

TAX FACTS

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What Tax Does A Vacant Lot in California Pay?

Federal Taxes: Does the vacant lot pay Federal taxes? Two-thirds of the total Federal revenue are from income taxes. Vacant lots seldom pay an income tax. About one-third of the Federal revenue is from tariff taxes, internal revenue taxes, and inheritance taxes. The vacant lot uses no imported goods, smokes no cigarettes and seldom dies. Federal taxes are levied principally upon active business and upon consumption. Thus the vacant lot pays very little to the National Government.

State Taxes: Does the vacant lot pay State taxes? California levies no State taxes on vacant lots. California State taxes are levied principally upon the income of public utility corporations, upon the income of private corporations, upon inheritances, and upon gasoline consumption. In California the vacant lot does not need to know when State taxes are due, or what their amount. The vacant lot pays no State taxes.

City, County, School and Other Local District Taxes: How much local tax does the vacant lot pay? If the vacant lot lies in Los Angeles, its burden in 1929 was something as follows: Calling the total regular tax of the city 100, 12 per cent was paid by personal property; 28 per cent was paid by improvements on land; and 60 per cent was paid by land itself. Thus the vacant lot, as shown by the assessor's valuation for tax purposes, pays 60 per cent of the regular taxes of Los Angeles. The city, however, has large revenues from department fees, licenses, police fines, and other sources—totaling a sum equal to one-fourth of all city taxes—to which the vacant lot does not contribute.

The vacant lot pays no State tax, practically no Federal tax, and only 60 per cent of the regular city, county, school and local taxes.

Is the vacant lot overtaxed?

FOOLING THE FARMER

Again the American farmer is being led into a high place, and is being shown the kingdoms of the earth that are to be given to him if he will fall down and worship his tempter. Having for generations blindly supported a high protective tariff, while its beneficiaries amassed their fortunes, he is now asked to lend his aid in a tax readjustment.

The land speculators, profiting by the experience of the high tariff beneficiaries, are undertaking to enlist the aid of these same farmers in a "tax readjustment campaign." As the manufacturers cajoled the farmers into voting high tariff, so the speculators would trick them into voting for tax adjustment.

At the recent meeting of the California Real Estate Association in Fresno, it was proposed by way of readjustment to establish a sales tax and a State personal income tax on incomes of over \$5,000. These taxes were to be for the support of schools, and were to replace corresponding taxes on real estate.

That there might be no misunderstanding, W. H. Daum, president of the Association, said: "High taxes and the State's unscientific and inexact system of assessments are the greatest influences in retarding the sale of farm lands and holding down the values of agricultural properties." Nothing is said about retarding the sale of city vacant lots, and "holding down" building sites.

Why this attempt to couple the farmer and the realtor. Their relation to land has nothing in common. The farmer uses land to raise crops. To him high priced land is a handicap, just as is high priced materials and tools of any kind. Nor is the legitimate land dealer interested in high priced land. He can, indeed, find more purchasers and more tenants with cheap than with dear land.

It is the speculator alone who wants the price of land to rise. His profit comes from buying land at a low price and selling at a high price. The land speculator, and he alone, is interested in seeing the price of land advance.

The shoemaker does not want high priced leather, nor the baker, high priced flour. Why, then, should the farmer wish high priced land? It is only as a land speculator that a farmer could profit from the rising price of land, and then only after he had ceased to be a farmer. Tenants seeking to become owners are only tantalized by rising prices of land.

The working farmer is today taxed nearly to death. All that he buys, his tools, machinery, clothing, furniture, processed food, etc., is taxed

in the hands of the producers, and again in the hands of the dealers. All these taxes are added to the price the farmer pays. They are taxed again yearly while in his possession. On top of it all, the farmer pays a tax based on the fictitious speculative value of his land.

If it be asked why the farmer does not recoup himself by adding his taxes to the price of his products, after the manner of the manufacturer and the merchant, it may be answered that his perishable crops must be sold at once, and the non-perishable have their prices fixed in the world market.

Should the realtors and land speculators succeed in persuading the farmers to support their attempt to shift taxes from speculative land values to production by means of a sales tax, or any other form of tax on commerce, as the high tariff beneficiaries have done during the last three-quarters of a century, farm relief will indeed be a forlorn hope.

HOW RICH ARE WE?

Twenty-four persons in the United States had a combined income of \$242,236,796 in 1928, according to a report of the Treasury Department given out February 2. According to this statement there were in that year 24 persons whose incomes averaged over \$10,000,000 each.

It is not very many years since it was said that no man could actually earn a million dollars in a life time. A fortune of a million dollars was accounted for on the score of speculation, or by some freak of chance; that amount of wealth, it was insisted, could not be earned.

What bucolic days! Here are 24 persons who receive ten times that amount every year. It is not likely that any considerable portion of these incomes would be reckoned as wages or salary. They are due to investments, and therefore may continue indefinitely, possibly for generations.

An income of \$10,000,000 a year, if capitalized on a five per cent basis, would represent a principle of \$200,000,000, or a total for the 24 persons of \$4,800,000,000. That is a sum difficult for a wage earner or a salaried man to comprehend as mere money. This sum is the personal belongings of 24 persons, only twice the number of Jesus' disciples.

Fourteen of these persons could have paid off the Civil War debt in 1866. Fifteen of them could have paid for all the slaves, at \$1,000 each, and so have avoided the war. The 24, with their \$4,800,000,000, could now pay five dollars a day for a year to each of the 3,200,000 unemployed—if there be that number—or for two years if the unemployed be only 1,600,000.

It is well that there is so much hope in the hearts of the people if democratic institutions in this country are to survive with twenty-four persons enjoying a yearly income of ten million dollars each, while three million persons—or half that number—are looking for jobs. It is not wise so to tempt the gods of violence.

THE WAY OUT

AN UNSHACKLED CIVILIZATION, by Jackson H. Ralston. Published by the Ingram Institute of San Diego, Calif.

Rarely is need and fulfillment so closely timed as the present tax agitation and the appearance of Mr. Ralston's brochure. The Joint Legislative Tax Commission is still in being, lending its ear to every man's tale of woe, the realtors are frantically endeavoring to becloud the issue, while the business men and farmers are struggling to keep ahead of the sheriff, and the average voter is trying to make out what it is all about.

At this opportune moment appears Mr. Ralston's treatise. It is not so long that the busy man or woman cannot spare the time to read it. Nor is it so abstruse as to be beyond their comprehension. It has come in response to the growing demand of those who "want to know."

A few words suffice to show the nature of government, and the necessity of a sustaining revenue. Then follow a few simple yet fundamental principles of taxation, such as the service of government should be equivalent to the tax paid by the citizen; the tax must not interfere with industry; it must rest where placed; it must not interfere with liberty; it must take note of special privileges, and show favors to none.

All this is set forth, not as the idle tale of a politician seeking votes, but as thoughtful findings of an able economist who has made a life's study of the subject. He shows the fallacy of trying to tax according to ability to pay, and the folly of sales taxes and occupation taxes.

Having shown what just taxes should not be, he with clarity sets forth what they should be, not by any clever word juggling, but by an appeal to man's understanding and the dictates of his conscience.

Not the least of the author's achievements is his coupling of the farmer's plight with the California tax muddle. The farmer, the author holds, is a great primary factor in modern civilization. Any system of taxation that shackles the farmer is by that very fact condemned.

"An Unshackled Civilization" may be had upon request of the Ingram Institute, San Diego, California. It should be thoughtfully read by every person, lay or professional, who would see government lifted to a level corresponding to that achieved by the sciences.

OPPORTUNITY

Opportunity is a pre-requisite of "balanced" prosperity. Disemployment and hard times are not due to lack of demand for goods or services or to the refusal of men to labor, but the result of restricted opportunity. If the field for the use of capital is restricted by legislation it will withdraw and, thus handicapped, labor is left without employment in an economic order that artificially limits its opportunities as well.

If men and capital have the way clear for both to engage in productive enterprise there could be no lack of prosperity.

Restrictive legislation has brought industry to something akin to an empassé. The path to prosperity is blocked by thoughtless men who depend upon legislation to remedy social ills. Their only cure for disease is more disease.

Men and money alike must be set free from hindering and restrictive laws and tax burdens so that they may be permitted to save and serve mankind.—*Bell (California) Herald*.

A bolt does us Democrats no good. What we need is a time lock.—*Dallas News*.

If the Naval Conference can disarm suspicion the rest will be easy.—*Toledo Blade*.

No matter how high you get in a plane, you are only a stone's throw from the earth.—*Thomaston (Ga.) Times*.

According to the news from Washington, the Old Guard is getting not only older but more guarded.—*San Diego Union*.

Freedom is that inalienable right people win just before they begin subjugating their weak neighbors.—*Jersey City Journal*.

A new motor horn is said to make a noise like a chord on a harp. That's a nasty hint to pedestrians.—*Passing Show (London)*.

A writer asks whether women have a sense of humor. Undoubtedly; look at the men that some of them marry.—*Cincinnati Enquirer*.

The price of silver has fallen to the lowest point in history. This would be a good time to have your clouds reined.—*The New Yorker*.

A skeptic declares that when he attended a seance, all he heard was chuckles. He must have struck a very happy medium.—*Punch*.

Then there's the middle generation—the one that raises the younger generation for the older generation to worry over.—*Detroit News*.

Still it can't be said that the Hoover administration doesn't play fair. When it abolished poverty, it gave us something just as good.—*Macon Telegraph*.

Charles Edward Russell, in his book, "An Hour of American Poetry," sees hope for our poets present and to come. The poet of today demands justice, but what he generally gets is mercy.—*Minneapolis Journal*.

Mayor Jimmie Walker says there's no difference between the stock market and a horse race. But did he ever see all the horses in a race suddenly turn around and start running backward?—*Nashville Southern Lumberman*.

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UNEMPLOYED PROBLEM

One of the cleverest suggestions yet offered for the solution of the unemployment problem appeared in the Los Angeles Record of February 19. It is nothing more nor less than to organize the unemployed to employ themselves.

"In this army," says Paul Davis, who suggests the plan, "there are members of every trade and profession. Let's set 'em to producing on their unemployed time. Then let's have them exchange their services among themselves"

"The unemployed barber would cut the hair of the unemployed cook, receiving for his labor a prepared meal. The cook would get the materials out of which he made the meal from a farmer member who brought in a load of produce. The tailor would get his shoes tapped in return for mending the torn trousers of the unemployed cobbler, and so on.

"For convenience, of course, there would not be a direct bartering of services or materials. The association would handle the materials and services, giving the working members a credit which would be honored among the other members."

Strange that no one has thought of such a simple plan. It is so obvious, when one thinks of it. All wealth, all service comes of human exertion. Everything that satisfies human wants comes of work. All that is necessary in order that the unemployed may satisfy each other's wants is to exert themselves, that is, go to work.

Why, then, do not the unemployed go to work? Mr. Davis answered the question by acknowledging one flaw in the plan. "In the last week," he naively said, "I found just one man who would sign up, and I talked to one hundred."

But why would they not sign up? The men have wants to be satisfied; wants are satisfied by labor, why do not the unemployed sign up? Mr. Davis must have overlooked some factor in the problem. Most social reformers do overlook an important factor when considering the problem of the unemployed.

It is true that human satisfactions come from labor, but that labor must be expended on material. Man lives in a material world, and life is sustained by material food, and protected by material shelter. Mr. Davis proposes to supply the labor to prepare food and shelter for human satisfactions, but he failed to supply the materials.

No man can work without land to work on. Possibly Mr. Davis had seen so much unused land all about him—the most conspicuous thing about Los Angeles is the vacant lots—that he did not think it necessary to mention it. Nevertheless it is a fact that cannot be ignored, if a working plan is to be had. The unused land belongs to one person, and the potential labor belongs to another person. The problem is to get these two persons to co-operate.

History records a situation not unlike the one under consideration. When the *Mayflower* landed on the Massachusetts shore with her load of home-seeking Pilgrims, neither buildings nor supplies were to be found. There was no one to employ these people who were in sore need of food and shelter.

What happened? Why, the obvious thing happened. The Pilgrims' did what Mr. Davis is suggesting that the unemployed do now, three hundred years later. They went to work.

But how were they induced to sign up? They didn't sign up. They just went to work. The difference in their situation and the present lies in the fact that the land upon which it was necessary to work lay before them, and there was one to keep them from it.

It is a far cry from the landing at Plymouth Rock to the unemployed in sunny California. But the factors are the same. Food and shelter are to be had in California as in Massachusetts, by applying labor to land. The problem in 1620 was simple because there was no one ahead of them to keep the public from the land; whereas, now all the unused land is owned by persons who refuse to co-operate with the unemployed.

How shall we meet this situation? It must be met in some way. We cannot have idle men and idle land at the same time. It is unsafe. It is a temptation for foolish demagogues to attempt a French or a Russian Revolution.

Men hold valuable land unused because they gain wealth by the speculation. The land grows in value from the growth of population and the services of government. If the tax on this unused land were increased to a point that would equal its annual growth in value the owner would then derive no gain from it till he put it to use.

Under such conditions Mr. Davis' problem would be solved, not through the creation of a great organization to regulate labor, but by the owners' seeking to put unemployed labor on unused land. To solve the unemployment problem while allowing valuable land to stand idle is impossible. It cannot be done. To put idle land to use will of itself solve the problem. For land can be used only by putting labor on it. Shall we favor the land speculator, or the unemployed?