

# TAX FACTS

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## THE LAMPS OF ALADDIN

The dreams, the yearnings, the hopes and expectations of the race are reflected in its legends and fairy tales. There, the imagination can have free play, unhampered by restraining facts—"facts bein' stubborn an' not easy drove," as Sarah Gamp says. Man's desire to fly through the air, to sail beneath the surface of the waves, to traverse great distances at high speed, these fancies figured in many an old tale centuries before their accomplishment.

Now, there are two forces in human nature, pulling in opposite directions. Man is not satisfied to accept the universe "in the raw," except as raw material. Even the caves and tombs of our prehistoric ancestors yield relics that show man's innate desire to take the materials at hand and fashion them into something that better pleases him. Indeed, the march of the race through the ages has been a pageant of production, a progress from bear skins to broadcloth, from the beast of burden to the streamline train, from the trophies of the chase to lemon pie.

Man insists upon having articles that do not come ready made, and there is only one way to get them—by human labor. It is natural to suppose that man wants these things or he wouldn't make them; therefore, we say that these articles of food and clothing and so on, are produced by human labor to satisfy man's desires, and that they constitute the wealth of the world.

While man longs ardently, not only for the necessities of life, but for the tinsel and gewgaws, and this desire keeps urging him on to produce more and better articles, another force is pulling in the opposite direction—his desire to obtain what he wants with the least possible exertion. Laziness, not necessity, is the mother of invention. No matter what man does, he is constantly trying to devise an easier way to do it. He wants much, with little effort.

It is this characteristic that gave rise to all the good fairies and wishing wells and accommodating genii. Every one of these tales reflects man's desire to obtain wealth without working for it. Even in the days of long ago, when human slav-

ery was a recognized institution, labor could not keep pace with man's cupidity and he was under the necessity of inventing supernatural beings to fulfill his dreams. The story of Aladdin and his wonderful lamp is a familiar example of this short-cut to riches.

Funny thing about that story. Probably everyone who ever heard it wished that he had a lamp to rub, wished that he had a genius to command who would make him, the owner of the lamp, immensely rich. Yet, we never once heard the objection raised that such a means of obtaining sudden wealth would throw thousands of men out of work. Well, it would, wouldn't it? Fie upon the gnomes and fairies!

The sprites and genii of the storybooks don't exist—we state that as a supposition, not a fact—but science has made it possible for man to harness the forces of nature that *do* exist until his powers of production have increased enormously. His path to riches grows shorter and shorter, yet, like climbing the topless stairs in our dreams, the laborer plods his weary way, but never reaches the pasture at the end of the road.

Instead of being in the position of Aladdin, the worker finds that he is playing the role of the genius who supplied, but did not enjoy, the riches. Someone else owns a wonderful lamp and has gained a power over him that keeps him in the treadmill. The purple and fine linen is not for him although he is the one who presses the buttons and keeps the great wheels turning. This has led some to believe that the tyrannical power goes with the ownership of the machine, but this is not true.

Don't forget that our forebears lived, not luxuriously, perhaps, but comfortably, with very primitive machinery, nothing that, today we would glorify with such a term. If a machine, operated by one man, can do the work of a hundred men, what is to prevent the other ninety-nine from living as comfortably as their great-grandfathers did? Why is it that they must be thrown onto the relief rolls?

The answer is—first, last and all the time—

land monopoly. It closes the frontiers and raises barriers between man and the natural opportunities to labor and to enjoy what he produces. It diverts into the hands of a few the fund that should support the activities of the state, thus throwing onto industry the intolerable burden of meeting the expenses of government.

In the very centers of our large cities are plots of valuable land, "improved" with obsolete and inadequate structures. Industry needs this land. Labor needs it. Yet it is held by individuals who will not use it themselves and who will not let it go to others who would use it, because their owners know that it will become more valuable as population grows. This gambling with land pushes the price higher and higher, and makes it more and more difficult for industry to operate. As natural opportunities are shut off, men are thrown out of work. It wouldn't matter whether there was any machinery or not, as the number of workers increased, and available land decreased, the landowners would have the others at their mercy.

The difficulty lies in the fact that, although science and invention have harnessed natural forces and made it possible to produce wealth in quantities, the thing that really approximates Aladdin's lamp is land monopoly. The man who owns valuable land can force his fellow men to work for him, just as Aladdin commanded the genius of the lamp to slave for him. It matters not whether these laborers plow with a crooked stick or a tractor; whether they spin with an old-fashioned foot power spinning-wheel or the motor driven machines of a modern factory, as long as they are denied access to the earth without paying for it, the lords of the earth will take from the laborer all but a bare subsistence.

Prevailing hours and wages appear to refute that statement, but we must consider the situation as a whole, and not merely in spots. If we did that, we might contemplate the palaces of privilege and conclude that the whole human race was living in luxury. Labor groups have succeeded in wresting certain concessions from employers. Public opinion cannot always be ignored. But organized labor has never succeeded in lifting the level of the entire laboring class. The sweatshop is with us still. The dangers and degradation of many mines is still taking its toll of human life. Millions of workers are idle. So, while some are receiving respectable wages, millions of others are receiving none at all.

Those who claim these natural resources, those who own the monopolies and every form of privilege are the Aladdins of the world. But their riches are not brought to them by picturesque, turbaned genii. Their wealth is produced by hard, prosaic, human toil. Make no mistake about that.

Are there any other lamps of Aladdin? A perfect wave of the something-for-nothing urge has swept over the country, expressing itself in the most fantastic share-the-wealth and pension schemes. Rub those lamps but once, and you will find that they are only pretty paper lanterns that tear at the first touch and reveal the smelly old candle within.

The machinery given us by science and engineering is the nearest we are likely to come to an Aladdin's lamp for general use. Stop land speculation and open up these natural opportunities to labor, and there will be so many jobs that you can take your choice, or you can say, "Phooey to you," if you like that better, and go off and work for yourself. These Aladdin lamps that politicians are dangling in front of your noses are not the genuine variety at all, but a spurious and worthless make. Have none of them.

### WE TAX AND GO HOME

The legislature at Sacramento has just concluded a record session of 125 days. It broke other records, too, by passing the largest budget \$372,000,000, and enacting the heaviest tax program in State history, \$366,000,000.

Much of the time was spent in arguing over tax bills. Federal and State constitutions gave the taxing power to these bodies because the people believed then, as the majority do now, that public expenses must be paid by a multiplicity of personal property and improvement taxes.

Let these state and national governing bodies gradually reduce the taxes on production and collect more and more of the rental value of land to defray expenses. When all taxes have been removed from the products of labor, and the land rent is flowing into public coffers where it belongs, there will be no necessity for Congress or legislatures to argue about taxes.

### UNITY

A closer union and better understanding between the States is being sought by twenty-two States whose delegates are meeting in Chicago. The Assembly is comprised of the Council of State Governments, and members of six permanent State commissions and of standing legislative committees of interstate co-operation. The sponsors of this assembly "termed it the first attempt since 1789 by the States to devise a mode of co-operation."

Closer contact is sought over such matters, taxation, labor relations, crime, milk distribution and other matters. Any movement tending toward a better understanding between States is a fine thing. Let us extend the idea to bring greater harmony between nations.

## LIBERTY VS. RUGGED INDIVIDUALISM

By GEORGE A. BRIGGS

The system of laws underlying our democratic institutions contains a large admixture of pre-democratic paternalism. Then too, strangely enough, the sanctity-of-contract clause of the constitution often has been construed as applying to grants of sovereign power to individuals. To these confusing and contradictory legal tendencies are due many of our economic maladjustments.

This theme is developed with clarity and skill in "Public and Private Property," by John Z. White. (Beaver Press, Greenville, Pa. \$2.00.) "Sovereignty," we are told, "is the supreme mastery, dominion or power of the whole people acting unitedly." To surrender any part of it to private parties for private profit, even by majority vote, is an act of democratic suicide because destructive of liberty and of equal opportunity.

Administration of sovereign power of course may be and indeed must be delegated to individuals or groups of individuals. The police power is an example. To farm out this power for private profit, however, would be manifestly intolerable.

The same rule applies to highways, although, unfortunately, in granting franchises to public utilities we have permitted private profit to be derived from this exercise of sovereign power. Still more unfortunately in our system of landholding we have never discontinued pre-democratic practices.

In this connection it should be obvious that police power, landholding and franchises are functions of sovereignty. No other agency is competent to institute and maintain them. If economic values are created by the exercise of these functions, they are essentially public values. They should accrue to the public for public purposes.

If they are not absorbed, then government must seek revenue by taxing the legitimate results of private productive efforts. Thus private initiative is discouraged, the normal balance between production and consumption is disturbed, privileged persons grow rich, and the unprivileged have little economic opportunity and no economic security.

On the other hand if values created by the exercise of sovereignty were taken for public purposes, while business and all other private economic activities were freed from taxes and restrictions, then our boasted freedom would have a chance to function.

In the meantime the "rugged individualism" of reactionaries is based chiefly upon the hope of private profit to be derived from the exercise of

public power. It does not rest for example upon desire for security in the tenure of land. On the contrary it does rest in part upon the hope of profit to be derived from mere ownership of land, without reference to profit legitimately derived from its use.

The author traces the reasoning of the Supreme Court through several crucial decisions which support the aristocratic ideals of the so-called "rugged individualists." Among the cases reviewed are Fletcher vs. Peck, the Dartmouth College case; Providence Bank vs. Billings, and Munn vs. Illinois.

Because of fuzzy notions concerning the nature and use of sovereignty, the august tribunal was forced to seek justification for several fuzzy decisions. The author very respectfully and very courteously operates deftly upon these decisions as with a scalpel. He challenges the open-work logic of many supreme justices from the times of John Marshall down almost to the present day.

The book is a brilliant piece of work and is thoroughly delightful entirely apart from its importance in showing how and why our strivings for freedom so often have been abortive.

## THE BUILDERS

In his baccalaureate sermon to the 1935 graduation class at U.C.L.A., Dr. Charles H. Rieber said: "The world is still essentially good. It no longer needs wrecking crews, but constructive engineers. It is much easier to be destructive than constructive—and it is for you graduates to take the harder path.

"All the strife and trouble in the world may be just the ground swelling of a new civilization that will be more beautiful and more peaceful than was ever dreamed of on the old order."

## BAD TAXATION

Just as the human body can sustain life for a long time upon poor food, taken irregularly, at wrong times, and in wrong proportions, so government can be sustained for an indefinite period upon bad taxes, oppressive, unjust, badly collected, and in many respects injurious. But, as bad food breaks down the health and shortens the life of the body, so bad taxes destroy the health and sometimes even the life of the state.

THOMAS G. SHEARMAN, "Natural Taxation."

Poor old Uncle Sam! All his nephews clamor for hand-outs and then blame him for extravagance.—*Tacoma Ledger*.

The warning spread by an anthropologist, that the American blond is passing, is no help. He doesn't say which way she went.—*Atlanta Constitution*.

The back-to-the-land movement may not please everyone, but at least it's better than the back-to-the-wall movement.—*Judge*.

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## FAITH, HOPE AND CHARITY

We passed through some hard years and trying experiences before the New Deal was born. Tired of the muddling of politicians and statesmen, frightened at the rapidly diminishing personal resources, a bewildered people looked upon the birth of a new Administration two years ago with a sentiment that was more than political partizanship. The country was crying for a savior and honestly hoped that it had found one.

Americans are incorrigible hero worshippers, and came very near clothing Administration and Administrator in a glamour that belongs to a more romantic past—if there ever was such a thing. Nevertheless, looking back upon the inauguration and the first months that followed, one is reminded of the idealism that characterized the dramatic setting for an earlier ruler who waged war against the evil of the world. One can almost see the Three Queens that stood around Arthur's throne—the three Christian Graces, Faith, Hope and Charity.

Judging from present reports, the first two ladies seem to be fading out of the picture, and Charity has metamorphosed from her character of spiritual benevolence to plain, everyday almsgiving. Constitution or no Constitution, how long can this thing keep up? The most bitter critics and opponents of the Administration have not offered a single suggestion that would supply jobs for all able-bodied men and for women who must support themselves.

It is absurd to expect about two-thirds of the people to support the whole nation, yet that is exactly what we are doing. Why should one able-bodied man support another? Would it be done in a more primitive state of society? Did the Pilgrim Fathers do it? Did the pioneers do it? They did not.

Welfare budgets are of paramount importance. Supervisors of California counties are planning to hold a conference in Los Angeles shortly. William C. Jerome of Orange county and Edgar F. Hastings of San Diego say that "to levy a tax rate that will produce the budget recommended by the State will make it impossible for taxpayers to meet the load. Some of them fear a collapse of the entire tax structure if taxes are boosted to the degree sought." Mr.

Jerome believes it is high time for southern counties of California to appeal directly to Washington for assistance in a relief load they cannot carry.

From all over the country, papers come to us from groups that have organized in an effort to bring some kind of concerted action that will reduce taxes. Yet every county in the Union is dipping its hand into the public treasury for funds to feed people that are perfectly capable of feeding themselves. What can congressmen and legislators do but impose new and higher taxes to fill the depleted treasuries?

Well, they might try taking taxes off of industry, instead of putting them on. Remember the picture in Pilgrim's Progress depicting Christian at the moment when his burden fell from his shoulders? If we let industry drop its tax burden, it will certainly function with greater speed and comfort, but what will the treasuries do then, poor things? Why not try taxing land values? If the value is there, it can bear the tax without being hurt. If the value isn't there, the tax won't be; for, as a matter of fact, a land value tax is merely the rental value of the land created by the public and collected for the public.

Would this land value tax be sufficient to balance the relief budgets? There wouldn't be any relief budgets. If the speculative value of land were destroyed, it would be unprofitable to hold land idle, and land cannot be put to use in any way without employing labor. Every man has a right to as much land as he can use for the support of himself and his dependent family, but no man has a right to more than he can use. When we say "as much land as he can use," we mean use with his own labor, we do not mean "income land" where the man who works must pay for the privilege of doing so. Our present policy of allowing some to charge others for the use of valuable business and home sites does not give to all an equal chance.

The Administration has been severely criticized for its crop reduction program; for destroying food when people are hungry, and artificially raising the price of food when people are poorly paid or unemployed. None of these critics says anything about the land policy that deprives people of the very source of production. We cannot limit or destroy land; but we can, and do, limit the quantity of land that is available for use. So far as employment is concerned, the result is exactly what it would be if old Mother Earth had the heebe-jeebes and shrank to a small portion of her present size.

No proposal of the Administration has recognized the basic cause of unemployment with its consequent reduced purchasing power and crippled industry. No wonder almsgiving has become a major activity, but how long can the present employed go on producing the alms?