

A Letter to Manufacturers

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An industrialist who has been an ardent supporter of the land-value taxation principle for forty-five years here recalls an occasion when he sought to arouse the interest of fellow members of the (American) National Association of Manufacturers. Mr. Thompson's letter serves as a model which readers may like to send, suitably modified, to industrialists, businessmen and trade associations on both sides of the Atlantic.

GREAT organisations, like N.A.M., form committees, and men of affairs interested, but not necessarily skilled in the particular subject are requested or invited or permitted to become members. The committees turn to an employed staff to prepare programmes to meet such needs as seem most apparent, and the staff, of course, leans on its member who is considered the expert in the particular matter. A staff is not inclined to be daring, initiatory, or creative; they are quite naturally affected by the conservatism which they are certain dominates their organisation; and consequently, much opinion, and the action of the whole great organisation, is that of one man, the "expert" in the staff.

Some years ago I was given the privilege of addressing the Taxation Committee of N.A.M. and, prior to the address, had sent each member, through N.A.M., a copy of a little leaflet, *Earned Income, Public and Private*. The tax expert of N.A.M. felt it was necessary to combat the suggestion indicated by the title and wrote a rather loose diatribe against "the single tax."

Another member of the N.A.M. staff, commenting on this subject, wrote: "One of the beliefs which seems to persist among advocates of Henry George's theory is that no one else understands the theory. I think this is a mistake, in that most economists, tax authorities, and businessmen have no difficulty in grasping the fundamentals involved."

In his next paragraph he wrote: "As I understand the proposal, taxation of improvements on land would disappear, and in the case of the owner of the improvements also owning the land, there also would be *no tax on the land itself*."

As the words I have underlined show a colossal misconception, flying straight into the face of the principle, there is little wonder that advocates of the principle (Henry George's theory, if you prefer) believe that few of those that attack it, know exactly what they are talking about.

So I wrote to each of the members a letter, from which I am quoting the parts I think apply to the general subject, though the letter was written for a specific one.

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"Now, of course, it is possible that you, a manufacturer and a member of the Taxation Committee, are not, deep down, concerned about taxes at all or the fact that N.A.M. is the whipping boy of all social evils." You may be making good money, even after taxes. You may not mind having this "disallowed" and that "renegotiated."

You may agree with the opinion of some anonymous and obscure official that prices freely paid to you, yield "excess" profits to which you are not entitled. You may find it quite acceptable to hire a few more clerical employees to keep government-required records, occasionally throwing in the time of your essential executives to explain that you are not falsifying or stealing. In that case, let's get behind N.A.M. in further taxing of our products. Let's raise the costs a little higher. Let's gaily goose-step along the path of inflation and statism. If a little government-running of business is good, maybe more is better, and you can save time by throwing this aside. But I do not feel that way. I am unshakably of the conviction that land (site, location) rental is the just, logical, and proper government income, and the only one consistent with free private, useful enterprise.

"Could it be that this principle—that land rental is the proper public income — is so obnoxious to American manufacturers that they urge the taxing of their own product rather than a study and probably advocacy of it?"

"Are we waiting for someone from another planet to come and point out the obvious to us?"

"Does the fact that this principle would lower the costs, and is not regressive, give no suggestion that it is the sane one?"

"Has a slowly fluctuating, easily estimable, gradually growing, even, fraud-free, public revenue that does not raise the cost of production, no interest for the American manufacturer?"

"Does the ending of the intolerable, growing burden of reports that we make on our pathway to complete state control, offer no appeal?"

"Does the thought that with the present, tangled burden removed and irresponsible taxes ended we will be better able to meet the growing employee requirements, have no value?"

"I am extremely anxious to hear your comment on this proposal."

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When he was twenty, **Mr. Joseph S. Thompson** found himself the head of an orphaned family of six. With a capital of about \$1,000 and with no patrons or backers, he rented a country shed for \$10 a month and established and is now president of what today is a \$5 million manufacturing business ranking among the first four of its class in the U.S.A.