

TAX FACTS

Published in
the interest of

SOUND ECONOMICS
and

AMERICAN IDEALS

Vol. XII

Los Angeles, California, July, 1934

No. 3

EMBARCADERO

Events move swiftly in the modern way. By the time *Tax Facts* reaches its readers, all may be quiet on the Western front, but the ominous rumble that undertones the cry of rebellious workers from Vienna to San Francisco may be the sound of wheels on a civilization that is rolling down hill with burned-out brakes. Those critics who claim that this is not a bonafide strike to settle the question of hours and wages may be correct. Suppose this is a case where a handful of hairbrained agitators have inflamed more than fifty thousand staid Americans, what then? Is that not, in itself, indicative of an alarming situation? Why are not these thousands of good Americans so well paid, so comfortably housed, so contented with life that the fanatical pleadings of foreign irresponsibles merely fall on deaf ears?

Ransom Sutton, who contributes scientific articles to the *Los Angeles Times*, has a suggestive article in last Sunday's Magazine section, "Are We a Vanishing Race?" Mr. Sutton calls our attention to the fact that, "History proves that all great civilizations perished after reaching their peaks of culture and affluence," and proceeds to enumerate some of our weak points. "Among the 125,000,000 Americans," says Mr. Sutton, "about 775,000 are in hospitals, 350,000 in institutions for mental diseases, 70,000 in institutions for feeble-minded, 140,000 in State and Federal prisons, 100,000 narcotic drug addicts, 89,000 in insane asylums, 10,000,000 unemployed. Of the unemployed, President Roosevelt has said that some 5,000,000 'will never again be absorbed in our present industrial life.'" The writer might have added 3,230 murders, 20,880 suicides for 1932, and 265 kidnappings in the three years from January, 1929 to February, 1932, and so on and so on. No need to enumerate the hundreds and thousands of cases of brutality that find space in our daily papers.

Mr. Sutton finds population trends particularly discouraging. "700,000 fewer American babies were born last year than in 1921. Yet 62,329 more Americans died last year than in 1921. . . . It was something of a shock to find

that this 'Golden State' which has grown so rapidly, produced her bumper baby crop ten years ago."

Turning to the vital statistics in *The Times*, the author points to the increase in deaths over births, and divorces over marriages. For those Californians who find comfort in the thought that "an unusually large number of elderly people come here, not to raise children, but to imbibe culture and die," we find that "Analysis of age groups shows that, during the 1920-1930 decade, the migration into California (small towns as well as large towns) consisted largely of people whose ages averaged around 27."

When it comes to population, quality is far more important than quantity, and even vital statistics are not as significant in measuring our progress or retrogression as our tastes and opinions in amusements and the fine arts. "We resent being called moronic," says Mr. Sutton, "childish means the same thing and sounds less offensive. Now there is obviously a good deal of childishness in our adulation of heroes which seems to be an American trait. The fault is not with those glorified; it lies in ourselves. We worship the spectacular and forget the worthwhile. A level-headed attitude toward heroes has obviously ceased to be one of our virtues, and that is said to be a sure sign of our decadence. . . ."

"Change our ways? Pathos and tragedy lurk in that question. How are you going to induce or oblige 125,000,000 'liberty loving' Americans to change their ways when most of us think our ways superior to those of any other people that ever walked down hill? . . ."

"Queer creatures indeed we are, queerest in the whole kingdom of animals. Having run to brain power, we can manufacture lightning, see nebulae 300,000,000 light years away, create all the magicry of civilization, compose masterpieces of music and art, make machines slave for us, talk with people on the other side of the earth, but can we save ourselves from the eraser which wiped out the Egyptians, Assyrians, Medes and Persians, as well as the dinosaurs—a fate which

has finally taken hold of the great white nations of today?"

Mr. Sutton is no mere alarmist, there is much unflattering truth in his claim that "we are heading downhill," there is something very fundamental that we can do about it. Will we do it? Yes—no—perhaps, who can tell?

We cannot look upon present conditions and feel satisfied that our civilization is still progressing. The World's Fair in Chicago was officially named a Century of Progress Exposition, yet, when it opened last spring, the directors decided that its dominating spirit was to be that of the carnival—a frank admission that the majority of Americans likely to visit the Fair would be more interested in Skyrides and ballyhoo than in scientific discoveries and inventions.

There are signs more sinister—in our court calendars and crowded jails, in our bread lines and charity budgets, in our sweat shops and suicides. A professor of sociology in Minnesota "has discovered something that railroad men knew long ago—that there are thousands of boy and girl depression hoboes hopping freights, traveling together in box cars, begging and stealing."

All this was prophesied with almost uncanny fidelity fifty years ago by one who was called by an enemy, "The prophet of San Francisco." San Francisco! Had you listened to your prophet, you might have walked in the ways of God, and your Embarcadero might now be, not the stamping ground of fanatics and warring unions, but the western portal of a rising, progressing civilization that would endure as long as life continued on this planet.

If the name of Henry George could be dissociated from the system of taxation which he advocated long enough for the world to recognize him as the great philosopher and profound thinker that he was, men might come to understand how clearly and definitely he founded his proposals on the immutable laws of nature; how his plan for levying taxes is not merely a scheme to balance budgets or "lighten the tax burden", but a method of making social adjustments that would save our civilization from that death and decay that has overtaken all previous civilizations.

Henry George shows how we can save our civilization from sliding down into oblivion, by explaining how it climbed out of the state of savagery into the more complex social organization that we call civilization; in short, he shows, "what are the essential conditions of progress, and what social adjustments advance and what retard it." It is imperative that we know this.

"The incentives to progress," says Henry George, "are the desires inherent in human nature—the desire to gratify the wants of the animal nature, the wants of the intellectual nature,

and the wants of the sympathetic nature; the desire to be, to know, and to do—desires that short of infinity can never be satisfied, as they grow by what they feed on.

"Mind is the instrument by which man advances, and by which each advance is secured and made the vantage ground for new advances. . . . Mental power is, therefore, the motor of progress, and men tend to advance in proportion to the mental power expended in progression—the mental power which is devoted to the extension of knowledge, the improvement of methods, and the betterment of social conditions.

"Now mental power is a fixed quantity—there is a limit to the work a man can do with his mind, as there is to the work he can do with his body; therefore, the mental power which can be devoted to progress is only what is left after what is required for non-progressive purposes. . ."

These "non-progressive purposes" Henry George divides into two main classes, maintenance and conflict. By maintenance he means the support of existence and the upkeep of the social condition, "the holding of advances already gained." Conflict he defines, not merely as warfare, but "all expenditure of mental power in seeking the gratification of desire at the expense of others, and in resistance to such aggression." This thought is important. Think of the millions of people in this country alone who find the struggle for existence so difficult that their mental powers are devoted entirely to obtaining and holding jobs or to maintaining a precarious existence at the expense of charity organizations or the public coffers.

Were we all Robinson Crusoes on our individual islands or members of small primitive groups living in isolated localities, it would be natural and expedient for us to devote our entire labors, mental and physical, to supplying our physical wants. But man is a social animal and tends always to come together in larger and larger groups where the cooperation and the division of labor relieve the individual of much of the labor performed by him in a more primitive state. This means that his mind is also relieved of certain duties and responsibilities, and more and more of his mental powers may be devoted to progressive thought. Unless, however, this association is based on equality, or justice, mental power will again be devoted to conflict, that is, encroachment on the rights of some and "resistance to such aggression."

"Thus association in equality is the law of progress . . . which will explain all diversities, all advances, all halts, and retrogressions. Men tend to progress just as they come closer together, and by cooperation with each other increase the mental power that may be devoted to improvement, but just as conflict is provoked, or association develops inequality of condition and

power, this tendency to progression is lessened, checked and finally reversed. . . . Where this power of peaceable association is broken up, either by external assaults or internal dissensions, the advance ceases and retrogression begins. . . .

"For, while the integration which accompanies growth tends in itself to set free mental power to work improvement, there is, both with increase of numbers and with increase in complexity of the social organization, a counter tendency set up to the production of a state of inequality, which wastes mental power, and, as it increases, brings improvement to a halt. . . . The unequal distribution of the power and wealth gained by the integration of men in society tends to check, and finally to counterbalance, the force by which improvements are made and society advances. On the one side, the masses of the community are compelled to expend their mental powers in merely maintaining existence. On the other side, mental power is expended in keeping up and intensifying the system of inequality, in ostentation, luxury, and warfare."

The unequal distribution of wealth and power in this country is too obvious to need comment. Only a short time ago, the newspapers printed a list of high executives who are drawing yearly salaries that run into the tens and hundreds of thousands of dollars. To claim that these men have more intelligence or greater talents than thousands of the unemployed or poorly paid is the merest folly. Inequality in opportunity has played a more important part in the affairs of men than any individual mental or physical differences. If we can determine what causes this inequality and are willing to make the necessary readjustments, we may be able to start the wheels moving forward and save, not only this country, but the white race, from that fate which has overtaken all previous civilizations.

Since man is a land animal, lives upon land and produces all that he eats and wears and uses from land, old Mother Earth and our method of sharing her cannot be ignored. It is to this policy that we must first direct our attention.

"The great cause of inequality," says Henry George, "is in the natural monopoly which is given by the possession of land. The first perceptions of men seem always to be that land is common property; but the rude devices by which this is at first recognized—such as annual partitions or cultivation in common—are consistent with only a low stage of development. The idea of property, which naturally arises with references to things of human production, is easily transferred to land, and an institution which when population is sparse merely secures to the improver and user the due reward of his labor, finally, as population becomes dense and rent arises, operates to strip the producer of his wages. . . . The bar-

barism which overwhelmed Rome came not from without, but from within. It was the necessary product of the system which had substituted slaves and *colonii* for the independent husbandmen of Italy, and carved the provinces into estates of senatorial families. . . .

"The poverty which in the midst of abundance pinches and imbrutes men, and all the manifold evils which flow from it, spring from a denial of justice. In permitting the monopolization of the opportunities which nature freely offers to all, we have ignored the fundamental law of justice. . . . But by sweeping away this injustice and asserting the rights of all men to natural opportunities, we shall conform ourselves to the law—we shall remove the great cause of unnatural inequality in the distribution of wealth and power. . . ."

We're not fooling, friends. This is too serious. Are we going to let our indifference to social problems and our selfish desire to gamble in land values stand in the way of the salvation of our race? Is this upheaval in San Francisco of any real significance? Does it mean that the American under-dog is not going to give up as easily as the under-dogs of other civilizations have, but is going to keep up the struggle for his rights until by accident or otherwise, he hits upon the right solution to his problem? Or, are the privileged ones right, and is this merely a surface disturbance caused by fanatics and of no value in our present crisis? Will the San Francisco waterfront become, to future civilizations, symbolical of the white man's last stand?

A LANDMARK

The famous mansion of the Wendel family, one of New York's landmarks, is to be demolished to make way for a 5, 10 and 25-cent store. The property, valued at \$5,000,000 was bequeathed to Drew University, Madison, N. J., and the University has leased it to S. H. Kress & Co. The citizens of New York will go right on making this land valuable and allowing the value to slip out of their hands no matter how much they groan under their tax burdens.

THE TAX LOAD

Five states paid more than half of the \$2,672,318,602 received by the Federal government from taxation in the fiscal year just ended. New York stood first with a tax bill of \$564,321,808, and North Carolina second with \$260,344,351. Although North Carolina is essentially an agricultural state, she paid heavy taxes on her tobacco factories, taxes that were collected, but not paid, by Carolinians—they were paid by smokers in all parts of the country. This is one more illustration that taxes on industry are passed on to consumers.

TAX FACTS

Published Monthly

By The Tax Relief Association of California
333 N. Madison Avenue, Los Angeles, California
Phone: OLYMPIA 7852

NORMA COOLEY - - - - - EDITOR

Subscription per year 50 cents

VOL. XIII LOS ANGELES, CALIF., JULY, 1934 No. 3

THE ROOFTREE

President Roosevelt has signed the National Housing Act and by so doing hopes to provide more and better homes and more and better jobs to the extent of \$1,500,000,000. America has always considered herself a rich and progressive country, and has prided herself on being better fed and better housed than her European cousins. The government has been conducting a survey of housing in sixty industrial cities throughout the country. The results have been startling for the investigation shows "that a large percentage of dwellings—somewhere between a third and a fourth—are almost as void of modern conveniences as were the homes of their grandparents." Many houses in cities where there is both gas and electricity have neither gas stoves nor electric lights, often no bath rooms or adequate heating facilities.

Unable to buy or rent separate houses, many people have been "doubling up" during these hard years. For the last five years we have been short about 800,000 houses, and it is estimated that 62 per cent of existing houses need repairs and modernization. Senator Wagner says that building operations average about \$11,000,000,000 a year in normal times and have dropped to \$3,000,000,000.

About 3,500,000 workers now out of employment are usually engaged in this construction work, and probably 5,000,000 more less directly. Daniel E. Casey of the Georgetown University is directing this survey of housing. He says: "If every dwelling in this country were equipped with the bare essentials to comfortable living, it would require years for our factories to produce the equipment. Every available worker would be needed for installation. Workers would be at a premium getting out the materials and fabricating them into household needs. This is the reservoir of work that the administration hopes to tap through its housing program, which is as important from its social as from its economic aspect."

This is rather an odd situation—millions of people houseless or poorly housed, men, trained to build and furnish houses, seeking jobs, plenty of building materials and factories to manufacture necessary equipment, many pleasant build-

ing sites on which to erect homes, and plenty of capital seeking investment. Why must the government collect funds from some of its citizens and lend them out to others in order to get a little action into this situation?

Wherever men come together to increase the output of their labor by cooperation, by the division of labor, and by the use of machinery and invention, land becomes more valuable, and rising rent takes such a toll from industry that less and less remains to pay wages and interest. The times comes when investors find that their business doesn't "pay." Factories are closed, men thrown out of work, the buying power of the country begins to diminish. There is less and less demand for new homes, not because people do not want or need homes, but because they can't afford them. Everyone who has anything to do with the building or furnishing of houses is affected by this drop in building operations.

The proposed loans to home owners may help to start this industry on the road to recovery. Unfortunately, it will also give considerable impetus to the sale and rental of land at ever increasing figures, and so will do its part to effect again that stagnation of business from which we have been suffering for the last few years.

"The new deal," says Senator Wagner, "is a war against depression which must be conducted on many fronts. The National Housing Act pushes the line forward at a spot where it was lagging behind, for the construction industry has not revived as rapidly as most others." No matter what is done to revive this or any industry, some plan should be made to get at the root of the trouble, to break up land monopoly and speculation, to make land more accessible.

Doesn't it seem a little odd that the government should take such pains to help you improve your home or build a new one, and that when you have done so, the assessor in your community, if he be honest and law-abiding, should fine you for it by increasing the assessment on your property? That is the penalty that everyone of us must pay if we build a more stately mansion—or even a humble cottage.

If the rent of the land were collected by the government instead of by individuals, it would not be necessary to levy any further tax on improvements or personal property, and you might add rooms or gingerbread work to your house indefinitely without interesting the assessor in the least. You can tax industry or homes out of existence, but not land, land is here to stay, and the only way to get any good out of it is to use it. "Federal agencies estimate 3,000,000 families live in slums unfit for habitation; the United States Chamber of Commerce estimates that 50,000,000 persons are housed in insanitary or other undesirable homes." Meanwhile, both idle men and idle land are going to waste.