

# TAX FACTS

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## THE BASIS OF PEACE

That the peacemakers of the world are in earnest, we cannot doubt. The women—especially the women—are eagerly awaiting the dawn of peace, lasting peace. Modern methods of warfare and new concepts of human relations have robbed Mars of his one-time glory and prestige. The knight in shining armor has become a sweating, swearing doughboy in battered helmet crawling through the mud.

The world has all the machinery it needs to adjust the differences and decide the claims of nations, yet those who sit at council tables, the League of Nations, the World Court, the various disarmament conferences, are continually embarrassed by the roar of guns at home. We cannot place all the blame on the munition manufacturers. Who plowed and prepared the soil for the seed of their evil sowing?

Europe is so full of gunpowder, of the figurative type, that her ministers sit with their fingers over their ears to muffle the sound of the explosion they momentarily expect. A king visits France as a peace gesture. He and the official host sent to greet him, Foreign Minister Barthou, are both assassinated before the King has been on French soil an hour. It becomes of the utmost importance to find out who did it and why. Was Italy or Hungary or one of the Balkan states trying to stir up trouble? Every country in Europe has the jitters—probably not Spain. She provided her own war for home consumption. The United States does not expect to be involved in another European brawl very soon, but she is having some light skirmishes in her own yard, and has been forced to call on the State Militia more than once.

Why is our yearning for peace so great; our hopes for it so faint and far? How can there be peace without justice—justice for nations as nations, and justice for individuals as individuals? How can the powers of the world, great and small, abandon their armies and navies as long as the peoples of the earth are not allowed to trade the various products of their labor when, where and as they please? Take down the tariff walls and open the ports of the world to the people of

the world and you won't need armies and navies to settle disputes. Guns and gas bombs are not the implements of fairplay.

To blame the industrial upheavals of America or the revolt in Spain on Communistic agitators answers nothing. Why Communism? What brought it into being? No country can hope to gain peace by merely quelling an outbreak when it occurs and deporting its ring leaders. This is not an accident that calls for surgery, it is a disease that requires the cleansing of the entire social system. Russia thought Siberia was the answer. France tried the Bastille. It works beautifully for a while—this trampling on men's rights and silencing them when they protest.

With a revolution here and a revolution there, struggling humanity wrests a few privileges from the ruling class, always at fearful cost to both sides. Until the last bar to freedom is down, there can be no peace. Humanity will never give up the struggle. As each point is gained, the vision of complete liberty becomes clearer and more enticing. How to gain it, the struggling masses do not know, but gain it they will, and woe betide the lords of the earth who join forces to oppose this surging tide that knows no ebb.

The fruitful, God-given earth swings in a universe controlled by mighty laws. We cannot break those laws; we cannot disobey or ignore them and expect to live in peace and plenty. Luxury for the few and poverty for the many cannot go on forever. Time was when the poor working girl only *heard* of the gorgeous trappings of the rich and pictured them as best she could from the little she had glimpsed in shop windows. Now she *knows*. The magnificent sets and elaborate costumes of the motion picture have opened the door to this hitherto little known world. She has seen, and she is not going to stand outside and look in—she and her children and her children's children. She's going to crash the gate, and how! If the powers-that-be would stop bothering with the Communists long enough to consider the matter, they might realize that the motion picture is the most dangerous "agitator" in the world. It visualizes

concretely the comfort and beauty that surround those who command the wealth of the world.

Survival of the fittest? All right, put it that way. But, in the name of justice, every man has a right to *try* for the top, hasn't he? Let every man begin at scratch, and then see who wins the race. It isn't fair to give some an advantage over others, and the others know it. They are becoming more firmly convinced of it every day. Every man has the same right to the use of this great store house, the earth, each has the same right to pursue his course unhampered by restraining laws or regulations. Give him that freedom, which is his birthright, and the amount of worldly goods which he can accumulate will depend entirely on his own strength and ability. There will be no object in his making war on anyone.

If there were no opportunity for a man to appropriate the wealth of others *legally* as is now the case, there would be far less temptation for those who do not enjoy any special privileges to go out after other folk's possessions in direct defiance of the law. It is a well-known fact that most of the women check passers are young women who are trying to satisfy their yearnings for pretty things. Nearly all of the checks are used to buy lovely clothes. Let's have a little more justice in the economic set-up, maybe there won't be so much stealing on the part of the poor working girls when there is less "stealing" on the part of big industries.

The struggle for liberty is as old as humanity. Sometimes the objective has taken definite form, men have fought for well defined points. We have come now to that last great battle for economic freedom. No, it is not a battle. It is a war, and its field is as wide as the world. Go on, you men of privilege, stamp out the fighting here and the fighting there, it will only spring up somewhere else. This desultory firing that is going on in Europe and America is just the little sniping that always precedes massed combat.

Men have gained too much to give way now. "If we wish to be free—if we mean to preserve inviolate those inestimable privileges for which we have been so long contending—if we mean not basely to abandon the noble struggle in which we have been so long engaged, and which we have pledged ourselves never to abandon, until the glorious object of our contest shall be obtained—we must fight!—I repeat it, sir, we must fight! An appeal to arms and to the God of Hosts, is all that is left us!"

Now, what would you do with a man who would utter such radical statements as that? Shades of Moscow! The conservatives among us would call out the "Red Squad" and have him clapped in jail. Unfortunately—for the conservatives—the gentleman is dead. His name

was Patrick Henry. He made stirring speeches about liberty, and went home to his slaves. He was smart enough to sense the incongruity in the situation. He said so. If he had lived in 1860, he would have been the loudest of the abolitionists. If he were alive today, seeing the war carried into the economic field, he would be most emphatic in denouncing the various forms of privilege that bar the path to that liberty that was so dear to him.

Those who live and grow fat by taking more than their share, wealth which they have not earned, are still dining at the table of George the Third, but the Patrick Henrys of the world are marching on.

"Gentlemen may cry, peace, peace—but there is no peace." The guns will never be still until man has learned to use and share the earth beneath his feet. Whether we are to have evolution or revolution depends on the tenacity with which privilege holds on. When the remedy is so easy and so painless, we suggest that you gentlemen retire as gracefully as you can, without waiting to be driven off. Luxury-loving gentlemen have been known to lose their heads by not doing so. This is just a suggestion.

The desire for liberty is not a fad, and even failure of government, whether it be in the line of Communism, Socialism, Fascism or what, merely closes the entrance to one more blind alley. Humanity will stumble on the right trail, lose it and find it again, perhaps a thousand times, but man will never lose the vision of liberty for which he has agonized through every generation since he first became aware of himself and knew that he *was* a man and not like the great beasts that yielded to his puny cry. No matter how muddled his ideas and theories are now regarding the means by which this vision is to be realized, he knows in a vague sort of way that this liberty must be based on justice. He is right, and nothing less will answer; no substitute can silence his guns—not for long.

### THOSE NAUGHTY REALTORS

Dr. Charles A. Beard, in a recent address, declared that 2000 American cities are on the verge of bankruptcy. He named three main causes as: Construction of expensive highways in towns, counties and cities. Construction of water works, sewer lines and other local projects. Increase of education.

"Dr. Beard blamed the real-estate interests for the second great expansion in municipal debt, saying that they have 'hounded local governments for years and driven them into extending streets, pavements, water services, and sewers into alleged real estate developments. This has meant an increase in the public debt for the benefit of private interests.'"

### THE WORLD'S FAIR

Several months ago *Commonweal*, London, had this to say about the Chicago Fair, and very much to the point it is, too.

"Chicago, that great commercial and industrial city of 3,500,000 people, is to be the center once again of a great fair illustrating a century of progress. A hundred years ago Chicago was a collection of wooden huts on the shore of Lake Michigan. There were none of the wretched slums now concealed behind its magnificent and imposing buildings, none of the crime with which the modern Chicago has shocked the world, and none of the grinding poverty which besets so great a proportion of her teeming thousands.

"A century of progress has been accompanied by the grim spectre of poverty. For every man made prosperous a hundred have had less than they needed. Today the civilized world is in greater chaos and uncertainty than it has been in human history, and all because Man has persisted in the basic injustice that destroyed past civilizations, the private monopoly and exploitation of the natural resources of the earth which are the heritage of all."

### CIVILIZATION

Harry L. Hopkins, relief administrator, says that 4,000,000 families were dependent on relief payments in August. These families include 16,000,000 individuals. The number of single persons dependent on relief was calculated at 500,000. This country is enormous in size and exceedingly rich in natural resources, but when all these riches, valuable lands, forests and mines are in the hands of a few, what can the rest do but struggle along on small pay, hunt for jobs, tramp the highways and beg for alms.

### SLUMS AND CRIME

Mr. Langdon W. Post, Tenement House Commissioner of New York City, said recently that an alarming proportion of crime in New York can be definitely traced to criminals who come from slum districts. One-third of all felons convicted in New York in 1930 came from slums.

"Behind the Dillingers and the Diamonds, the Gerald Chapmans and the Pretty Boy Floyds," said Mr. Post, "there stands the slum."

There is no valid reason why there should be a slum district in any city in the world. Slums occupy land that is being held for speculation. The small rents collected to pay the taxes are actually a small part of the true rental value of the land. If the entire rent were collected by the government, it would be too costly to hold this land without improving it to get the most possible out of it. There would be no slums or near slums, and, probably, much less crime.

### THE TAX DRIVE

Uncle Sam is a nice old gentleman, but his method of making a living does not differ greatly from that of the underworld. A first chop burglar must know who the rich citizens of the community are and where they keep their valuables. As nothing is sacred to a burglar, he does not entertain any scruples about going right in and taking possession. Uncle Sam, on the other hand, goes at it more delicately, puts you on your honor, expects you to 'fess up—only you don't, you know.

News from Washington says the Treasury has notified "around 100 corporations that they owe the government scores of millions of dollars in deficient taxes." A deficiency of \$17,199,797 has been assessed against one company in Detroit. "Aiming particularly to curb asserted illegal transfer of profits to surplus to avoid surtax payments by stockholders, the Treasury has levied on around five score other companies penalties of 50 per cent net income for the years concerned." Nearly half of the companies deny the charges and in some instances have challenged the constitutionality of the penalty provision.

The government is seeking to exact penalties from numerous wealthy individuals and families throughout the country. If these corporations or individuals are acquiring wealth unfairly and dishonestly, they should be treated like other crooks and highwaymen. Uncle Sam needn't think that he can square matters by taking their ill-gotten gains from them. Stop them from piling up the riches in the first place. That is what we aim to do with regular bonafide robbers. If these people have come by their riches honestly and squarely, no one, not even Uncle Sam, has a right to take any part of it away from them.

There is a value that comes into being whenever people come together to live and work in communities; it comes into being *because* they have come together and demand the use of land on which to live and work and play. This demand for land gives it a value, and the value belongs solely to the community that has created it. It belongs to the government and should be collected and used for government expenses. There is not the slightest excuse for these second story methods employed by Uncle Sam and by all other governments in their effort to pay their expenses.

Chicago is tearing down buildings to save taxes. It might be a better idea to tear down taxes to save buildings.—*American Lumberman*.

What makes us wonder about history in general is listening in traffic-court to the testimony of two eye-witnesses to the same collision.—*Richmond Times-Dispatch*.

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## MR. SINCLAIR AND HIS BOGY-MAN

The coming election of November 6th is probably the most significant one ever held in California. That Mr. Sinclair, if elected, will try to carry out his Socialistic theories, may be taken for granted, and if he is defeated, we shall still have Socialism to reckon with.

To the Socialist, the word "profit" is a red rag to a bull. So far as we know, there is no record of a bull going quietly up to a red rag and determining for himself, beyond dispute, that it is merely a piece of harmless cotton cloth; nor is it on record that a Socialist ever went quietly up to that word "profit" to find out exactly what it is.

Profit is a convenient and appropriate term for business men to use, but there is no occasion to use it in the science of political economy where, as in any science, the definition of terms is highly important. It is what Humpty Dumpty would call a portmanteau word, "two meanings (three in this instance) packed up in one word."

There are three factors engaged in the production and distribution of wealth, Land, Labor and Capital. The earnings of these three partners are termed Economic Rent, Wages and Interest. Land is the passive factor provided by the Creator of the universe, not by the realtors; labor is, of course, human energy applied to the land to make the things that people want and can use or enjoy. When a man does not consume all that he makes, but saves some of it in such form that it will assist him in making still more things that he desires, this saved or accumulated wealth is called capital, and all that he can produce with it above what he could have produced without it, is interest. Just why the Socialist should quarrel with that arrangement is not clear. If this thrifty saver of wealth allows someone else to use his accumulated capital as a convenience, then the borrower certainly ought to turn over this interest to the owner to pay for the accommodation.

Mr. Sinclair thinks that the factories ought to be owned and operated by the state in order to eliminate this profit, by which he means the portion of factory earnings now appropriated by the owner of the factory. But this money that is received for goods manufactured in and sold

from the factory must cover those three factors already mentioned. Some of it represents wages for the labor engaged in the undertaking; some of it represents interest on the capital used, in the shape of machinery or other equipment; some of it must cover the item of rent for this is always present, even when the factory owner also owns the land.

Now, Mr. Sinclair would say that if the state owned the land, there would be no rent. That is not true. Economic rent is a factor that is present no matter who owns the land. He would say that if the state owned the factory and equipment, there would be no such thing as interest because capital would be eliminated. But it wouldn't. That factory with its machinery and tools would still be capital, and someone would have to save out of wages in order that the state could build the factory in the first place and keep it in repair thereafter. Ownership has nothing to do with it. Boilers and cog wheels and such-like don't grow on bushes. Somebody has to make them and put them together before these visionary Socialists can pick their jobs, and if the workers are paid every bit of the wealth they produce, as Mr. Sinclair wants to do, there won't be anything saved up to pay the repair man when the boiler springs a leak.

The Socialist bungles another point, too. He thinks of labor as physical, manual labor. He thinks of wages as being paid only to men in overalls. The white collar man, owner or manager of the factory, who sits in the office, planning and directing the work is also performing labor and must be paid wages. If he is the owner of the factory and the site on which it stands, the money that he receives as his share of factory earnings will represent wages for his labor, interest for his investment, or capital, and rent for the land.

So, when we unpack this portmanteau word, profit, we find that it contains nothing but the three factors that must enter into the production of wealth no matter who runs the factories, state or individuals. Mr. Sinclair, in company with his fellow Socialists, has been scaring himself with some kind of a boggy-man.

Much more might be said on the matter of competition, which is another stumbling block for the well-meaning, but mistaken Democratic candidate. When monopoly makes it possible for a manufacturer to charge more for his goods than he could in a free and open market, then certainly he is not actually earning his wages and interest, but this is the result of monopoly, not of competition. If the state would stop granting privileges that give some an unfair advantage over others, if each one started out with the same opportunity to develop his own business, there would be no trouble about competition.