

# TAX FACTS

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## THE PRICE OF LABOR

For centuries labor has entrenched itself behind guilds and trade unions for mutual protection against the privileged class. Such organizations have always meant arbitrary regulations and restrictions to cope with an unnatural and unjust condition. They strive for better pay and better working conditions *for those within the guild*, then argue that what improves their condition will improve the situation for all. They do not see that to aid some who ally themselves with the trades organizations is a very narrow and selfish way to help humanity, and that if conditions made it possible for all to join the union and benefit by it, such conditions would make the trade union unnecessary.

Union labor is merely setting up one monopoly to combat another. It expects the special privileges of capital and the special privilege of the trades unions to eat each other up like the Gingham Dog and the Calico Cat. Labor does not seem to see that the way to freedom lies through more freedom, not through more privilege; that the restrictions imposed upon industry cannot be removed or counteracted by imposing further restrictions. It does not realize that if it would go straight to the heart of all labor troubles it would find that various forms of monopoly and special privilege have robbed the majority of men of the right to work for themselves; and as long as they are forced to work for the men who hold the whip hand of industry or starve, no amount of regulation or arbitration can produce results of real value.

The logical solution to that problem would seem to be, not the further curtailing of labor by arbitrary rules but the abolition of all forms of privilege and monopoly. To deprive all men of any means that would give them an advantage over their fellows, would put all on an equal footing, not merely those who paid their dues in certain labor organizations, but all who labored with their heads or hands.

During the past few years, business conditions have been going from bad to worse. In many cases, production has come to a standstill. And month after month, Mr. William Green, president of the American Federation of Labor, has said over and over, "Wages must not be cut." Yet, the mighty Federation of Labor stands helpless in the presence of economic conditions over which it has no more control than the bankers or the United States Senate.

Union labor has bragged about what it has done for the working man in getting legislation to establish minimum wage laws and working hours and to control working conditions, and organized labor has done much to improve the situation—but it's like stopping to calk the decks when she's leaking in the hold. Where is labor's vaunted power now? Something has eaten away the supports that kept men at work and pay envelopes filled.

Mr. William Green has just given out some startling figures based on comprehensive statistics collected by trade unions and the Federal government. Labor, owned and published by the Railroad Labor Organizations, gives a frank statement of Mr. Green's report in its issue of June 14th. Mr. Green estimates that 10,834,000 workers are now jobless, the highest number in the nation's history.

"As the average unemployed worker, according to conservative authorities," says Labor, "has two dependants, the A. F. of L. chief's figures reveals the shocking fact that 32,502,000 persons are now without means of support in America.

"The total number of sufferers is more than the combined populations of the first 14 states taken in alphabetical order. In other words, more than all the men, women and children in Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa and Kansas.

"The increase in credit and the decrease in

bank failures mean nothing to the unemployed if jobs are not forthcoming in consequence. Men and women are near desperation. Poverty is starving millions of them, physically and spiritually. They ask for the opportunity to earn their daily bread. Deep-seated unrest is everywhere apparent."

This is an appalling situation. Minimum wage laws and trade union labels can't create jobs for these ten million unemployed. The railroads that promised Mr. Hoover three years ago that they would spend thousands of dollars in addition to their regular budgets in order to increase employment, have been cutting wages and laying off men ever since. William Green may continue to admonish Congress and the public that "Wage cutting must cease and the people must be assured that it is at an end if buying power is to be restored;" ministers of the Gospel of Christ, in solemn conclave assembled, may protest vehemently the conditions of human misery in our so-called civilization and brand as pagan the latest wage cut of the United States Steel corporation, but until the primary cause of our economic ills is removed, the most efficient and best organized trades unions in the world cannot bolster up a toppling civilization. Wages come out of production. If production is slackened by any cause whatever, what can the company do but cut wages?

As long as union labor is content to say: "Stand together, boys, make up your minds what you want for a day's work and then knock anybody in the bean who offers to work for less, and you'll be wearing silk shirts and top hats like the plutocrats," as long as labor insists upon playing this holdup game instead of trying to ferret out the real cause of its trouble, it will find itself demoralized and impotent every time land speculators push the price of land up so high that rent eats too big a hole in production and there is too little left for wages and interest.

It has taken years of struggle, of strikes and lockouts, of arbitration and legislation to win a few laws and regulations that are almost mockery to millions of union men who are standing in bread lines to keep themselves and their families from starvation. Fifteen years ago, without any rules or regulations whatever, wages and prices suddenly shot skyward beyond the fondest dreams of union labor. What had happened?

Uncle Sam called upon some four million of his nephews to step out of productive industry and devote their energies to killing their fellow men and destroying various products of labor. Still more nephews were required to manufacture arms and equipment for the army and ships for the shipping board and ever so many things. Almost over night, the number of workers in industry was materially reduced while the num-

ber of jobs was suddenly increased. Neither Congress nor trades unions had to sit up nights in order to raise wages. The situation settled itself. Jobs were plentiful, men were scarce.

There will never be any permanent or satisfactory relief for the labor situation until we have jobs looking for men—not men looking for jobs. If any number of these unemployed men were cast ashore on an uninhabited coast, not one of them would be begging for a job. Each man would have a job looking for clams or sea gull eggs or seeking drift wood for rude shelters.

Only labor can produce the food and shelter and clothing and the myriad gew-gaws and nick-nacks that men and women want. Give them access to the earth where, alone, is to be found the materials for these things, and there will be jobs for all. When a man can "make a living" working for himself, obviously he won't work for another unless that prospective employer pays him well and accedes to the worker's demands for certain working conditions, otherwise the bargain will be off. The employer will be begging for the worker, not the worker begging for a job. The laborer will be the one who is conferring the favor on the employer.

We need not all be farmers, some one must produce the many things that we desire beside wheat and corn and radishes. We must all use land even if we live on the tenth floor of an apartment house and work at the top of a skyscraper. We must have access in one way or another to nature's store house if we are to manufacture something to exchange for the farmer's food stuffs. Keep other people from taking advantage of us by claiming exclusive right to use the earth, and other forms of privilege and monopoly will quickly fade away. High wages and high prices will result from free and open competition, not from arbitrary rules and regulations.

### FOR THE JUNE BRIDE

To the strains of countless wedding marches come the June brides. For them the world is just beginning. Upon their fair young shoulders lies the responsibility of establishing the homes where American family life is to be nurtured, and revered customs and traditions are to be preserved. Theirs is a sacred trust.

Is there anything more important in our social life than the founding and maintaining of homes with happy, wholesome atmosphere? Why should it present such a problem? The Ladies Home Journal, one of the leading magazines in America today, and one devoted especially to the interests of the home and the homemaker, is trying to solve this problem of home-building and home-owning. The country is not as prosperous as the

Republican Party might wish—to say nothing of the rest of us. Many people throughout the country are finding it impossible to pay off first mortgages, and the difficulties of financing a home are deterring thousands of young couples from starting out on the new life with a home of their own.

The Ladies Home Journal is proposing a plan which it hopes will point the way out. The four main points are these: 1. Extend Financing Coverage. 2. Adopt Simpler Mortgage Procedure. 3. Demand Known Standards of Value. 4. Follow Sound Credit Principles. President Hoover, the presidents, or other high officials of six large corporations and the president of the National Association of Real Estate Boards were asked to comment on this serious problem. Neither the Home Journal nor any of the eight gentlemen whose opinions are expressed, mentions, even in a whisper, the lots upon which these homes are to stand. One might conclude that they were to be of the balloon or blimp type with no ground needed.

The Home Journal would say that any one ought to know that financing a home means buying the lot as well as the house. To be sure, but here are many people will see no distinction whatever between the land and the building. There is a great difference between the two and unless those who are endeavoring to solve the home-ownership problem will recognize this difference and take it into account, not much will be done in making it easier for these June brides to become home-makers in anything but rented quarters.

There is one significant paragraph in this Home Journal article about "Money for Homes."

"Lack of credit prevents the building of new homes. It is causing many people to lose homes they have sacrificed for. It paralyzes the building industry. It is keeping factory smokestacks empty. It is prolonging the depression and keeping millions of men out of work. It has depressed agricultural prices. Remember that in 1926, our last normal building year, the building industry paid a labor bill of \$3,000,000,000 and labor is our principal consumer of food products."

Naturally, anything that slows up or stops the building of homes will be far reaching in its effect. Everyone who has anything to sell that should properly go into a house, from the paper on the wall to the tea pot in the cupboard will find sales dropping off. When sales drop off, jobs drop off, for it takes labor to produce the furnishings of a house as well as the house itself. The \$3,000,000,000 that paid the labor bill of the building industry is only a part of the wages that were paid to the labor concerned directly and indirectly with the furnishings of homes.

Nor was the money paid for wages, building

materials and house furnishings all that was necessary to finance those homes. Whether President Hoover and the Ladies Home Journal know it or not, those home owners had to pay land owners for the right to use the earth at all before they could build a bungalow or a dog house or a chicken coop. No matter whether the house was built with cash or credit, a large part of the investment must be diverted from the channels of labor and building materials and must be paid into the pocket of privilege. Everyman who contributed toward the building of those homes, in the form of shingle nails or carpet tacks, did so by the sweat of his brow. How about the land owners who sold the sites upon which these buildings were erected? How much effort did they exert to provide the parcels of land that God had already created eons and eons before any of us were born?

"Labor is our principal consumer of food products." True enough. When labor is employed, wealth is produced and wages and interest are paid. Food is consumed, clothing is bought, new tools and furniture and toys take the place of old. As long as these home sites stood vacant, they employed no labor, bought no food products from the hard working farmer, wore no clothing to keep the wheels of industry turning.

There is one positive evil attendant upon any scheme for financing home building that does not provide for keeping down the price of building lots. The easier it is to obtain money for building houses, the more people will want to build houses. This means a greater demand for lots on which to build them. A greater demand for lots means an increase in the price of land—every realtor knows that—and glories in it. The higher the price of the lot, the less will be left for paying wages and buying building materials. If President Hoover and the Ladies Home Journal expect to aid home ownership, they will have to do something to keep down the price of land or they will aid nobody but the dogs-in-the-manger who have been holding on to vacant lots year after year waiting for this very chance to make someone pay for the privilege of using the earth that was created for all.

With the blessing of Christ's ministers, under the orange blossoms into the hands of the realtors, go the June brides whose dreams of the future vision a home, a bit of a garden and love and happiness on the good earth that is their heritage in spite of unjust laws and customs.

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The principal trouble in the business world right now is too many receivers and not enough receipts.—*Nashville Southern Lumberman.*

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A Missouri editor prefers a cow to a saxophone, because in addition to making the same noise, the cow gives milk.—*St. Joseph News.*

# TAX FACTS

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## THE NEW TAX BILL

It will not be necessary to say what the new tax bill is. Every newspaper has told us about it and even figured out how much it will add to the individuals yearly expense—supposing that he buys or does such and such things. We should be very grateful to these newspapers for bringing these figures to the public's attention. At a time when we are all burdened with unjust taxes and decreased income, it is a little difficult for the most patriotic among us to see anything about the new tax bill to rejoice over.

We may not actually shout with joy, but it has its good points. During the peak of our prosperity, the land speculators raked in the dollars so fast they thought they had struck the Mother Lode and began to buy up unimproved land, city lots and farm acres, believing that the price would continue to rise indefinitely. Sale price and rentals, alike, kept going up and up until labor could not produce enough to pay this high rent and have enough left to pay wages and interest. The land owners wouldn't give in and bring down the rent—not until they were forced to and then very grudgingly and very little. Wages and interest had to come down because rent wouldn't. Men were thrown out of work and the purchasing power of the whole country began to toboggan. People couldn't buy lots and acres even to please the gambling members of the human family—and that includes practically all of us when it comes to buying lots.

The realtors and many others were left with lots on their hands which should, according to the rules of the game, have been unloaded on somebody else. In some cases, these were subdivisions where eggshell sidewalks, tiny curbs and ornamental light posts had been installed. There were taxes and assessments that the speculators had never expected to pay for themselves. They began to cry for relief.

Whenever the realtors met in convention from one end of the country to the other, the burden of their cry was: "Taxes on real estate are too heavy. Real estate must be relieved of the unjust burden of taxes it is carrying." And many

people, especially those who never speculated in land, but bought a lot and improved it with a comfortable home and pretty garden, actually believed these speculators and thought that a decrease in the tax on their lots would mean a blessed relief from the burden of the tax bill.

In the first place, land is not carrying as large a per centage of the tax as the realtors contend. In the second place, which is more important, if you take any of the tax off of land and still expect to finance an organized government it must be placed *on the products of labor*. All wealth is created by labor. It cannot come into existence in any other way. Those who possess and enjoy wealth without laboring, are merely enjoying the wealth that other people produced and didn't get, but gave up to pay for the privilege of living at all. There was no magic about it.

Whether an "income" appears in the shape of vegetables pulled out of the ground, or money received for vegetables sold, that income is either tangible, consumable wealth, or it is a medium of exchange that represents wealth. Five dollar gold pieces wouldn't be much use if they couldn't be exchanged for food and clothing and powder puffs and golf balls. Then, if you tax a man's income, what have you taxed but the products of labor?

If the new tax bill is strong enough, that is, if it has made the burden heavy enough, it may prove so obnoxious, its restrictive effect on industry may be so obvious, that it will stand out as a horrible example of what a tax on the products of labor means to the producer and to the consumer. Perhaps we will not hear quite so much about relieving real estate from taxation.

To believe that increased postal rates will direct attention to the millions and millions of dollars that the government pays annually to subsidize ship and airplane companies would be to hope for too much enlightenment to come out of this bill, yet even that might happen.

Those who understand the principles of scientific taxation ought to find considerable interest in watching the course of events when this measure becomes a law to see just what effect it will have on the country, coming as it does, when industry is unable to find a market for its produce.

Will the manufacturer be able to add the tax to the price of goods that he cannot sell at present prices?

When the truth is so simple and so plain before us, we often feel discouraged at the persistency with which humanity selects and follows the wrong trails. Progress is so slow as to be almost unmeasurable. But then, whoever heard of a glacier being arrested for speeding, and yet the North American ice cap gouged out the basin of the five Great Lakes, the largest bodies of fresh water in the world. Patience.