

# TAX FACTS

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## DINNER IS SERVED

In his delightful little book, "An Inland Voyage," Robert Louis Stevenson relates an experience that illustrates, admirably, one of the principal reasons why those who live in the House of Have are so indifferent to the study of social problems and to the need of economic readjustments; and why those who share the crumbs from Lazarus' table lend such willing ears to the alluring promises of the Communists. For it is a fact that those who dine well are not so greatly troubled by other men's empty cupboards. Charity workers say that the rich and near-rich do not give in proportion to their means as do those who are closer to the poor.

Financial distress, want and privation, have grown to such proportions that the thing has become dramatic, spectacular. It has become so obvious that no one can feign ignorance of the ugly facts. Dire poverty, however, is not a new thing, born of the present depression. It was with us during our halcyon days when the goose hung high, but you business men, big and little; you of the arts and professions—you were so intent upon your own pursuits, you had not time to study economic questions. You were scarcely aware that there were any social problems, at least they were no concern of yours—so you thought. When a ship founders, she carries down good men and true, as well as any sinners who may be aboard. That isn't a bad thing to remember, for it is equally true of the ship of state.

We heard one man say, after he had built his new suburban home a few years before the depression engulfed us, "Some of the men I met wanted me to join their civic organization, but I haven't time. My business needs all my attention." One might think from this indifference to the welfare of the community and to the poverty of millions of people throughout the world, that these more prosperous individuals are too stony-hearted to be touched by the sufferings of others. This is not true. These people occupy a sphere too far removed from the squalid homes and blighted lives of the destitute to fully appreciate the situation. They hear stories and

descriptions of poverty, but the words mean little unless the listener has a very lively imagination—and most people haven't.

"That's a shame, but I don't see what I can do about it," is the usual attitude of those who are sure of tomorrow's bread. No, there isn't much that any individual can do to relieve the situation immediately, but, as Brother McCandless says, Rome wasn't built in a day, but it was started in a day. If the study of social problems had been begun, even a few generations ago, as an accepted and recognized duty of every citizen, much might have been done to avoid this present deplorable condition.

At Pont-sur-Sambre, Robert Louis Stevenson and his companion, whom he facetiously called the *Cigarette*, stopped for a night's lodging at a small alehouse. Their supper was poor enough, but it was quite a banquet compared to the frugal fare set before two weary laborers who supped at the same table. To Stevenson and his companion, the situation was embarrassing.

"We were displeased enough with our fare," he writes. "Particularly the *Cigarette*; for I tried to make believe that I was amused with the adventure, tough beefsteak and all. According to the Lucretian maxim, our steak should have been flavoured by the look of the other people's bread-berry; but we did not find it so in practice. You may have a head knowledge that other people live more poorly than yourself, but it is not agreeable—I was going to say, it is against the etiquette of the universe—to sit at the same table and pick your own superior diet from among their crusts. I had not seen such a thing done since the greedy boy at school with his birthday cake. . . ."

"There is no doubt that the poorer classes in our country are much more charitably disposed than their superiors in wealth. And I fancy it must arise a great deal from the comparative indistinction of the easy and the not so easy in these ranks. A workman or a peddler cannot shutter himself off from his less comfortable neighbors. If he treats himself to a luxury, he must do it in the face of a dozen who cannot.

And what should more directly lead to charitable thoughts? . . . Thus the poor man, camping out in life, sees it as it is, and knows that every mouthful he puts in his belly has been wrenched out of the fingers of the hungry.

"But at a certain stage of prosperity, as in a balloon ascent, the fortunate person passes through a zone of clouds, and sublunary matters are thence-forward hidden from his view. He sees nothing but the heavenly bodies, all in admirable order and positively as good as new. He finds himself surrounded in the most touching manner by the attentions of Providence, and compares himself involuntarily with the lilies and the skylarks. He does not precisely sing, of course; but he looks so unassuming in his open Landau! If all the world dined at one table, this philosophy would meet with some rude knocks."

If every well-housed, well-fed citizen had to eat one meal each day at the same table where an undernourished man, woman or child also sat and picked his crusts, would our citizens be so complacent, so indifferent to social ills, so satisfied that they had done their duty when they had contributed to the Community Chest or sponsored some pet charity? No. Americans are not so callous.

Charity, whether it be the Community Chest, the Public Works Administration, pensions or private almsgiving, alleviates, somewhat, the distress of the poor; but so far as the general economic situation is concerned, such procedure can serve but one purpose—to keep the downtrodden quiet. There was no Community Chest, no public relief fund, and precious little private charity in France in the eighteenth century. We know what happened there when oppression could be borne no longer.

Are you patriots, who like butter on your bread, and who enjoy club luncheons and bridge teas—are you surprised that hungry men listen to the promises of Communists or espouse the cause of Socialism? You needn't be. You have done nothing to solve their problem or to make it possible for them to enjoy that economic freedom that is their right—guaranteed by the Constitution of the United States that you defend so feverishly to confirm your boasted Americanism.

Man is the most adaptable of all living creatures. He need not confine his habitat to any particular zone. A colder climate is no bar. If his own skin is not sufficient, he borrows Mr. Bear's or Mr. Buffalo's. If the land is arid, he builds Boulder Dams and aqueducts, and otherwise improves on nature to his own satisfaction. The earth is productive enough for all his needs, and it is large enough to support in comfort all the people that are likely to want its use at the same time. Then why are our dinner tables

bare? Why have some such enormous purchasing power that they could feed a whole city, while other men can't afford to feed their own small families?

We have allowed natural resources—minerals, oil, water power, arable land, city lots—to pass into the hands of a few. They may hold not only such land as they can develop with their own labor, which is as it should be, but they may hold this and much more. This extra portion they hold idle for speculative purposes or lease or sell to others as if they had produced that particular portion of the earth's surface with their own labor, thereby establishing an exclusive and natural right to the rent thereof.

We have a large number of professional architects in America, and you can't look at the public buildings and homes in our larger cities and say that we haven't tried just about every type of architecture known to man—and invented some of our own. With this long period of experimentation behind us, our cities, by this time, ought to be evolving into dream cities of beauty and comfort, almost like Camelot, built to music. Yet, what do we see even on our Broadways and State Streets and Market Streets? You look at it, we're sick of looking.

In our office buildings, are architects in despair because no one calls for the carefully planned blue prints. Building trades mark time or go bankrupt, and the same thing applies to dealers in home or office furniture. Meanwhile, men tramp the streets in search of jobs, or resign themselves to the inevitable and accept with increasing willingness the shame of the dole and the crusts of charity.

As long as these valuable sites are held for speculation, they will be a disgrace to our urban life and modern planning, men will be deprived of work, and industry will struggle to meet the tax collector and dodge the sheriff. And who are the people that are affected by this land policy? Every one of us.

For some reason, the majority of people have not developed a social conscience. It is probably just as Stevenson says, the whole world doesn't eat at the same table, and those who are well-fed are not acutely aware of those who go hungry.

Every man, unless he lives on a desert island and has no communication with the mainland, has two obligations. In the first place, he must provide for himself and his family. In the second place, as a member of society, all economic and social problems are his problems. They should not be delegated to any group of politicians or statesmen and then be ignored by the individual citizen. These problems are your problems, and you must do your bit to solve them, you must help the disinherited of the earth to come into their own. Don't wait until your business has failed before looking for an

answer. Start now while you're "sitting pretty." If you wait until you are in the bread line, you may, in desperation, turn Communist, yourself.

The question naturally arises, where can I go for instruction in political economy? Go anywhere where the subject is taught. We, of the Tax Relief Association, don't agree with the doctrines expounded in the colleges and universities. That's all right, neither do you agree with us. The main reason that these teachers of economics have been able to keep false doctrines alive so long is the fact that only a very small group of students ever pay any attention to them or know what they are. As handled in our schools, this jolly little subject is, indeed, a dismal science. You wide awake business men get in there and challenge them to do their best. You'll soon find out what's wrong—and so will they.

A man, talking to a conference group of high school English teachers, once said, "Tell the parents to encourage the child to read. Don't try to force anything on him because you think he ought to read it, not even the child classics. Let him read what appeals to him—dime novels if he likes them, anything that isn't vicious. The idea is to encourage him to form the habit of reading. He'll soon work up to the point where his growing taste will require better and better reading matter."

That's not a bad idea. Form the habit of studying and discussing social problems. Some truth is bound to come to the surface if the interest is general and wide-spread. The tenets of Socialism and Communism will go down like false knights before your lance, and the poor, incomprehensible subject of political economy as it now appears in our classrooms will disappear forever. Best of all, we can have done with "Deals," new or old, and build for true and permanent prosperity.

This poverty, with all its terrors, is as senseless as it is tragic. So abundantly has God supplied the raw materials for our wants, that when He finished the creation of our fruitful earth and looked upon it and found it good, He might have dreamed, prophetically, of the time when men would turn these things to good account, would take the fruits and grains and set forth a banquet table where the whole world might dine well, even sumptuously, where none were forced to skulk at the gate, begging alms, and none would sit down to the agony of an empty board and the pleading faces of hungry children. With this vision before Him, and the knowledge that He had provided bountifully for the occasion, He might have proclaimed a real Thanksgiving and said, "My children, dinner is served."

The best way for us to keep out of war is for U. S. bankers to lend both sides a billion dollars.—*San Antonio Evening News*.

## ONE SOLUTION

If we are not going to make any fundamental changes in our tax system and put it on a scientific basis, but continue to muddle along with ever more and heavier taxes, maybe we'd better merge our tax problem with our crime problem as they have done in one part of China. A news story in the *Los Angeles Times* suggests a novel way of handling the situation, and one that might result in greatly increased revenue.

"Foochow (China)—Bandits, once the scourge of this part of China, but now allegedly reformed and incorporated into the provincial military, are being put to a new use, that of collecting the taxes. The newly appointed revenue collectors are showing great aptitude for their new jobs, gathering far larger amounts than their predecessors and in general proving themselves a success."

If the bandit tax collectors appropriated the funds to their own uses, instead of turning them in to the public funds, they would be, in a manner, following the method of the land owner who keeps for himself the rents from his lands which really belong to the people. However, one plan is legal, and the other isn't.

## Insurance Acts

An estimate that the State and Federal unemployment insurance acts enacted at the 1935 sessions of the Legislature and Congress will cost California workers and employers about \$160,000,000 in 1938 and \$400,000,000 in 1949 was made today by Controller Riley.

The Controller's figures, based on present pay rolls, anticipate that by 1938 a total of 4 per cent will be collected from all pay rolls and 10 per cent by 1949 under the staggered percentage of the two acts.—*Los Angeles Times*.

## Our Deficit

The Treasury has issued a statement putting the deficit at \$1,007,457,156 through October 14. On the same date last year, the deficit was placed at \$687,211,671. At the present rate, the government is operating at a loss of \$9,500,000 a day.

## Democracy

Democracy is not a static thing. It is an everlasting march. When our children grow up they will still have problems to overcome. It is for us, however, manfully to set ourselves to the task of preparation for them so that to some degree the difficulties they must overcome may weigh on them less heavily.

I am confident that the people of the nation, having put their shoulder to the wheel, will build a better future for the children of the days to come.

—PRESIDENT ROOSEVELT.

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## LAND VALUES

The Bulletin of the National Economy League, Western Pennsylvania, quotes from a radio address of Mr. Crimmins, President of the Redwood (Minn.) County Taxpayers' Association: "Fourteen years ago, the value of farm property in the United States was estimated to be approximately 80 billions. Today it is about 40 billions, or a shrinkage of about 50 per cent in fourteen years. Shrinkage of 50 per cent in real estate value is measured by the deadly parallel of a 350 per cent increase in the rate of taxation during the same time."

It is not necessary to know the exact rental value of this farm land to know that if the rent had been collected by government, and no other tax imposed, when the value shrank, the tax would have been lower, for the very simple reason that the rent and the tax would have been identical.

The same thing would be true of urban land. Many people who bought lots during the speculative fever a few years ago, complain that the land was assessed when it was of greater value than it is today, and consequently, the taxes are not proportionate to its present value. The confusion arises, naturally, from our failure to distinguish between real and speculative land value. During our boom days in California, some who hoped to hold up future comers for tidy sums of unearned increment, paid enormous prices for business lots on our beautiful highways and in numerous subdivisions. Came the depression, and the influx of population slackened. The lots, instead of being gold mines, became a drug on the market and were left to the mustard and wild oats. The chipmunks love it.

The baffled "investors" mourn because they "can't get out of their lots what they put into them," and secondly, because they must continue to pay taxes on real estate that has dwindled in value. What value? Land, under our present policy, has two values, its real value and its speculative value. The real value is determined by what anyone can "get out of it," or produce on it by the application of labor, above what he could produce on the best free land with the same exertion. Whether he intends to plant lettuce or manufacture tools or sell cold cream doesn't matter. The nature of his business is immaterial, how much of what he produces is he

willing to give for the privilege of doing so on that particular site?

If he is to have the exclusive right to produce his goods on that spot, it means that the other members of the community—all of them—are excluded, and must be compensated for giving up their claim to the land. Land, not having been produced by individuals, cannot become the property of individuals as can labor products. We treat it as though it could, and therein lies our trouble.

The demand for land in any community fixes its value, and if no one holds more land than he can use with his own labor, there will be plenty available for all. The rental value, undoubtedly, would be lower than it is now. Whatever its amount, it would represent the true value of the land, and if paid into the public treasury to defray the costs of government, the taxation of personal property and the products of industry would be unnecessary. We are assuming that the opportunity for labor would be vastly increased, and four billion dollar charity funds would be unnecessary.

What of the speculative value? Well, what is a poker chip worth? It, too, has two values. To the manufacturer, it is worth whatever it cost to produce it. To the gambler, it is worth any value that those at the gaming table agree to give it, a value that has nothing whatever to do with the cost of production. In the case of land, there is no cost of production, and the real value, determined by what can be produced on it, merges into a value determined by what the owner thinks someone will give for it in the future when the population has increased.

One land company had the affrontery to advertise business lots for \$3500 that had sold, not so long ago, for \$7000. You have to cut your own weeds, these are business lots. This decrease in price does not conform to the idea that growth in population means increase in land value. The population in Los Angeles has been increasing even during these depression years. There are more people here now than there were during the boom days when these lots sold for \$7000. That two people need more land than one, is undeniable. There is more actual demand for land in Los Angeles today than there ever was before, but the realtors are finding it difficult to stimulate the market because people haven't the purchasing power of pre-depression days, and they aren't "playing."

If you will consider for a moment, you will see that a land value tax is not a tax on land, but just what it says, a tax on the value of land. To be more explicit, the tax is the economic rent and would rise or fall automatically with the growth or shifting of population. There could not possibly be any complaint that the tax was not proportionate to the value of the land.