

# TAX FACTS

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## SHADOWS

Man's struggle for existence has been fraught with many perils. If it isn't the dinosaurs, it's the chinch bugs; if it isn't the storm gods, it's the assessor. How often a child's carefree manner or happy abandon brings a flash of poignant pain to older hearts, thinking of the shadows that must fall across its path before it reaches the end of the trail. A few days ago, Gov. Roosevelt said: "All have hope or desire that our children should have a better break than we had." We

all know of the sacrifices that parents have made in order to give their children a better education or a more auspicious beginning in the business world. "I don't want my boy to go through what I did," is a very common and natural feeling of solicitude among fathers.

This strong desire to help the children has led to improved schools and methods of teaching, to better health training, more sensible clothes, greater opportunity for self expression and the development of latent talents, a better chance to prepare for definite life-work. It would almost seem that with the advantages of science and research work, the children of today and tomorrow ought to develop into a super race. With all the gifts of science and invention lying at their feet, why must so many baby hands be stretched in piteous appeal for charity crusts? Why must these children find it, not easier, but harder than their grandparents did to earn their daily bread? Is the earth less fruitful than it was when the Angel raised his flaming sword at the gate of Eden? Have men forgotten how to spin and weave that these should go ragged and ill-clothed? Has God cursed his own?

Why do these children find it so much harder to live than their forefathers? There were no springs or balloon tires on the covered wagons; there were no oriental rugs or vacuum cleaners in the sod huts or log cabins of our pioneers, yet they were more fortunate than the children who gather in our handsome, well equipped schools where often the child's one meal of the day is a free luncheon served by the Parent-Teachers

Association. What did those pioneers have that your child does not have?

Every now and then, some politician or banker or what-not, who hasn't the ghost of an idea what causes a depression, tries to reassure us by saying: "We always *have* come back from other depressions," which is hardly a logical conclusion or a scientific reason for our "coming back" from this depression. What is it that has been rapidly disappearing from this country and cannot help this time in our hour of need? There is practically no more free land worth the taking and no more good cheap land, and neither the harassed business man nor the school boy can live without access to the earth. The harder you make it for him to obtain this access, the harder you make it for him to procure the bare necessities of life.

As the pioneer staked his claim and fenced in his fields, or bought his city lots "for a song" and held them while the town grew, he made it harder and harder for those of the next generation to find employment and to earn a fair wage when they did find it. In commenting on our proposed shorter working hours to spread employment, the Commonweal, of London, says:

"There was no unemployment in the U. S. in the days when the vast expanse of land in the West and Middle West lay open for settlement. Not until the sinister shadow of the Land Lord fell across the American continent was there unemployment to puzzle the head of politician and business man. Now that shadow hangs like a black pall over the whole civilized world, unemployment has assumed such alarming proportions that business men are beginning to discuss it, but without understanding its nature or origin. Hence their piffling and futile suggestions—not for abolishing the evil (they never get so far as imagining that), but for limiting the hours of those already in work, in order, as they think, to spread the work over a larger number of persons. But if knocking off one day in the six will put the 3,000,000 into work, why not knock off a

second day, to have them all clocking on? Indeed, why not make a complete job of it and knock off yet another day, in order that there may be a chance to earn a little extra money working overtime? It would help a lot in wiping off the arrears which have accumulated during the previous unemployment."

There was no unemployment in the days when the vast expanse of land in the West and Middle West lay open for settlement. When the price of land near the centers of population rose too high for industry and agriculture to function with a profit, men pushed the frontier further into the wilderness. If there were few comforts and no luxuries of life in the new country, at least there were no bread lines, no mortgages, no farmers' strikes. The God-given earth, itself, was the priceless heritage that these forefathers enjoyed—and fenced in. Heretofore, free land and cheap land has helped America recover from her depressions. Only when we approximate that condition, can we hope to come back from this worst of all depressions.

It is the "sinister shadow of the Land Lord" that falls across the paths of your children, and your children's children, and makes almost worthless the rich gifts of science and invention, and keeps their loving parents from giving them "a better break than we had."

### IN SUNNY SPAIN

We had come to think of Spain in the light of her colorful past rather than in terms of an aggressive and progressive nation, a far better background for a grand opera than an outstanding and courageous experiment in political economy. While we are watching the Soviet experiment in Russia and the dictatorship in Italy, Spain, the newest of our sister Republics, goes quietly on, working out a program "in the public interest."

The real significance of the land question has not yet been impressed on the minds of the world's influential leaders, but some of them are coming very close to it. The government of Spain, for instance, thinks that something must be wrong when some eight thousand owners of great estates can live on the labor of a poverty-stricken peasantry. No country can expect to prosper, materially or intellectually, when it has a subsoil of landless citizenry too poor and downtrodden to take advantage of modern education and culture. Some economists tell us that the United States is fast drifting toward this deplorable condition. It may be, and we can stop it without using such drastic measures as Spain has adopted.

Nevertheless, Spain has taken a step in the right direction, and if she would follow it up with a system of scientific taxation, she would solve the

economic problem and win for herself a more glorious place in history than she ever dreamed of in her golden past. Her plans so far are after briefly stated in our own press.

"A special agrarian institute will administer the expropriated land. Within thirty days estate owners must register their land, or incur a fine of 20 per cent of the state value. The inventory must be complete within a year. This affects about 8000 land owners, several hundred families of nobility and twenty former royal estates. This may total 52,000,000 acres, worth about \$5,520,000,000 and will provide land for around 100,000 persons.

"By the time land is apportioned and the agrarian reform is completely fulfilled, possibly 1,000,000 persons will have been benefited."

The great thing in such a movement as this is the breaking through old precedents and traditions. There has never been a time in the world's history when the downtrodden and victimized people didn't far outnumber their oppressors. But you see, the oppressors had their fingers crossed, or something, so what could the poor people do about it? When people once get it through their heads that no wrong need be persisted in just because their grandsires practiced it, they will be well started on the right trail.

In defending these agrarian reforms, Premier Manuel Azana said: "This is a measure of republican justice, not of revenge." Our modern revolutions are less gruesome than the old fashioned type, and we congratulate the Republic of Spain for having taken even this short step toward economic justice.

### ONE SOLUTION

The Los Angeles Record has given us some interesting reports of the cooperative societies that have been formed among some of the unemployed in Los Angeles County. These people have no money, or very little, but they are trading labor and the products of their labor so that the men who raise potatoes at Huntington Park can trade part of them to the fishermen at San Pedro for fish. By organizing and establishing centers of exchange, these people have made it possible for "at least 6000 families eligible to aid from the county welfare department are being fed by the organized jobless groups of the country, according to officers of the central organization."

Nothing is said about any restrictions on the hours or days of labor. Presumably, a man can hoe carrots as long as he likes. That is liberty. There can be no real freedom where men may be told how much or how little they dare work.

The writer of these articles, Phil Freeman, makes one very significant statement: "The job-

less who are successfully trading work for food by pooling their man-power have no place in their ranks for the drone, the loafer, or the moocher . . . All willing to work are accepted to membership."

That is the key to the whole situation. If there were no drones or moochers in society, our problem would not be so difficult.

### TAX REDUCTION

A great many people who, for years, prided themselves on "minding their own business" have been caught in the wave of unemployment and fading income to such an extent they have come to realize they must take more interest in public affairs. It is well enough to leave government in the hands of the politicians and job seekers when times are prosperous and only a million or two living on charity. When that million grows to over twenty million, nearly a quarter of our population, even the very dull are roused from their lethargy and begin to look about them for some assignable cause of this distressing situation. One of the first things that strikes the attention of this newly awakened social being is the list of delinquent taxpayers, which generally comes to him via the grapevine telegraph and is greatly exaggerated in consequence.

The cry: "Taxes must be reduced" goes up from one end of the country to the other, with no more clearly defined meaning of the phrase or intent of action than what is prompted by a desire to escape personally from any expense that can be shifted to another, a wish to see one's own tax bill lowered. Certainly, the business of governing a country or community ought to be conducted as economically as any private productive industry, but we must not overlook any points in the result of such a movement. We don't want to burn down our house to get our roast pig.

If this proposed reduction in taxes and elimination of waste in operating the government brings better conditions, if it increases buying power and stimulates industry, it will be sure to increase the value of land. Land will bring a better price, a higher rent, where government is well organized and efficient than where it is extravagant and ineffective. All that the "taxpayer" can save by reducing the expenses of government will be absorbed by the owners of land, and the more valuable or extensive their land holdings, the more they can absorb. Labor and industry will not only fail to receive any benefit from this reduction in cost of government, but will pay an increasing tribute to the owners of the land. More and more will be taken from the production of labor to pay for the rent of land.

Did somebody say that he wanted to increase buying power by increasing wages? How can we increase wages if rent goes up? We will have

to dig more potatoes, sell more saucepans, make more shoes just to pay the rising rent, what are we going to do for wages—and interest? If taxes are "reduced" by lowering the cost of government and lightening the tax on real estate, by which ambiguous term is usually meant land, we will find ourselves basking in a brief sun of prosperity and then sinking deeper than ever into the gloom of another depression.

If we do all we can to rationalize the expenditures and increase the efficiency of government, at the same time relieving industry and the home owner of the unjust taxation that now rests on the products of labor, and let the rent of the land, itself, carry the cost of government, we will slowly but surely work our way, not back to the false prosperity of boom times, but forward to the sound basis of economic freedom such as the world has never seen.

### AIDS TO INDUSTRY

Industrial Los Angeles County, an organ of the Chamber of Commerce, lists twenty-two reasons why manufacturers should locate in Los Angeles county. These reasons include transportation facilities, diversity of industry already here, a large and compact local market, the fourth largest metropolitan population in the country—and climate, of course.

One of the advantages listed is this: "Great variety of cheap factory sites in harbor and other industrial sections." The Chamber of Commerce is right in considering cheap factory sites a boon to manufacturers, and everything possible should be done to keep the selling or rental price down. We might ask the Chamber of Commerce what provision is being made for that? It must know that it is only the first few comers who can take advantage of these cheap sites. As soon as an appreciable number of manufacturers locate in Los Angeles County, and desirable sites are taken, the price of all land suitable for this purpose will steadily climb until later arrivals will have to cross off this item of cheap factory sites as an inducement to locate here. In fact, those that came when the land was cheaper must mark off larger and larger sums from their earnings to cover this item of "rent" that must be accounted for even when they own the land.

The last inducement listed regards taxes: "Taxes comparing favorably with those applying in older, larger metropolitan communities." This is not quite true. Several states have reached the conclusion that to lighten the tax burden for the manufacturer is to offer him one of the best possible inducements to locate within their boundaries. Pennsylvania, for instance, does not tax the manufacturer's machinery nor goods, either in stock or in the process of manufacture. Los Angeles County should seriously consider this point if she wishes to lure manufacturers from the East.

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## TRADE WINDS

We have come to think of labor and labor products in terms of money, we put a money value on both. When our economic system breaks down, we think that something must be wrong with the money system. We need more credit. We must stabilize the dollar. We forget that buying and selling in our highly specialized society is just what it always has been since the world began—trading the products of our labor for the products of somebody else's labor. Money is merely a convenience, it represents the things that labor produces, but unless labor produces something for it to represent, money becomes worthless.

When we say that wages are four dollars a day, we mean that the man who does a day's work is entitled to so much bread or meat or street car rides or theatre tickets or whatever he wishes up to that amount. By giving him money for his labor, we make it possible for him to choose among the products of other men's labor and purchase from them an amount equal to his own day's labor.

Professor Harry Gunnison Brown of the University of Missouri has some excellent chapters on "The Determination of Value" in his book, *Economic Science and the Common Welfare*. Prof. Brown shows clearly how things come to have value even in the case of an isolated man. "To Crusoe, as to a man in the most advanced modern community, must be presented frequently the necessity of making a choice among different commodities. It may be that he has occasion to decide whether a month's labor which he can spare from other purposes shall be used to build an additional room to his hut or dugout, or whether it shall be used to make him a canoe." In a later chapter, Prof. Brown shows that we still have that relation between labor and labor products. "The division of labor characteristic of modern society means that different persons produce different things for a market, that we specialize in production and then trade to get what as individuals or family groups we want."

When we keep in mind the relationship of these two factors—labor and the products of labor, which constitute wealth, it is easier to see the part that land plays in man's effort to main-

tain life. Since it is only by applying human labor to land, to some form of natural resource, that wealth in the shape of the myriad commodities that fill our markets can be produced at all, we see that it is not our medium of exchange or our credit systems that are of prime importance, after all, but land and labor.

About seventy years ago, we abolished chattel slavery in this country, but labor is not yet free in the sense that one man need not work for another unless he chooses. Until we reach that point, we must of necessity accept wages and conditions that are not to our liking. The element of land must first be recognized in its relation to the production of wealth before we can hope to settle our economic problems.

It is important for this reason. As long as one man trades the product of his labor, bread or shoes or chewing gum for the product of another man's labor, meat or hats or carpet sweepers, all is well. Production and consumption can go merrily on. But when one man takes the product of labor from another man and gives nothing in return, society is bound to come off short. One man is consuming without producing which, obviously, isn't fair. This non-producer may be a highwayman or a second story man who makes no pretense of "paying" for what he takes. Such people are a detriment to society, certainly, but we manage to keep some check on them. We recognize them as non-producers and can be on our guard.

The most dangerous non-producer of all is the man who takes from his fellow men the products of their labor and gives nothing in return except the privilege of using the land upon which or from which these commodities must be produced. Since this land owner did not create the land, he has contributed nothing for his share of the community's wealth.

It is feeding these drones that keeps the workers from enjoying the full product of their labor, and until this leak is stopped, not much can be accomplished by tinkering with our money system. As long as the land owner stands between men and the natural elements from which they must obtain food and clothing and shelter, the kind of money we use or the extension of our credit cannot make a great deal of difference. That is not to say that those things are of no importance, but any advantage that might be gained by changing our money system would soon be swallowed up by the great land monopoly. There are, of course, other forms of privilege that would take their toll, but the monopoly of land is the daddy of them all and deserves first attention. It is not possible to tell exactly what does need altering until we have made that basic change. Many things will probably adjust themselves.