

On to Chicago! That's Where Our Big Tax Convention Meets on November 9 and 10!

# THE BULLETIN

OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

VOL. II.

CHICAGO, NOVEMBER 1923

No. 12.

## GOOD STEERING ONLY CAN AVERT DISASTER

The threatened storm over taxes this winter has already begun to blow. Kiplinger's Washington Agency states it as follows:

"A great wind of tax revision talk blows up, preceding the coming Congressional storm; Treasury wants many amendments in procedure and maybe reductions; Smoot stands pat against much revision, fearing Pandora's box; Borah says reduce; Western radicals say lift the burden from poor men; Democrats say nothing, but plan something embarrassing to Administration. Dozen other groups come forth with special programs. The soldiers' bonus and its tax question brother stand in the offing. No one can foretell yet what will happen, except that there will be a storm."

Only one rudder can guide the ships of commerce, business and industry safely through this storm and that rudder is the one steered by the Manufacturers and Merchants Federal Tax League. Those vessels which fail to follow the course set by this rudder are headed for the rocks!

## MOTORISTS' ASS'N TO OPPOSE GAS TAX

With thirty-six states in the union taxing motorists from 1 to 3 cents a gallon for gasoline, it is feared that the Sixty-eighth session of congress will reveal numerous proposals for a federal sales tax on gas. Rumors of this are already reaching the Washington headquarters of the National Motorists' association, and plans are being laid for the work of opposing such a measure.

## ENGLAND IN BAD SHAPE, ECONOMICALLY

A deputation from the farmers of England, Scotland, and Wales personally informed Prime Minister Baldwin bluntly the other day that they were at the end of their resources, and that unless the government came at once to their assistance they would be obliged to reduce greatly the acreage now under cultivation. They told him that the war time increase of arable acreage had disappeared, and thousands of agricultural laborers would have to be turned away if the government did not act.

The farmers emphasized the desperate nature of the crisis by pointing out that at the present time the men thus thrown out of work could not be absorbed into industry.

Already there are millions of trained industrial workers unemployed and since the armistice the nation has spent more than \$400,000,000 in supporting them. Moreover, the farmers said that in many districts the arable land, if once cultivation ceased, would go to absolute waste, as it was not fitted for pasture.

## PROGRAM

### TAX RELIEF CONVENTION

of the

Manufacturers and Merchants Federal Tax League

at the

Congress Hotel

Chicago

Friday and Saturday, November 9 and 10

(N. B.—With the probable exception of one or two changes, our main program is now complete. A final program however will be printed a day or two before the Convention, giving the names of the 6-minute speakers.)

#### FRIDAY—10:00 A. M.

Otto Cullman, Pres., Cullman Wheel Company, Chairman.

Hon. William E. Dever, Mayor of Chicago—

Address of Welcome.

Warren S. Blauvelt, Pres., Ind. Coke & Gas Co., Terre Haute—

Subject, "Taxing Business to Death."

Edward Nordman, Wisconsin Commissioner of Markets—

Subject, "Taxation and the Farmer."

J. H. Kaufman, Sec'y, Tax Commission of Ohio—

Subject, "Our Disclaimed Assets and Liabilities."

Five 6-minute speakers from the floor.  
(Names to be given in final program.)

#### FRIDAY—2:00 P. M.

James A. Bell, Pres., J. A. Bell Company, Elkhart, Chairman—

James R. Brown, Tax Lecturer, Manhattan S. T. Club, New York—

Subject, "A Plain Talk On Taxation."

Edward Polak, Register, Bronx County, New York City—

Subject, "Result of the Tax-exemption Law in New York on the Building of New Homes."

Five 6-minute speakers from the floor.  
(Names to be given in final program.)

Questions.

#### FRIDAY EVENING—8:00 P. M.

Dinner (Informal) Congress Hotel.

A. P. Canning, Realtor, Toastmaster.

Archibald Harris, Tax Counsellor for Illinois and Indiana Bankers' Association, Chicago—

Subject, "The Sales Tax As I Found It in Canada."

H. G. Brown, Professor of Economics, Missouri University—

Subject, "What Should We Tax—Earned or Unearned Incomes?"

John E. White, Tax Lecturer, H. G. Lecture Ass'n, Chicago—

Subject, "Sales Taxation—With Special Reference to the Keller Land Value Tax Bill."

Five 6-minute speakers from the floor.  
(Names to be given in final program.)

Questions.

#### SATURDAY—10:00 A. M.

George M. Duncan, Merchant and Member N. H. Legislature, Chairman—

John E. Commons, Prof. of Economics, Wisconsin University—

Subject, "A Comparison of the Naima, Grimstad and Keller Bills."

Carl Buell, Sec'y, Minnesota Tax Reform Association, St. Paul—

Subject, "Tax the Royalty, Not the Product."

Five 6-minute speakers from the floor.  
(Names to be given in final program.)

Questions.

#### SATURDAY—2:00 P. M.

David Gibson, Pres., The Gibson Company, Cleveland, Chairman—

Thomas C. McMahon, Chief Assessor, Pittsburgh, Pa.—

Subject, "The Pittsburgh Graded Tax Law."

Harry E. W. Dock, V. P., Wavady Oil Works, Pittsburgh—

Subject, "Why Business Men Like the Pittsburgh Plan of Taxation."

Five 6-minute speakers from the floor.  
(Names to be given in final program.)

Questions.

## MELLON NOT DECIDED YET ON TAX POLICY

Treasury officials have not yet reached a definite decision as to whether or not a recommendation will be submitted to congress for a general revision of tax laws.

In any event, a high official says, there is no justification for reports that an aggregate tax reduction of \$500,000,000 would be possible. While there have been estimates of a possible surplus of \$300,000,000 at the end of the fiscal year, it is stated that this would be wiped out if congress undertakes various projects under consideration.

## TAXATION BOTHERS SHIPPING INDUSTRY

The International Chamber of Shipping at a meeting in London in October, unanimously agreed that it was "desirable that all maritime nations who have not already done so should at once approach the governments of Great Britain and the United States with a view to accepting offers . . . in reference to taxation of shipping." These two countries are both prepared to give immunity from taxation of all ships of other countries on the basis of reciprocity for their own ships in those countries.

## "BUSINESS MUST RECKON WITH TAXES"—LOWDEN

"The great problems for the next few years, at least," said former Governor Lowden in his recent address before the Newspaper Men's Association, "will be economic and industrial and to all of them the question of taxation now has a direct and important relation."

"Business and industry generally in making plans for the future must reckon first with the question of taxes which have reached the point already where private initiative is discouraged and where enterprise halts."

## QUIT TAXING BUSINESS ON WHAT IT OWES

Backing up his dictum that economic stability depends upon the economic education of the masses, William A. Scott, director of the School of Commerce of the University of Wisconsin, criticizes the large issues of tax-exempt securities as diverting capital from needed industries, over-equipping some, under-equipping others, and disturbing normal price and profit relations. But his vision overlooks the fact that the taxation of bonds and mortgages (and they are essentially identical) ever falls on the borrower, never on the lender, and that the way to release productive business is to cease taxing it on its debts.—Commerce and Finance.

THE BULLETIN

of the Manufacturers and Merchants Federal Tax League Published Monthly, except August, in the Interest of Lower Taxes on Industry by the Manufacturers and Merchants Federal Tax League Telephone Buckingham 7134 1346 Altgeld St., Chicago, Ill.

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A WORD BEFORE WE MEET

On the 9th and 10th of this month our National Tax Relief Convention meets in Chicago at the Congress Hotel. We have tried to arrange the program of this convention so as to insure the maximum of benefits to all who attend, with as little loss of time as possible.

While the Manufacturers and Merchants Federal Tax League has for its main object the passage of a land value tax bill in Washington to the relief of industry in general, it has not limited the coming convention to national tax matters only, but, as the program will show, state and local tax problems, with their right solutions, will be thoroughly dealt with also.

If we may judge from the willingness of all whom we have asked to co-operate with us, the Convention promises to be a huge success. It is our purpose of course to publish the various addresses delivered at this Convention in a subsequent report. But this should not induce anyone to remain away who can possibly be with us. No mere report can give a fraction of the value and inspiration to our movement that a personal attendance can give.

Meet with us therefore on the 9th and 10th, all you who can possibly do so. The Program Committee would appreciate hearing in advance from those who expect to be present, while the Reception Committee will be glad to arrange for hotel accommodations for all outsiders who may desire it.

LAND SPECULATION AND BUSINESS

A realty company of Chicago is placing on the market another large block of vacant land. One of the inducements held out to would-be buyers is that "taxes on this land are not worth mentioning."

That's just what we're trying to point out all the time. It's one reason why taxes on buildings and homes are so all-fired high. It's one reason, too, why the vacant lots themselves cost so much in the first place and why after purchasing the lots the people have so little left to buy building materials, clothing, fuel, furnishings and other things that go to make business.

"MANUFACTURERS NEWS" GOES AFTER TELEGRAPH TAX

"Every business man in the country," says the "Manufacturers News," official organ of the Illinois Manufacturers Association, "should give his staunch support to the campaign initiated by this paper for the repeal of the special tax imposed by the federal government on telegraph communications. He should personally see to it, that any commercial organization with which he is connected takes vigorous action that will reach not only the Senators and Representatives of his own State, but also all members of Congress, for a bill repealing this tax must pass both houses of the National legislature. Strong resolutions urging immediate action by Congress should be adopted by all business and industrial organizations and associations, thus showing conclusively the sentiment of the entire business community in opposition to this tax which has become a burden on industry and a hindrance to progress and prosperity."

Fine! We're for it—strong! But the tax on telegraph messages is no greater a burden on industry than a host of other taxes. All are harmful to business and industry and ought to be repealed. Only one tax can be levied which does not in any way burden business and industry, and that is a tax upon the unimproved value of lands and natural resources. That, in the last analysis, is the tax which business men will have to support, if they ever expect to get relief.

POLITICS VS. PRINCIPLE

"When the subject of taxation comes up in Congress," says a Washington despatch, "the Democrats plan to insist upon a revision of the law, urging the restoration of the excess profits tax or a similar levy on the big corporations and increased taxes on large individual incomes, at the same time moving for abolition of the so-called nuisance taxes such as the levy on admissions, insurance, soft drinks and automobile accessories."

No doubt if the Democrats do this it will be considered "good politics." But anyone who puts principle above politics should hesitate to become a partner in such a move. The attempt to abolish the nuisance taxes on admissions, insurance, soft drinks, automobile accessories, telegraph messages and the like is highly to be commended, but why resort to taxation that past experience has proved to be detrimental to industry in every respect? Are there not enough unearned incomes to tax without singling out the earned?

COAL LAND ASSESSMENTS

We read from reports of the coal hearings in Pennsylvania that coal land from which coal is being extracted is assessed for taxation purposes in many cases from three hundred to six hundred times as much as coal bearing land adjoining which is simply held out of use. Why this difference when in their natural state they are both worth the same?

Statement of the Ownership, Management, Circulation, Etc., Required by the Act of Congress of August 24, 1912.

Of Bulletin of the Manufacturers and Merchants Federal Tax League, published monthly at Chicago, Illinois, for October 1, 1929.

STATE OF ILLINOIS, COUNTY OF COOK, ss.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Emil O. Jorgensen, who, having been duly sworn according to law, having been sworn that he is the editor of the Bulletin of the Manufacturers and Merchants Federal Tax League, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc. of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to-wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Manufacturers and Merchants Federal Tax League, 1346 Altgeld Street, Chicago, Ill.

Editor, Emil O. Jorgensen, 1346 Altgeld St., Chicago, Ill. Managing Editor, none. Business Managers, none.

2. That the owners are: (Give names and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding 1 per cent or more of the total amount of stock.)

Manufacturers and Merchants Federal Tax League, 1346 Altgeld St., Chicago, Ill. Otto Cullman, Pres., 1346 Altgeld St., Chicago, Ill.

James H. McGill, Sec'y, Valparaiso, Ind. Fenton Lawson, Treas., Cincinnati, Ohio.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affirmatively full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, bond stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

EMIL O. JORGENSEN, Editor. Sworn to and subscribed before me this 1st day of October, 1929.

ANTON O. LANDER, Notary Public. (My commission expires April 26, 1930.)

Our Tax Relief Program

The following tax program to raise revenue and to relieve business, industry and agriculture of about \$1,250,000,000 of the intolerable burden it now carries, will be introduced into the House of Representatives in December by the Hon. Oscar E. Keller of Minnesota:

Congressional Bill No. —

This bill repeals all existing sales, commodity and excise taxes except those on tobacco, distilled spirits, oleomargarine, habit forming drugs and products of child labor. The bill also repeals the present tax on the incomes of corporations.

Congressional Bill No. —

This bill amends the income tax law so as to distinguish between "earned" and "unearned" income. The tax on "unearned" incomes together with the surtaxes is retained, but the tax on "earned" incomes is cut in two. All salaries, wages, etc., together with all profits derived from business personally conducted or in partnership are classed as "earned" incomes.

Congressional Bill No. —

This bill amends the inheritance tax. Beginning with estates of \$20,000 to \$50,000 there is a tax of one per cent; \$50,000 to \$50,000 two per cent; \$50,000 to \$100,000 four per cent; \$100,000 to \$250,000 six per cent, and so on until the point of \$100,000,000 is reached after which the tax is 50% of the excess to that amount or about 38% of the entire estate.

Congressional Bill No. —

This bill provides for a federal tax of one per cent on the privilege of holding lands and natural resources worth over \$10,000, after deducting the value of all buildings, personal property and improvements. In the case of farms, cost of clearing, draining, plowing and cultivation, together with soil fertility are classed as improvement values. This bill will exempt over 98% of all actual farmers. It also exempts standing timber from taxation whether naturally or artificially grown.

This bill aims to relieve business, industry and agriculture by taxing monopoly holders of vacant natural resources, valuable "sites" in cities and the holding of land in general out of use. The revenue raised under this bill will be about one billion dollars annually.

The above revenue program will relieve producing business of about \$1,250,000,000 annually, and the people of from three to five times this amount in inflated living costs.

## FIND THE "NIGGER" IN THE WOODPILE

The coal commission reports that owing to improved mining machinery that will be put in use within the next 10 years there will be a cut of 25 per cent in labor which will make possible a very decided decrease in the price of coal.

Does the coal commission realize that within the past 10 years there has been introduced machinery which has greatly reduced the labor required and has greatly increased the coal production? But has it cut the price to the customer?

The cost of mining has crept up but there never appears to be given the slightest consideration to the fact that there is far more production per man employed than was formerly the case.

Not only have the number of men become less, but mules have been to a great extent eliminated from the leading operations, and 10 years ago we were told that the mules were a very important consideration in computing the expenses of the operator.

Within the next 10 years there will be a further improvement in mine machinery and a further reduction in mine labor and a further increase in production and, unless the public takes action to preserve its own welfare, there will be a further increase in the price and profits of coal.

Improved methods in all directions have come into use, eliminating waste and facilitating the taking out of coal to such an extent that coal could be sold at pretty nearly its old time prices with the same profits that were then enjoyed.

The coal commission discovered something in this particular but it wasn't something new. If they had followed this lead back 10 or 20 years it might have given them some light on the matter of coal profits that they had not before considered.—Pottsville (Pa.) Republican.

## RISES FROM \$312 TO \$38,115 AN ACRE

The union stockyards of Chicago, comprising 320 acres, and purchased in 1865 for \$100,000, is today valued at 57½ cents a square foot, or \$38,115 an acre, not taking into consideration land and street improvements above or below ground, but including train and other transportation facilities and labor advantages, George G. Oleott, Chicago appraiser, testified yesterday.

Mr. Oleott, who appraised the stockyards at the request of the government, was one of the principal witnesses before a representative of the federal packers and stockyards administration which is trying to determine fair charges at the yards, including reweighing tariffs complained of by the live stock traders.

Mr. Oleott said the yards property, without the packing house land, was valued at 75 cents a square foot.—Chicago Tribune.

### THRIFT

Bill—How does it happen that old gronchy skunkst is always smiling lately?  
Bill—He read a paper on the conservation of energy and found that it takes sixty-five muscles to frown and only fifteen to smile.—Oregon Ag. Orange Owl.

## Ground Rent Sucking Away The People's Incomes

"High officials in the national government, prominent financiers and men at the head of great businesses," writes Stephen Bell in Commerce and Finance, "vie with one another in presenting roseate views of the nation's prosperity and the prospects of its continuance, but testimony taken before the New York State Housing Commission in this city last week indicates that something is at work absorbing and undermining this prosperity, which is known to be less equitably distributed than it ought to be. This something is Rent.

"The American Statistical Association announces its determination to investigate the widely advertised Business Cycle. Bailey B. Burritt, general director of the Association for the Improvement of Conditions of the Poor, evidently thinks Rent has something to do with periodical business depressions, for he testified before the commission that high rents directly diminish the ability of the people to buy clothing and other supplies, thus supporting in every detail the complaints persistently voiced by the clothing trade. If it be true that every stroke of work or merchandising done pays its tribute to Rent, the question of whether high land values are a liability or an asset of the business world cannot be settled too soon.

"At the beginning of 1920 there went into effect in New York City emergency laws aimed at preventing undue advances in rent due to a housing shortage, and for the exemption of taxation for a period of ten years of dwelling houses built in the next three years. A year ago these laws were extended for another year. An agitation for their further ex-

tension is under way, which the real estate interests are resisting. Hence these hearings before the commission, which have afforded the spectacle of large numbers of good people who understand the dynamics of rent as little as they do differential calculus exerting themselves to the utmost to resist its advance. The only spectacle we can think of comparing with it is that of the redoubtable Mrs. Partington who during an extraordinarily high tide fought valiantly with her broom to keep the Atlantic Ocean from invading her home.

"The plain, unvarnished truth is that rent, like other prices, is fixed by the law of supply and demand at about what the traffic will bear. If more and cheaper houses are desired, the removal of all obstacles to their construction is necessary.

So far, only one obstacle has been removed—the annual tax on newly completed houses—and that for only a limited period.

Moreover, cheap house rent on land valued as New York City land is valued is out of the question, and these metropolitan values extend their influence into the country to the limit of the commuting zone, fifty miles or so in all directions. The city has almost bankrupted itself building transit lines into the outlying districts, only to see land values rise along the routes to a degree that has choked or greatly retarded development.

The building trades have been scolded deservedly for much of the high cost of building, but it may be said that they have done something for their money. What have these land speculators done for theirs?"

## AN OVERLOOKED ITEM IN OLD "HI COST"

"Regularly, month after month," writes Stoughton Cooley in "Tax Facts," the Federal Government issues price reports on staple articles to indicate the rise and fall in the cost of living. Usually the prices cover the principle foods, sometimes they include clothing. The variation in the average total is not great.

There is one important article in the cost of living, however, that is conspicuous by its absence. That item is rent. Food and clothing may rise and fall, but land values tend ever upward. Buildings may fall in value owing to cheaper production, and now and again a land boom may explode;

but on the whole, land is advancing in value throughout the country.

The land of the United States, according to the Census, more than doubled in value from 1900 to 1910; it almost doubled from 1910 to 1920. These figures include very little new land, but are confined almost entirely to the increase in value.

When capital is increased, that is, when two plows are used instead of one, we expect to pay more for capital, but the product is larger. When however the price for land is increased fourfold for the same acre, it gives us pause. To double the value of land every ten years may be a fine thing for the men who own it, but what of the men who use it?

Has this anything to do with the fact that nearly a million American farmers moved to the cities last year? Has it anything to do with the fact that in spite of the enormous increase in labor-saving inventions and discoveries the percentage of home owners is steadily increasing?"

## "TRUCK'S ALL RIGHT" SAYS RADCLIFFE

Dear Mr. Cullman:

I met a truck September 28. Truck is all right. I've got two bad legs. In bed at present. Improving. Hope to be out soon. Enclosed find my "chip-in" for October.

BILLY RADCLIFFE, S. T.  
Cleveland, O.

## ORGANIZED CHARITY AND UNEARNED INCREMENT

The other day we picked up an old book written eighty years ago wherein it was confidently predicted that the advance of labor-saving machinery would eventually abolish poverty and wipe out the need for organized charity.

Since this book was written over a million new labor-saving appliances have been invented—multiplying the efficiency of human industry scores and hundreds of times. If ever a dream came true it should have been the dream of the author of this old book. Yet in the Chicago Tribune a few days ago the following words by "Scrutator" were to be read:

"Chicago must continue to spend over \$50,000,000 per year for charitable and relief work, according to observers who ought to know. . . . The burden of social relief is probably growing as fast as the burden of government and taxes. In Chicago it already amounts to over \$64 annually per family, and as a matter of fact it represents a far greater tax upon the contributing families, who are probably not a majority of the total number."

It is quite plain therefore that a portion of our population have not benefited greatly by the advance of labor saving machinery. But if there are classes who have reaped no advantages from the progress of science and invention there are other classes who certainly have. These classes are the owners of our lands and natural resources. In Chicago during the past eighty years the unearned value of the Bare Land alone has risen from an estimated total of not exceeding \$90,000 to a figure approximating \$2,500,000,000!

Now it is an axiom in political economy that if anyone gets "something for nothing," somebody else must get "nothing for something."

May there not then be a close relationship between the multitudes depending upon Chicago's charity for their support, and those who are harvesting unto themselves the golden streams of unearned increment?—E. O. J.

## A GREAT EDUCATOR WRITES US A LETTER

Charlottesville, Va., Oct. 27.

Gentlemen:

I am extremely sorry that other engagements will prevent me from attending your National Tax Convention on November 5 and 10. It seems to me that the Manufacturers and Merchants Federal Tax League is aiming at the most important economic progress that I see anywhere on the horizon.

James H. Dillard  
(Note: Mr. James H. Dillard, M. A., B. L., Litt. D., LL. D., D. C. L., is President of the Slater and James Funds and Member of the General Education Board.)

## WE HEAR FROM A LEADING "PARTY" MAN TOO

Youngstown, O., Oct. 24.  
Ye Landlords and pussyfooters:

So you are calling your pow-wow a convention! Your audacity is sublime to say the least. It seems to me I've heard somewhere (God knows I may be in deep error) that a convention was something where the programme was not all prearranged but was left to the delegates themselves. But this programme—Oh, Dear Merciful God of Heaven and Earth!—from Cullman down to Harry Wilcock is composed of nothing but grasping landlords and land speculators. A curse on them!  
George Edwards



—Orr in the Chicago Tribune

## COAL ROYALTIES AND PUBLIC CHARITY

One of the iniquities of the anthracite business is the royalty system by which the land owners' reward is based on the price of coal at the mouth of the mine. The higher the price the more the land owner receives. The Girard estate is one of the largest owners of anthracite land. Its income is \$3,000,000 or more a year from this source. If we are to judge from his will Stephen Girard never intended to oppress the public, yet the Girard estate, operated as a charity, while receiving nearly \$10,000 a day tribute from the public for the privilege of using Girard mine coal, carries out the directions Stephen Girard put into his will and expends once a year the income from \$10,000 in furnishing fuel to the poor of Philadelphia. In other words, it takes in about \$3,000,000 a year in coal royalties and spends about \$400 in furnishing free coal to the poor.

Or to put it another way, the estate has a daily income of about \$3,211 in coal royalties and spends \$1.09 a day in its coal charity work.—Richard Spillane in "Commerce and Finance."

## THE GROWING SPORT OF "PAYROLLING"

With a public payroll that runs to nearly \$4,000,000,000 a year, and a staff of public servants that includes one-twelfth of all the Americans aged sixteen or better, and engaged in any gainful employment, the people of this country are certainly getting a full dose of "Stateism." The National Industrial Conference Board has abstracted these figures from the latest returns of the Census Bureau, and has asked if it is not about time to call a halt in the expansion of national, State and local activities of the official variety. According to statistics just published by the Civil Service Commission, the national salary list has been cut from 918,000 on armistice-day to 549,000 last June; but it is still longer than it was at the beginning of the war by some 110,000 names. The rate of reduction has steadily declined; the cut for 1922-23 amounted to only 12,000, and it is altogether unlikely that the 110,000 extra officials still banging over from war-time will ever feel the blight of demobilization. With the prohibition-arms on the make, the prospect is rather that the curve will tip up again this year.—The Freeman.

## LAND SPECULATORS WILL BENEFIT, NOT FARMERS

Plans recently have been completed for the development of a 750,000-horse-power hydroelectric system in the Colorado River and construction contracts are being let. This development is expected to do great things for agriculture, and already a group of men, among whom there are many politicians, are getting control of hundreds of thousands of acres of arid land in Arizona, at prices ranging from 25 cents to \$3 an acre, with a view to reaping the profits when cheap electricity will make irrigation of those lands feasible.—George T. Odell in Christian Science Monitor.

## Excise Tax Putting Jewelers Out of Business

(From "Jewels Bring Memories," official organ of Illinois Retail Jewelers' Ass'n.)

So much has been said in regard to the unfair 5% Excise Tax and the reasons why it should be repealed that we believe every retail jeweler is acquainted with the facts.

Some pertinent figures in regard to the effect of the 5% Tax, however, have only lightly been touched upon, and it is well to not only consider the unfairness of the tax but also its bad effect, and whether it is good business for the government to continue it.

The one big bad result of the tax on the retail jeweler is the "putting out of business" many small jewelers who would still be active in the trade if the tax were not imposed, and in this particular we are astounded after we made a survey of Dun's and Bradstreet's of the number of retail jewelers going out of business, either voluntarily or through failure.

The following table of failures, with liabilities attached, show at a glance that there is something wrong, especially when we consider that a 5% tax on a jewelry business of only \$20,000 annually, means a tax of \$1,000, or an amount equal to the saloon license in Chicago in the days before prohibition. Figures are given for 1914, 1919, 1920, 1921, 1922, and part of 1923.

Failures	Liabilities	Year
77	\$ 491,762.00	1914
95	695,173.00	1919
147	4,102,664.00	1920
501	14,243,731.00	1921
506	12,266,667.00	1922
*447	8,111,101.00	*1923

\*This is for the period covering the first seven months of 1923 and based on the same proportion it means a total of 761 for the whole year.

You will note that while the number of failures increased from

## WRITE FOR A COPY OF THIS VALUABLE REPORT

It is a source of great inspiration to read the summary of addresses given by delegates from fourteen different nations before the "International Conference on the Taxation of Land Values" which was held in Oxford, England, in August of this year. The addresses in full will shortly appear in book form in the "Official report of the Proceedings." Besides these addresses there will be a vast fund of information on the progress of the land value tax movement in all parts of the world. This report is one that no student of taxation and fundamental economics should be without. Price per copy is 50 cents, postpaid. Address the United Committee for the Taxation of Land Values, 11, Tothill Street, London, S. W. 1, England.

## KILLING THE FARM MARKET

"The tenants of New York City," writes George Lloyd, "are paying \$400,000,000 annually (in the form of untaxed ground rent) to landlords for permission to live on the earth and then wondering why they cannot buy from the farmer the necessities of life."

501 to 596 in 1922 over 1921 the total liabilities decreased about \$2,000,000, showing that the failures are beginning to hit into the smaller jewelers.

Adding to the above the number of retail jewelers who voluntarily retired from business, the total would be appalling.

If Uncle Sam would take into consideration that the 5% Tax is helping to legislate many small jewelers out of business, he would seriously consider giving them some relief. The legislators at Washington have granted relief in many ways to farmers, to railroads, the public utilities and many other kinds of business, and when it is shown that the retail jeweler is in such a fix owing to a repressive and unjust tax, and all that he asks is for its abolishment, it is evident from a sense of fairness that his request should be granted.

As one prominent Congressman wrote us: "I am not surprised at the great amount of retail jewelers going out of business and that the tax has something to do with it. Evidence as to this situation should be presented to Congress," and it is this line of argument that will be made in the presentation of the case to the next Congress.

## EXCEEDING THEIR RIGHTS

A correspondent has written the Bulletin as follows:

"I understand that the proposal of the Great Adventure groups in California to appropriate the 'full rental value of land' for state and local purposes is again to be placed before the voters of that commonwealth. If this proposal should pass how would your federal bill for a one per cent tax on land values be carried out in California?"

ANSWER: It could not be carried out. But no state or subdivision of government has any moral or ethical right to appropriate unto itself the "full rental value of land," to the complete exclusion of the federal government. This is well shown by Mr. Jackson Balston in a letter to the Single Tax Review printed elsewhere in this issue. The state, if it chooses, may take whatever it requires for its own economical needs—indeed future years may even show that it is entitled to a little more than this—but never under any circumstances has the state itself a right to the "full rental value." It is to be hoped that the Great Adventure groups will reconsider their unstatesmanlike proposal before going any further.—Editor.

## A PROTEST AGAINST UNFAIR LEGISLATION

The Editor Single Tax Review:

We are informed that notwithstanding many defeats, diminishing favor from the voters as measured by percentages; growing distrust on the part of the electorate of the Single Tax idea—as so many on the ground allege—the Great Adventure proposition is again to be pressed upon the voters of California.

Stated in a few words this proposition contemplates that through taxation the State of California shall take for public purposes at once, or practically so, the entire rental value of the land of California. I undertake to say that such a scheme from a purely Single Tax standpoint, whether immediate or spread over a number of years, is just about as immoral as our present system of taxation, and would not advance the cause in which we believe.

Why do I say this? Let us analyze the situation.

Land values to the economist represent the sum of the benefit arising to the community from the growth of civilization, including all advantages accruing from the existence of city, county, state and national governments. As the common product of human labor, assessed, no one agency of government has a right to more than its share, ordinarily to be measured by its needs economically determined.

This rule the Great Adventure absolutely violates. Its bald idea is that the State of California for itself and for its agencies shall take to itself this entire community value.

Conceive the State of California a self-governing island, independent of our national government or other intimate association with the United States, what land value would it possess? Cut off from its relatively untrammeled business intercourse with the rest of the United States, perhaps with a tariff leveled against her, with customs and other barriers at her frontiers, with any permanent immigrant compelled to forsake his country and tarry his flag behind him, land values would sink, who can say how low? Certainly fifty per cent would be gone. Thus we may reasonably believe that the existence of California under the National Union accounts for not less than one-half of her land values.

The Great Adventure proposition thus resolves itself into this: Not alone shall California take for the use of the State the land values the State has created, but it shall take the other and perhaps the larger part created by the United States. Poverty is not properly to be abolished by taking that to which you have no title.

It may be said that the California landowner has no right to the part which properly belongs to the United States and that the State can well take it. The thing is not so simple. As between a landowner who has not created a value and a State which has not created but takes it from the National Government, there are no contrasting moralities. Both are wrong. Both are immoral.

But you say: Even so, less harm is done by the taking of this land value by the State than leaving it in the hands of the landowner. There is a legal doctrine that there can be no contribution between tort-factors, in effect that the court when all are wrong will not and cannot admeasure between them. So it is between the landowner and the State in the supposed instance. There is no court of scales to admeasure their respective degrees of guilt for taking what neither owns.

It cannot be argued that no harm will result if the State does take that to which it has no title, for the landowner was in essence doing no more. Suppose the State to receive, as it would under the Great Adventure plan, twice the revenue to which it has a clear title. Will it divide the surplus between the people, and if so on what principles? When the time comes, as it must, when this distribution ceases, will it have no accounting to make either in one sense to its citizens or in another sense to the remaining citizens of the United States, whose wealth it has disposed of? Will its wrong doing have no retroactive effect?

Or suppose the State expends in public works or public enterprises the surplus money to which it has no right, are its difficulties to be any less or materially changed in character?

But what has California a right to take from its landowners? There is one certain minimum. This is, enough economically to carry on the operations of its necessary agencies. The maximum California should take we simply do not know and cannot answer today. It may be no more than the minimum. Only practical experience after we have taken the minimum will determine. Really in a practical sense we do not now know the meaning of taking "all rental value." This represents a vague idea which will grow in clearness doubtless as we approach it. At present it is a mental abstraction perhaps never capable of absolute determination, and only offering a working hypothesis argumentatively.

Perhaps all the past eight years the voters of California have in their souls felt that the taking of all land value by the State for itself was ethically and morally as unsound as the thing it was designated to supplant. May not this account for the growing unpopularity of the Great Adventure scheme?

JACKSON H. BALSTON.