the only thing in the world that can produce wealth, the only thing that could bring into existence that three hundred and sixty million dollars' worth of wealth, and we very much doubt if one hundred and fifty men could do it in one year. Naturally, if they didn't, someone else did, several someones who didn't get their share.

IN DEAR OLD LONDON

Sir John Ellerman whose death is reported this week has been described as "London's biggest ground landlord." This is a mistake. He had purchased certain "properties" in the City of London, comprising land and houses of the value of £500,000; also in 1925, a company, of which he was director, purchased about forty acres around Great Portland Street, W., for £3,000,000 and in 1929 he bought the estate of the late Lord Iveagh at South Kensington, consisting of eighty-two acres, with houses and shops, for £1,000,000; but even then his holdings were only about one-eighth of the slice held by the Duke of Westminster.—*Commonweal*, England.

THE BUILDING TIDE

In these days of slow moving real estate, Mr. Charles B. Hopper, general agent for the property at Bel-Air, points with pride to the construction work that is going on in that tract. Fifteen homes have been started, which will represent when completed an investment close to \$1,000,000. The interesting thing about this news is that the land is being utilized, not held idle as a mere real-estate investment. Every idle man in Los Angeles should take a walk or a ride and contemplate the weed covered lots that might be used for homes for some of these young married couples that are living with mother.

Mr. Hopper offers this suggestive statement:

"One of the interesting things about a dollar spent for materials and labor in a new home is the multiplication of buying power. Statisticians have estimated that each home-building dollar turns over five times in its course through the hands of material dealers and labor. In this case, probably \$2,500,000 of new buying power has been distributed through trade marts."

This gives a fair estimate of the vast sum of money that would be put in circulation if all the people who want homes had merely to pick out a suitable lot and begin paying the annual rental of it into the public treasury. Think how many millions of dollars could be paid for labor and labor products if the prospective homeowner did not have to lay down several thousand dollars at the very start for a site on which to build his home; if he did not have to buy this privilege from another human being who had no more right to it than he did, exactly as many merchants are paying racketeers today in order to keep from being blown to bits.

TWO BIRDS WITH ONE STONE

Uncle Sam needs money, and stock gambling is a thorn in the administration's side. Both of these evils can be appreciably reduced by one single stroke, viz: a two per cent tax on all transfers on the stock exchange. About one million shares change hands every day, some days eight million shares. Those shares average about \$15. each, making \$15,000,000 daily transfers. Two per cent tax on \$15,000,000 would be \$300,000. In one year of three hundred working days, it would yield the government \$90,000,000, enough to make Ex Vice President Dawes another loan for his bank with enough left over for all our congressmen to provide more for their relatives with soft jobs at good salaries.—S. B. Welcome.

IN SUNNY CALIFORNIA

The California booster calls California "God's country." God would probably deny the allegation if he could see the condition we are in now. In July the number of families in Los Angeles receiving public support increased .84 per cent over the number in June. The number of families receiving support in San Francisco increased 15.3 per cent in July.

Mr. R. C. Branion, State Relief Administrator, of Sacramento, reports that one sixth of the population of Los Angeles County is dependent on public relief. "This approximates 400,000 persons," said Mr. Branion. "This in Los Angeles County alone. In the United States there are 4,000,000 families being given public relief, a total of 18,000,000 persons." This is our boasted civilization!

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"WE DO OUR PART"

On shop windows and on auto windshields, we see the insignia of the N. R. A. bearing the suggestive motto, "We Do Our Part." We have not seen it displayed on an apartment building nor on any of the multitudinous signboards that decorate our vacant lots. An apartment house owner might use it to indicate that he had raised the janitor's wages or had hired a second helper, but has any landlord posted one on the corner of his building to notify the public that he is doing his part by reducing his rentals?

Lest we be misunderstood, it may be well to call attention to the fact that rental paid for the use of a store building, office or dwelling really includes three items: (1) wages for janitor work and superintendence, whether performed by the owner or by hired help; (2) interest on the investment in building and equipment; (3) land rent for the use of the site. The first two items are perfectly legitimate earnings. Many people do not care to own homes and would not do so under the most prosperous conditions. There will always be a demand for apartments and rented houses. The third item, however, is the value that attaches to the location through its desirability. It is the one factor that the landlord has nothing to do with and which is created by the population as a whole. It varies in amount with the size of the population, being greater where there are more people.

Since the landlord did not create this value, naturally it does not belong to him. Every time he collects his rent, he takes along with his just earnings something that is not his, the part that belongs to the government. A small part of it is turned over to the government as taxes, but because he keeps by far the larger part, he and his tenants and every citizen in the community are forced to pay taxes on their improvements, their personal property, their stocks and bonds (or would if they owned to 'em) auto taxes, business licenses and so on and so on. Our latest inspiration in California is the 2½ per cent sales tax. People have been paying taxes every time they bought food or goods all their lives, but this is the first time that most of them have been conscious of the fact.

These many taxes are not only annoying, but they actually hamper business and trade. They

are a direct interference with the rights of property. The government has a legal, but no moral right, to take from the individual citizen any part of what he has produced, and that is exactly what it does when it places a tax on anything that would not have existed except for the labor of mankind. Since the site value of land is the only value in any community that belongs to the people as a whole, it is the only thing that the government is morally justified in collecting to defray the expenses of government.

A readjustment in our tax system that would make possible the collection of this ground rent for public use must necessarily be a slow process and cannot take place at all until a readjustment of ideas has taken place in the public mind. While we are waiting for this and endeavoring to push business out of the depression by main strength and awkwardness, those who have land to lease, improved or unimproved, might join the business men, flock to the Blue Eagle and do their part for their country by scaling down these rentals. If they don't; if they believe that this desperate cry for help that is coming, not only from Washington, but from every community in the nation, is not meant for them; if they believe that increased wages spells a golden harvest for them, then all of the President's efforts to help the masses of people will amount to little more than a gesture. If rents are to rise with rising prices and wages, how can buying power be increased? How can any woman indulge that long suppressed desire for a new dress or a new bonnet if the increase in wage that her husband brings home must be turned over to the landlord.

The same thing holds true in respect to home sites. If the land owners believe that through some dispensation of Providence they are excused from taking part in this nation-wide drive for national recovery, they will continue to boost their prices every time a Home Loan Act or a rise in wages makes it a little easier for a man to finance a home. If this continues to be the attitude of land owners and real estate men, they will form a group of the favored few who will absorb all the gain that the recovery act enables industry to make.

At the sign of the Blue Eagle, merchants and employers are saying: "We do our part," meaning that they are doing what they can to give employment and to raise wages. At the same time the real estate men are saying to each other in effect: "Come on, boys. Employers are paying better wages, there is going to be a demand for this land God made. Put your prices up and watch us rake in that increase. This is duck soup for us. The law is on our side. These other racketeers, poor devils, have to waste money on guns and ammunition and spend time dodging the police, or worse, while the suckers we fleece would lay down their lives to protect our racket."

"We do our part." God save the mark!