

TAX FACTS

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CAST DOWN YOUR BUCKET WHERE YOU ARE

This issue of Tax Facts is the last number of Volume XIV and closes the life of the little paper, for the usual reason—lack of financial support. In taking leave, it may be well to sum up the main points that Tax Facts has tried to cover, and, if possible, to suggest a basic principle that may serve as a foundation on which to lay the plans for dealing with our social problems.

We are confronted with so many perplexing questions, and are offered such a multitude of widely differing answers, the average citizen either seizes upon the one that appeals to him most forcibly and clings to it tenaciously, or he views the kaleidoscope of panaceas and throws up his hands in despair. And the man who talks most vociferously in behalf of a particular political party or economic plan, is usually confusing the path with the goal. Socialism, old age pensions, the land value tax, and all other schemes and isms are merely means to an end. The whole question is, will any of them accomplish their purpose?

Wet and cold and shivering, an escaped convict, lying in a sodden cornfield in the raw March wind, voiced the thought that has stirred the human race to action since time began, the thought that has lighted the brands of revolution, and that has sent patriots to the dungeon and to the stake, the thing that men have fought and died for. "Freedom is the sweetest thing man can know." That is our real objective, freedom—personal, political, religious, economic freedom. How are we going to get it?

When we fired the shot heard round the world and broke the bonds of foreign sovereignty, there were a few leaders in our country with such vision that they might have established a true democracy if they could have made their vision plain to others. But these men were few in number, and, though the parent plant of despotism was rooted out, the seeds of privilege and monopoly and all the forms of economic injustice fell on fertile soil, and, to our shame, we carefully nurtured them. The land of the free

and the home of the brave has become, economically speaking, a barren waste. Millions of men and women are deprived of the opportunity to employ themselves or to be employed at normal, productive labor. The seeds of privilege have grown and have born the fruit of misery and want and privation. This is our harvest moon.

Yesterday, two intelligent young women on the debating team of a Midwestern college, were interviewed by their instructor to give the radio audience a glimpse of what is passing in the minds of the more thoughtful modern youth. As a debating team, they had traveled over considerable territory and were impressed with the signs of abject poverty in such close proximity to luxury.

"Are the youth of today thinking?" asked their Professor.

"Yes," responded one of the young women. "We have to because your generation didn't." The interview might be summed up something like this:

"Youth is not the radical group that older people think it is. It fears the result of diminishing natural resources. No longer can youth escape by fleeing to the frontier. The restlessness of youth without opportunity has given rise to Communism and Nazism. We are confused. Youth does not ask for certainty—all it wants is a chance. Everywhere we see unemployment, misery, want, war, despair. We are afraid to begin living. We shall inherit, not only the injustice, but the system that made it possible. If your generation does not solve these problems, youth will follow any positive leadership—good or bad."

Practically all of the foregoing is given in the actual words of the two young women. "We are confused—we are afraid to begin living." What an indictment to bring against a generation that is now asking for a cool handout of two hundred dollars a month to be provided by these same disinherited young people! It is clear that the

older generation is confused and has brought about such economic chaos that youth is afraid to begin living. Think of it! Why, youth is the time for building dreams and laying plans to be consummated in maturer years. We have robbed these young people of the opportunity to develop ideals in the present, as well as to live normal, contented lives in the future. It sounds like something that isn't so. These two young women certainly are thinking, and if there are many like them among our college students, there may yet be hope for the human race.

* * *

This story is taken from Booker T. Washington's book, "Up From Slavery":

"A ship lost at sea for many days suddenly sighted a friendly vessel. From the mast of the unfortunate vessel was seen a signal, 'Water, water; we die of thirst!' The answer from the friendly vessel at once came back, 'Cast down your bucket where you are.' A second time the signal, 'Water, water; send us water!' ran up from the distressed vessel, and was answered, 'Cast down your bucket where you are.' And a third and fourth signal for water was answered, 'Cast down your bucket where you are.' The captain of the distressed vessel, at last heeding the injunction, cast down his bucket, and it came up full of fresh, sparkling water from the mouth of the Amazon River."

To the youth of today who fear the result of diminishing resources, and who would follow any positive leadership, good or bad, we say cast down your bucket where you are. No need to follow the leadership of arrogant dictators or confused statesmen. Equal right to the use of the earth is your birthright; see that the opportunity to use it is also yours. The earth itself is the only source of wealth we have, and to be denied its use is to be denied life. You cannot build your homes or conduct your business or labor at any trade or industry without using land. If you did not own any land and refused to pay someone else for the privilege of living on his land, where would you go? Presumably, the only thing that prevented Archimedes from demonstrating the full power of the lever by raising the world was the fact that he couldn't find anything to stand on while he did it.

In his address to the Young Democratic Club of Maryland, President Roosevelt defined youth's objective as: "An opportunity to make an honest living; a reasonable chance to improve your condition in life as you grow older; a practical assurance against want and suffering in your old age; and with it all the right to participate in the finer things of life—good health, clean amusement and a part in the satisfactions of the arts, the sciences and religion."

Mr. Roosevelt went on to say that many of the answers are not the right answers, and that

for the next few months "you are going to be thoroughly bored by so-called answers." To illustrate, he read a four-point program picked at random from one of the newspapers. Like the majority of such programs, it confined itself to the discussion of the monetary unit, of gold and credit and putting Federal finances in order. Not one word did it say about any method that might restore, however gradually, the use of idle land to idle people.

"You have a right," President Roosevelt said, "to expect that those in authority will do everything within their power to help restore conditions that make employment and opportunity possible." The President and an increasing number of people are beginning to feel that there is some significance in the fact that our frontier is gone. Gone where? What is a frontier, or rather what is the important thing about a frontier that opens up opportunities for those who have been crowded out of more populous centers?

The frontiers were not merely a glorified mixture of coon-skin caps, Jesse Jameses, pinto ponies and little-girls-all-dressed-in-blue, as the radio hillbillies would have us think. The important and distinguishing feature of our borderland, wherever its location, was the free or very cheap land. The grit and determination of the pioneers was most commendable, but it would have availed them no more in 1836 than it would in 1936 if land had been as costly then as it is now.

* * *

But the situation is not so bad, after all, for the land is still here, and much of it, even valuable urban land, is still unused and waiting. Some of it, like the Dust Bowl, is somewhat the worse for wear. On the other hand, the invention of machinery and the science of agriculture have made it possible to produce more on farms and in factories on a given area of land than was ever thought of by the pioneers. If you mean Indians and ox-teams when you say the frontier of America is gone, yes, at least it is going. We use autos and tractors now, and the Indians are a vanishing race, but there is still land enough for all.

You who would meet and satisfy the "more restless, more critical, more challenging" temper of youth; you statesmen and politicians who would answer the cry of youth for a chance to live—cast down your bucket where you are! Stop talking about gold and credit and inflation and devaluation. Talk about land and how these young people are to regain their lost heritage.

"The period of geographical pioneering," said the President, "is largely finished. But, my friends, the period of social pioneering is only at its beginning." If this "social pioneering" is carried on in the right direction, modern youth

will not be looking for backwoods localities where they can build roads and clear off stumps, they will be developing town lots, building homes, conducting enterprising business houses, and in other ways assuming their proper places in a busy workaday world. More land in use will mean more jobs, better pay, and a higher standard of living for all Americans.

* * *

And what of taxes? We seem to have taken as our text the first verse of the second chapter of Luke. It has become almost a fad or a fashion for the "tax experts" and others interested in the subject to delve into the records and come up with figures that ought to astonish Mr. Average Citizen and jog him out of his indifference to the subject of political economy. From the new Federal tax bill that has just gone to the House, to the comparatively recent business tax that has been imposed on Los Angeles businessmen, the "four horsemen," as Fred W. Merrill, agricultural journal editor, calls the Federal, State, county and city forms of government, are exacting a heavier and heavier toll from labor and industry.

Mr. Merrill's speech to the executive committee of the California Consumers' Conference ⁴ presented some of the facts that are claiming the attention of more and more people. We are all familiar with direct taxation, symbolized by the formal tax bill from the assessor's office. "But," said Mr. Merrill, "there is an immense sum taken annually from every citizen through forms of invisible taxation. This type of tax is submerged in the cost of the article obtained by the ultimate consumer. The manufacturer, grower, shipper, wholesaler and retailer, all must consider their own taxes and these costs must be represented in the final price paid by the purchaser. The taxes on bread, alone, represent at least two cents of the price paid by the housewife who buys it for the family table." In some instances, Mr. Merrill said, three-fifths of the price of an article represents taxation, leaving two-fifths of the purchase price to be divided as profits and production costs. Furthermore, the cost of collecting a specific form of taxation is sometimes greater than the amount of revenue derived by the government.

One might go on almost indefinitely, quoting figures to show how much of a man's income finds its way each year, by devious routes, into the public treasury. The four horsemen have almost reached the limit of things to tax. They will have to begin to backtrack, increasing as they go the taxes already levied.

Last month, an editorial in the *Los Angeles Times* made the statement that "if every ranch and farm had been shut down completely during 1935, and at the same time the citizens of the State could have had a complete remission of their tax bill, they would have profited \$15,000,-

000 by the transaction! . . . Agricultural production sold for \$535,000,000 last year; the total tax bill for 1935 was \$550,000,000.

"The worst imaginable insect plague, combination of plant and stock diseases, drought and soil sterility, would not wreak as much monetary damage as the tax gatherer."

The value of the services rendered by government, for which these taxes are collected, is all reflected in the value of land. Lots in towns that maintain good fire and police departments, fine schools and libraries, and so on, are much more desirable than the same sized lots in towns where such advantages are not available. Similarly, farm acreage has a value aside from its fertility that attaches to it by reason of its proximity to good markets and the ease with which they may be reached. The presence of population with its demand for land must necessarily give value to the land.

What could be more natural than to recognize this value as belonging to all, as being the scientific source of revenue for the group as a whole? The increasing tax load on industry is as unnecessary as it is burdensome. You Congressmen and tax commissioners who are burning the midnight oil, trying to find new products or services to tax—cast down your bucket where you are! There is no need to look further than to the ground beneath your feet. If the services of government have created a value there, take it to pay for those services. Keep in mind that this is a tax on land according to its value, not its area. If the value isn't there, there will be nothing to take; if it is, the owner can afford to give it. This is true taxation according to ability to pay.

* * *

Will a land value tax produce sufficient revenue to cover present government costs? Certainly not. The money spent by the government is out of all proportion to the actual services that properly belong to the functions of government. The Federal, state and local government are spending billions of dollars to feed people, by means of work projects and through the dole. Obtaining nourishment should be an individual, not a governmental, problem. If natural opportunities were open to labor, there would be no excuse for idle men, no vast army of unemployed asking for help from a paternalistic government. There would not be so many people scheming for a place on government pay rolls.

The House Ways and Means Committee has made public some figures on the costs of nine Federal agencies, eight of them created as "anti-depression instruments." The figures were supplied by Daniel W. Bell, acting budget director. These nine agencies were reported officially to be paying gross annual salaries of \$327,587,977 to 427,301 employees. The Works Progress Administration had 38,393 administrative employees

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drawing \$57,778,380. H. O. L. C. was next with 17,961 workers receiving \$28,702,271, and P. W. A. third with 9136 getting \$22,664,460.

However necessary these agencies may be under present conditions, there should be no need for them. Jobs should be so plentiful that employers would be looking for men. No, a land value tax would not support all of the bureaus and agencies that have been called into play to handle the situation that constitutes a depression. Even in normal times, if there is such a thing, government is cluttered with bureaus and departments that should not be, and most of them are not, needed. There is no reason why a land value tax, or any other levy, should cover the enormous appropriations that the government finds necessary in its efforts to cope with present deplorable conditions. However, if we gradually relieve industry of its burden of taxation, and discourage speculation and monopoly in land, government should gradually grow more simple in its organization and less costly to the taxpayers—and that means all of us. It's worth thinking about.

There is a greater shortage of private homes in Los Angeles today than there has been for twelve years. In large part this is probably true of the whole country. How to encourage home ownership among low income groups is one of the problems that the government has undertaken to solve. "After months of study, government building experts today made public plans by which, they said, a four room house complete with plumbing, wiring and a heating system can be built for as little as \$1200."

A bulletin issued by the F. H. A. said, "In the provision of low-cost dwellings the fundamental consideration is an adequate, sanitary shelter. The basic house provides this. It permits privacy for sleeping; it makes ample provision for sanitary purposes; and it includes sufficient space—and no more than sufficient—for other functions. No more than this should be expected." This plan provides for two bedrooms, bath, and a third room to be used as living-room, dining-room and kitchen.

How does this idea measure up with what we like to think is the American standard of living? At best, it is a very clumsy way to handle the housing problem. Not one word has been said

about the land on which these houses are to stand. Why so much concern over building cheap houses, thus minimizing the advantage that might be gained by architects, laborers and building material companies, when the landowners are allowed to pocket all they can get. Indeed, the more they can squeeze out of their fellow men, the more prosperous we think the whole country is. We forget that the price we pay for the privilege of using the earth must come out of productive labor. This is not a house problem. It is a land problem.

First, last and all the time, our economic problem begins with the land problem. Wealth is produced from natural resources by human labor. Whenever you deprive men of free access to land, you halt the game right there. Land monopoly makes jobs scarce, wages low, standards of living bad. Stop tinkering with low cost houses and slum clearance, and price fixing and work projects, cast down your bucket where you are! Start legislation that will eventually make every man a lord of the earth. Science has done so much for mankind, it can do this thing, too. It can solve our problem of permanent employment for all who are physically able to work; it will solve our problem of "undesirable aliens," so that poor folks can get into a state with ^{er} being born there. Maybe there won't be ^{er} poor folks.

In spite of nature's cataclysms, this old earth is a beautiful place, and life might be full of joy and contentment. Social ills, like bodily ills, may be very complicated, yet come from a simple cause. If the brotherhood of man means anything, it means that all have an equal right to the use of the earth, itself. When that point is settled, we can give our attention to other questions. Many of them will have disappeared, no doubt. The tax problem is the land problem, and while a scientific tax would not be, in any sense, a panacea, it would open to labor the natural opportunities that are the right of every man and woman, and that means opening the path to freedom.

You who would see your fellow men living normal, contended lives, who would see our charity rolls reduced to a negligible number of disabled persons, who would see good jobs so plentiful that young men and women would find nothing attractive in a life of crime—give to Americans a better chance than the pioneers had. No need to follow false prophets, Communism, Fascism, Naziism, Socialism, or any form of regimentation; give to Americans the thing that made their frontier valuable—the opportunity to use land, not the marginal land of stony or arid waste, but the unused land of towns and cities. And for the government ^{er} serves all, take the value of the land that belongs to all—cast down your bucket where you are!