Let Your Senators and Representatives in Washington Know Regularly Where You Stand on the Important Issues of the Day

THE BULLETIN

OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

VOL. III. CHICAGO, FEBRUARY 1924. No. 3.

MELLON TAX PLAN HEADED FOR A FALL

General mutilization of the Mellon Tax Plan in Congress has begun. By the time this plan gets through the House and the Senate (if it ever does) its character will be altered beyond all recognition. Lately sentiment has swung toward the Garner Plan, which is drawn largely along political lines, but which notwithstanding this, has some advantages over the Mellon Plan as a whole.

It is safe to say however that unless more features of the tax plan proposed by Congressman Keller are injected into both the Mellon and the Garner proposals, tax legislation at this session is going to result in a keen disappointment for everybody. So far only a fair beginning has been made by the classification of incomes into earned and unearned, and the taxation of the earned incomes at a lower rate than the unearned. But it is not enough. More taxes must be taken off business, industry and agriculture and levied on the monopoly values of large land-and-natural-resource holdings, or tax legislation at this session will fall far short of what the public needs and demands.

STRESS AND STRAIN

Agatha—Our village gossip has gone insane.

Harriett—Yes, thinking of all the modern chances to listen in, and only one pair of ears to do it with.—Judge.

MEASURE TO PROHIBIT TAX FREE BONDS LOSES

On February 8th the House of Representatives by a vote of 247 to 133 defeated the proposed constitutional amendment to prohibit the future issuance of tax-exempt securities. Under this amendment it would have been possible for the federal government to tax incomes on future issues of state and municipal securities, and the states in turn could have taxed income from federal securities.

In the course of the two days debate a great deal of information was brought out tending decisively to show that the aggregate losses to the people under this amendment would have greatly exceeded their gains. It is believed that the defeat of the amendment to make all securities taxable will now tend to stimulate the more logical proposal to make all securities tax-free.

RELIEVE EARNED INCOME MORE YET, URGES LEAGUE

On February 18th the Manufacturers and Merchants Federal Tax League, through its chairman, Otto Cullman, sent the following letter to all senators and representatives:

Dear Congressman:

Both the Mellon and the Garner Plans of taxation provide that

(Turn to page 3.)

GREAT INCREASE IN NATURAL RESOURCE VALUES

Remarkably interesting are the comparative figures on the total estimated wealth of the nation now being disclosed by the Census Bureau. Thus far the figures for twenty-one states have been published. They are as follows:

TOTAL ESTIMATED WEALTH
(Census Bureau)

State	1912	1922	Per cent increase
Louisiana	$ 1,957,074,000	$ 3,416,860,000	74.6
Tennessee	1,844,630,000	4,228,253,000	129.2
Ohio	9,011,026,000	18,473,316,000	105.0
Indiana	5,301,506,000	8,829,726,000	66.6
Alabama	1,977,218,000	3,002,043,000	51.8
Massachusetts	6,279,266,000	12,980,839,000	106.7
Rhode Island	972,993,000	1,924,326,000	97.8
Maryland	2,206,760,000	3,990,530,000	80.8
Distr. of Columbia	1,162,925,000	1,697,270,000	45.9
Connecticut	2,346,118,000	5,281,559,000	125.1
Florida	921,796,000	2,423,602,000	162.9
Delaware	304,012,000	629,430,000	107.0
Georgia	2,117,410,000	3,896,759,000	84.0
New Hampshire	649,881,000	1,374,135,000	111.4
West Virginia	2,404,346,000	4,677,919,000	94.6
Wisconsin	4,277,569,000	7,866,081,000	83.9
New Jersey	5,956,414,000	11,794,101,000	98.0
South Carolina	1,235,541,000	2,404,845,000	94.6
New York	25,031,447,000	36,986,638,000	47.8
North Carolina	1,647,781,000	4,543,110,000	175.7
Mississippi	1,204,267,000	2,177,795,000	80.8
Illinois	15,294,979,000	22,232,794,000	45.4
Total	$94,104,959,000	$164,831,931,000	75.1

On the accepted doctrine that one-half of the total wealth represents land-and-natural-resource values, this means that land values of all sorts in the above states have risen from a total of $47,000,000,000 in 1912 to a total of about $82,000,000,000 in 1922. It is believed that the remaining states will show even a greater advance than this.

PITTSBURGH PLAN OF TAXATION BIG SUCCESS, SAYS CHIEF ASSESSOR

[Many people believe there is no such thing as a sane system of taxation. They think it makes no difference how you raise your revenue; so much revenue has to be raised anyway and one method of raising it is just as bad as another. It may astonish these people therefore to know that at least one city in the nation has a tax system that approaches the ideal and that is the "hard-boiled" city of Pittsburgh, Pa. No one can speak with greater authority of Pittsburgh's tax law than can Chief Assessor Thomas C. McMahon of that city. Read the following address by him. This address was originally delivered before the Tax Relief Convention of the Manufacturers and Merchants Federal Tax League, held in Chicago at the Congress Hotel on November 9 and 10, 1923.]

By Thomas C. McMahon
(Chief Assessor, Pittsburgh, Pa.)

Mr. Chairman and Members of the Manufacturers and Merchants Federal Tax League:

Responding to your invitation, I am glad of the opportunity to present to you the Pittsburgh plan of taxation. A wide-spread interest is being manifested throughout the country in this plan, which we believe to be the most progressive system of taxation in any city in the United States. It is especially interesting to those who are engaged in industrial and commercial enterprises.

It should be understood in the beginning that the revenues of the city are practically all derived from taxes on real estate, as is true of all other municipalities in Pennsylvania. We have no personal property tax or tax on machinery.

Cuts Tax on Buildings Down to 50%

The "graded tax law," as it is popularly called, was enacted in 1913. It has been in operation about ten years and is considered now beyond the experimental stage. Under this plan the tax rate levied upon buildings will be cut in two, but to avoid a sudden disturbance of the existing order, the law provided that this should be accomplished by gradual stages. The bill creating this system was passed in the year 1913, and became effective in 1914. It provided that the tax rate on buildings should be reduced at the rate of 10% every three years until the rate on buildings would be 50% of the rate levied on land. This required four periods of reductions, three years apart. Under this plan the tax rate for 1914 and 1915 was fixed at 100% on land and 90% on buildings, or in other words, property which was assessed $10,000 for land and $10,000 for buildings, was taxed $200 on the land and $180 on the buildings. For the years 1916, 1917 and 1918, the rate was 100% on land and 80% on buildings. For the years 1919, 1920 and 1921, the rate was 100% on land and 70% on buildings. And for the years 1922, 1923 and 1924, the rate was 100% on land and 60% on buildings. In 1925 the final reduction on buildings will take place and from that time until there is a change in the law, the rate will be 100% on land and 50% on buildings.

Practically all of the revenues of the city are derived from real estate and the lowering of the rate on buildings automatically raises the rate on land.

The graded tax law calls for no change in the basis of assessing values of either land or buildings. The legal standard of assessment throughout the state is at full market value, though there are wide variations in various communities from the standard set by law. It is the aim of the present Board of Assessors in Pittsburgh to adhere as closely as possible to full value assessments. A margin is allowed, however, on building assessments because of the greatly increased cost of building within the past few years, as present prices can hardly be regarded as representing normal value.

Scranton Gets Benefit, Too

While this plan of taxation originated in Pittsburgh and the law was passed at the request of the citizens of Pittsburgh, its benefits are not confined to that city. It applies to the second class cities of the state, and Scranton, the only other second class city, is therefore receiving the benefits of this legislation.

The general tax laws of the State of Pennsylvania are, I believe, superior to those of most states. The bulk of the State revenue is raised from a capital stock tax on corporations other than manufacturing corporations and from a four-mill tax on money at interest, which is evaded to a large extent except in the cases of mortgages, which are a matter of public record. The usual state license fee is imposed on automobiles and a law recently passed taxes gasoline and hard coal. We have also an inheritance tax. There is a small mercantile license tax on dealers, which we expect to see repealed in the near future, as it has proven very obnoxious. Practically no taxes are levied anywhere in the state on personal property; household furniture and fixtures, stocks of goods in stores, and checking bank accounts are entirely free of taxation. By special acts of legislation, machinery used in manufacturing is exempted in the cities of Pittsburgh and Scranton, and Philadelphia also enjoys this exemption. This summarizes the general situation with relation to State taxes.

The movement by which this tax plan was secured, originated in the civic bodies of the city, and was finally passed with the help of

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THE BULLETIN

of the Manufacturers and Merchants Federal Tax League

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by the
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Editor, Emil O. Jorgensen.

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THE CANADIAN SALES TAX

The Canadian Manufacturers' Association has had enough of the sales tax," says Commerce and Finance, "and wants it repealed." We are not surprised. No doubt our Canadian brethren had good cause for complaint against the taxes they were bearing but to jump from the frying pan into the fire was a foolish way to escape.

NEEDED—CONSUMPTION ENGINEERS

There was one point at least in President Coolidge's recent address in New York that cannot be stressed too strongly. "Production," he said, "has outrun the power of distribution and consumption. The farm population is not increasing, but the improved methods of tillage and inventions in farm machinery have all contributed to increase the per capita output. It is in this direction that the agricultural schools and colleges have placed their major emphasis. Their education has been substantially all on the side of improved methods of production and none on the side of distribution, consumption, and marketing."

Precisely. And just as in agriculture so in all other fields of activity—mining, manufacturing, lumbering, transportation, commerce. The power to supply goods in all these fields is way ahead of the ability of the people to demand them. Not that the people don't want the goods; they do want them! But something (which we suspect very strongly is merely under-taxed land values on the one hand and over-taxed industry on the other hand) stands in the way of their getting them.

Anyway what the world needs now is not production engineers, but consumption engineers. Men who can tell us how to get underfed people to buy more food, under-clothed people to buy more clothes, badly housed people to purchase better houses, and poverty-stricken people to purchase more comforts and luxuries. When we get these consumption engineers the problem of bigger business and greater prosperity will soon solve itself.

AN EXCEPTIONAL TEXTBOOK

University textbooks on economics usually give us a pain. They are droll affairs at best and about as devoid of the first principles of the subject they treat as anything can be.

Once in a while, however, we get a real thrill. We don't experience it often but we experienced it the other day at least when the publishers (The Missouri Book Company, Columbia, Mo.) sent us a copy of Prof. H. G. Brown's late book "Economic Science and the Common Welfare."

We can't review Prof. Brown's book now. All we can say is that here's a book that's got "guts." Yes, it's got "guts"—and more. It's got a mind and a soul!

Brown is Professor of Economics in the University of Missouri. He is also a scientist—and a man with some red blood in his veins. So when he digs into the economic tangle, as he does in this book, he goes after the plain unvarnished truth. He finds it; he tells it; and he doesn't give a damn who knows it!

Our Tax Relief Program

Introduced into the House of Representatives by Congressman Oscar E. Keller of Minnesota on January 18, 1924.

H. R. 5736

This bill repeals all existing sales and excise taxes on admissions, telegraphs, telephones, jewelry, candy, firearms, carpets, rugs, cameras, photo films, auto trucks, motor-cycles, automobiles, tires and parts. The bill also abolishes the corporation income tax. Total yearly saving to industry by this bill—$1,075,000,000.

H. R. 5735

This bill amends the income tax law so as to distinguish between "earned" and "unearned" income. The tax on "unearned" income together with the supertaxes is retained, but the tax on "earned" income is cut in half. All salaries, wages, professional fees, together with all profits derived from business personally conducted are classed as "earned" income. Total annual saving to producers by this bill—$230,000,000.

H. R. 5734

This bill amends the inheritance tax. Beginning with estates of $20,000 to $35,000 there is a tax of one per cent; $35,000 to $50,000 two per cent; $50,000 to $150,000 four per cent; $150,000 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 of that amount or about 38% of the entire estate. Additional revenue raised by this bill, about $110,000,000 annually.

H. R. 5733

This bill provides for a federal tax of one per cent on the privilege of holding lands and other natural resources worth in the aggregate 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 are classed as improvement values. Soil fertility is also classed as improvement value and is figured at one-half the value of the land. The bill exempts over 97% of all actual farmers. It also exempts standing timber from taxation whether naturally grown or planted.

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 $1,100,000,000 annually.

The above tax relief program will save the producers of the nation $1,300 000,000 in lower taxes each year and the people from three to five times this much in reduced living costs.

RENTS GO ON FOREVER

Income-tax statistics tell the "rent" story as it has been and as it is today.

In 1920 we had "prosperity" and large wages and incomes and large profits for our corporations.

In 1921 we had "deflation" and "hard times" and reduced wages and profits and incomes.

Incomes from wages, salaries and commissions fell off by almost one and one-half billion dollars in 1921 as compared with 1920. Incomes of corporations fell off by 95 per cent. Incomes from interest and dividends fell off.

Everything indicating prosperity and accumulated wealth fell off—everything except the income from rents.

And the income from rent in 1921, the year of hard times, was $130,000,000 more than the income of 1920.

High rents go on forever.

—Washington News.

YEAVE HO! MY LADS, A MERCHANT LIES ABEAM!

Ho! For the Spanish Main
Where the pirate wept salt tears,
As he thought of his ill gotten gain
And he tweaked his clients ears.

Ability-to-pay was the pirates way
Of assessing his clients ante,
Ability-to-pay, in another guise
Is the governments way of doing likewise.

When you buy bread and beans,
You dig in your jeans
And pay for what you get.
Not so when you pay for government,
Then you pay the bill, for the service that goes,
To the fellow who collects land rent.

A. G. F.

IN THE MAIL-BAG

Florence, Italy, Jan. 20, 1924.

Editor, The Bulletin.

I have just received your December number which was forwarded me from Ann Arbor, Mich.

From what little I have been able to learn of taxation in Italy, I have come to the conclusion that taxes on consumption is the great source of revenue. Not only are there custom houses along the borders, but the cities have their own custom houses in addition, seeing to it that whatever the agriculturalists bring in must carry with it to the consumer an increased price.

One goes into a restaurant and gives his order, and the first item on the resulting bill is "Bollo," the tax. To insure that the government gets the tax, the bill bears a stamp. Each hotel is taxed in proportion to the number of guests it entertains—and the guests pay the tax. Each householder is taxed for his temerity in raising a family; and if he is prosperous enough to have servants, there is an additional tax. Naturally there must be a multiplicity of government employes in the endeavor to see that the industrious and thrifty do not escape. With these and the soldiers to be seen everywhere, the industry of "governing" absorbs a large portion of the wealth producing power of the nation.

I hope you will be able to keep real real tax reform to the front. The absorption of this fundamental by the people; the taxation of social values for public purposes, and exemption from taxation of enterprise and industry, will insure its final acceptance as the only wise method of raising revenue for governmental purposes.

JUDSON GRENELL.

Prof. John R. Commons of Wisconsin University was the guest of honor at a dinner given by the Manufacturers and Merchants Federal Tax League at the City Club in Chicago on Feb. 7th. Other speakers were Francis Neilson, Margaret Haley and E. O. Jorgensen.

Former Assistant Secretary of Labor, Mr. Louis F. Post, has just written a book entitled "The Deportations Delirium of 1920." This book is worth reading. It carries an important lesson for the future.

RELIEVE EARNED INCOME MORE YET, URGES LEAGUE

(Continued from page 1.)

earned income shall be taxed less than unearned. The Mellon Plan would make the tax on earned income 25% less than the tax on unearned; the Garner Plan would make it 33⅓% less.

From the standpoint of good business and good economics we are enthusiastically in favor of this distinction—our sole objection being that the reduction in both plans is too small. In our opinion the reduction of the tax on earned income (meaning wages, salaries, professional fees, and the profits of industry personally conducted) ought to be twice as large as that already provided—that is to say, it ought to be 50% or 60% less instead of merely 25% or 33⅓%.

Kindly use your best efforts to have a greater reduction made in the tax on earned income than that already specified in either the Mellon or the Garner plans.

Manufacturers and Merchants Federal Tax League.
(s) OTTO CULLMAN,
Chairman.

EVEN MR. ZOLLER ADMITS IT NOW

"It is a fundamental principle of economics that a differentiation should be made in the taxing of earned incomes as compared with unearned incomes. . . . The chief difference between earned income and unearned income is that the earned income ceases to exist after the individual ceases to work. Unearned income continues to flow regardless of the amount of work performed by the individual receiving the income and, as a matter of fact, unearned income even continues to flow to the beneficiaries of the individual after the individual is dead. . . . There is no sound argument against the proposed reduction of the tax on earned incomes, as compared with the tax on unearned incomes."—J. F. Zoller, Tax Attorney, General Electric Company, in the "Manufacturers News," Feb. 2, 1924.

HITTING THE NAIL

"Speculation in farm lands works a great hardship upon actual farmers, handicaps efficient production, and makes ownership of farms much more difficult. Farm buildings, machinery, fertility, orchards, and other improvements, as well as homes in cities should be exempted from taxation, and unused lands should be taxed at the same rate as used lands of the same sort and value."—Bulletin of the "Farmers' National Council," Washington, D. C.

AVERAGE FARM PROFIT $715

The average investment in an American farm is $16,400. A survey further showed that during 1922 farm average cash return from such farms was only $715 net after $202 had been spent for farm machinery and live stock and $294 for fuel and production of food stuffs for the family. Perhaps this is one reason why more than 2,000,000 farmers have left the farm in the last 12 months.—Holstein Freesian World.

NON-STOP ARRESTS

Friend—Make any arrests today, constable?

Constable Slackputter—Arrested two tourists but—darn 'em! they wouldn't stop!—Judge.

FEDERAL TAXES HALF OF TOTAL BURDEN

A statement just made public by the Bureau of the Census shows that of the $7,859,163,000 of taxes collected by all civil divisions of government in 1922, approximately one-half—or $3,630,215,000—was collected by the federal government itself. The amount of taxes collected by the various divisions in the year 1922 follow:

Divisions	Total
State gov'ts	$ 867,468,000
Counties	742,331,000
Incorp. places	1,627,329,000
Townships	151,318,000
School districts ...	738,433,000
Other divisions	102,069,000
Total	$4,228,948,000
Federal gov't	3,630,215,000
Grand total ...	$7,859,163,000

The total amount of taxes collected in 1922 was three times as large as the total amount collected in 1912 and now stands at $72.29 per capita.

GOOD ADVICE

Labor can go on accusing capital of greediness, and capital can denounce labor as Bolshevistic, but that gets us nowhere. While labor and capital quarrel, monopoly bleeds them both, and prices to the consumer go up. When labor stops reviling the man who builds a house, or starts a factory—thereby employing labor and producing wealth—and gives its attention to the monopolist who speculates in land—neither employing labor nor producing wealth—we may expect changes in our laws that will shift taxes from those who produce wealth and employ labor to those who merely speculate in the material out of which wealth is produced, and upon which labor is employed.—"Tax Facts," Los Angeles, Calif.

OUR JANUARY BULLETIN

Requests for additional copies of our January Bulletin, containing summary of Congressman Keller's speech continue to pour in from all sides. We still have a few thousand extra on hand however which may be had at 3 cents each.

THE DEVIL TAKE THE HINDMOST

"The era of free first-class land in the United States has passed, and with its passing has come an increase in the value of all land. The prospective purchaser in a developed region pays a higher money value for his farm than formerly. The prospective settler in an undeveloped region takes relatively poorer land, works longer to acquire ownership, and in many cases, must be content with a less productive farm than was the case with the earlier settlers."—U. S. Department of Agriculture Farmers' Bulletin 1271.

IMPORTANT

Prof—What is the difference between "I will hire a taxi" and "I have hired a taxi"?

A. M. After—About seven dollars and a half.—Denison Flamingo.

Boost the Bulletin!

PITTSBURGH PLAN OF TAXATION BIG SUCCESS, SAYS CHIEF ASSESSOR

(Continued from page 1.)

the present Mayor, Hon. William A. Magee, who was then serving his first term. In fact, the bill was introduced by his brother, Hon. Charles A. Magee, who was a member of the State Senate, and was generally known as "the Magee bill."

It is interesting to note that prior to 1911, Pittsburgh had one of the poorest systems of taxation in the country. It was an absurd and barbarous system, whereby all real estate was classified under three heads, as "Agricultural," "Rural" and "Built-up."

Under the first heading, large tracts of land within the city limits, which were being held out of use for speculation, were classed as "agricultural" and assessed at **one-half** of the full rate. Under the second heading, "houses surrounded by trees and shrubbery" were classed as "rural or suburban" and assessed at **two-thirds** of the full rate. Under the third heading, tenement houses and business blocks were classed as "built-up" and were assessed at full rate.

Injustice of Old System

I happened to be connected with the City Board of Assessors at that time, and was so strongly impressed with the injustice of this classification system, that I determined to bring the absurdity of the condition to public attention. This was done by carrying out strictly the provisions of the law, which developed some striking contrasts, illustrating the unfairness of this method of taxation. For instance, we would have a block of property located in an outlying district, consisting of small lots, improved with four to six-roomed houses, and paying the full rate for "built-up" property, while perhaps directly across the street were large lots occupied by one dwelling and beautified with gardens and hedges, for which the owners were assessed only the two-thirds, or "rural" rate. In each case the properties enjoyed every convenience the city afforded in the way of fire protection, street cleaning, health service, water supply, etc., but the owner of the mansion paid only two-thirds of the rate assessed against the home of the working man across the street, who was required to pay the full tax rate. This system of classification was, however, abolished in 1911, as the result of a campaign by the civic bodies, and full value assessments were established as the legal standard of all real estate.

"Graded Tax Law" Is Adopted

During the campaign to secure the abolishment of the old system of classification of property, a great deal of educational work was done, and as a result of this, we were able, in 1913, to secure the "graded tax law," which is practically a reversal of the old system. Instead of penalizing a man for putting up a home, a business house or a factory, he is granted an exemption in his taxes. On the other hand, the man who is holding land out of use for speculation is penalized. The tax burden in Pittsburgh is being gradually shifted from buildings, which represent the product of labor, to the land, the value of which is created by the community and belongs to the community.

Benefits of the "Graded Tax Law"

I have given the subject of taxation careful study for a number of years, and have been in a position to observe the operations of this

(Turn to page 4.)

AUDITOR'S REPORT FOR 1923

THE CHARLES A. JOSLYN AUDIT COMPANY
PUBLIC ACCOUNTANTS
Suite 1206 Masonic Temple
Chicago

January 11, 1924.

Manufacturers and Merchants Federal Tax League,
1346 Altgeld St., Chicago.

Attention Mr. Otto Cullman, Chairman.

Gentlemen:

In compliance with your request, we have carefully examined and audited your books and records for the Fiscal Year closing December 31, 1923, and for your information submit the following detailed reports, which we certify to be correct, viz.,

1. Summary of Cash Receipts and Disbursements for year, classified, supported by the following subsidiary schedules, i. e.,

Exhibit A. Reconciliation of Bank Acct. Dec. 31, 1923.
Exhibit B. Monthly Classified Details of Cash Receipts.
Exhibit C. Monthly Classified Details of Cash Disbursements.
Exhibit D. Trial Balance as shown at December 31, 1923.

We are pleased to state that we found all the records in first class condition and showing evidence of careful and painstaking work throughout the year.

The changes recommended by us for past two years have all been carefully carried out and it is gratifying to note that progress is being made in your educational efforts, even to the extent of gaining some recognition from the present Congress.

We trust that another year will show still greater progress in the education of the Public at large.

We thank you for further confidence reposed in us.

Respectfully submitted,
CHARLES A. JOSLYN AUDIT CO.,
(S) Charles A. Joslyn, Pres. F. C. A.

CAJ-J

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS
Year Ending December 31, 1923.

CASH RECEIPTS

Balance on Hand, January 1, 1923		$ 311.24
Contributions	$7,377.66	
Literature, etc.	262.74	
Miscellaneous	314.87	
	$7,955.27	
Less exchange	17.88	7,937.39
Net receipts for 1923		$8,248.63

CASH DISBURSEMENTS

Executive salaries	$2,600.00	
Other salaries and wages	1,287.31	
Traveling expenses	376.01	
Postage	818.61	
Printing and stationery	1,930.28	
Telephone	63.32	
Convention Expenses	411.73	
Multigraph	122.50	
Books and literature	112.90	
Office supplies	55.35	
Miscellaneous	167.97	
Total disbursements		$7,945.98
Balance in bank, January 1, 1924		$ 302.65

GOVERNMENT DEBTS TOTAL 32 BILLIONS

How many kinds of public debts are there in the United States? The Census Bureau gives us an idea in its recent statement. There is first the debt of the national government. Then comes the debts of the state governments. Next in order come county debts, city debts, towns, villages, school districts, townships, drainage districts, park districts, with here and there still other governmental units empowered to incur indebtedness.

The debts carried by all these governments in the United States amounted in 1912 to $6,814,955,000. This had grown in 1922 to $32,786,715,000. The increase represents 381 per cent. The per capita debt rose in that period from $70.20 to $301.56.

The debt of the national government alone advanced in the same period 672 per cent.

That the reader may see what is meant by warnings against the unparalleled increase of public debts, the division of responsibility is given as follows:

National debt	$22,525,775,000
State gov'm'ts ..	1,162,648,000
County gov'm'ts..	1,366,636,000
Cities and others..	7,731,658,000

The interest is more than One and a Quarter Billions of Dollars a year.—Dearborn Independent.

DOES SELF-MILKING COW NEED TO BE FED?

In one county in Texas 45,000 acres of farm land were sold for taxes. In another county 1,400 farms were sold for taxes. In another Lone Star county one-third of all the farms—were advertised for sale for the taxes.

What the Texas farmers need is a government loan to enable them to pay their taxes so they can use their crop money to pay off their debts to the banks. This will enable the banks next year to loan enough money to the farmers to pay off the government loan and then everything will be just too lovely for anything because a cow that milks herself don't have to be fed and—oh! rats!—Oklahoma Leader.

LAND CRAZE RUNS WILD IN DETROIT

By Howard M. Holmes.

Judging by the amount of newspaper space devoted to real estate, Detroit must have eleven times as many Mr. Babbbitts as there are in Cleveland. A Sunday issue of the Detroit Free Press has a section of 10 pages for the realtors alone, and then some articles slop over to another page. The Cleveland Sunday editions give up only one page to real estate. They are evidently having a great land speculative craze in and around Detroit, which is a typical "Zenith City" of Sinclair Lewis' imagination. There are probably almost as many real estate men in Detroit as in Los Angeles, where the scramble for the unearned increment is terrible in its ferociousness. The Detroit real estate "news" columns are sickening in their vulgar boosting and unconscious greed. One dealer announces that in 1923 he sold 1,100 lots at an average of nearly $1,250, and adds: "Many purchasers have resold their lots and realized a nice profit." Much space is used in advising small speculators when to buy land and when to sell.

Detroit will suffer for this awful orgy of grabbing; industry will be checked; the unemployed will tramp the streets; and organized charity will be called upon to care for those who are crushed in the wild rush for unearned incomes. It has been seen time and again.

It ought to be obvious to the dullest mind that when speculative land prices soar far above the use value of land, wages and interest must fall, for much labor and capital are forced into idleness.

And Detroit land speculators, like those in Cleveland, are asking for more kinds of taxes, in order to keep the tax on land values low.

The remedy? Abolish gradually all taxes save the one on real estate, and then abolish all of that which falls upon improvements.

The name of the Single Tax Party has been changed to the Commonwealth Land Party.

ORDER THIS REPORT NOW – SAVE MONEY

The Report of our National Tax Relief Convention will shortly be off the press. You'll want it. Not only will it contain the valuable addresses delivered at the Convention, but it will also contain an abundance of supplementary matter on the land and tax subjects, profusely illustrated with figures, tables, cartoons, charts and drawings. Our hope is to make this Report, not merely a record of the Convention addresses, but a literal encyclopaedia of information for the lecturer, writer and student of land value taxation.

After March 15th the price of this Report will be $1.50. Up to this time however, we offer it at our previously advertised price of $1.00. Send in your order at once and save some money. Use the following blank for convenience.

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Manufacturers and Merchants Federal Tax League,
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PITTSBURGH PLAN OF TAXATION BIG SUCCESS, SAYS CHIEF ASSESSOR

(Continued from page 3.)

law in actual practice. I am convinced that it is one of great merit and is proving beneficial in its effects upon the community as a whole. Among some of the effects of the law which have come to my attention, I would cite the following:

First: It has reduced the taxes on the great majority of homes, as it is only in exceptional cases that the valuation placed upon a home is not equal to or greater than the value of the land. We estimate that not less than seventy thousand home owners have received a direct reduction in taxes from the operation of the graded tax law.

Second: This law has greatly stimulated the building of houses. A comparison recently made with other large cities shows that, taking the total amount of building permits together with the increase in population, Pittsburgh leads all the other cities of her class. This comparison, which was made for the years 1914 to 1920, inclusive, shows that we have had, in proportion to the increase in population, 25% more building than New York, 57% more than St. Louis, 66% more than Philadelphia, 66% more than Cleveland, 87% more than Buffalo, 186% more than Detroit, and 238% more than Baltimore.

The building boom is still on and during the year ending June 30th, 1923, there were as many building permits issued by the City of Pittsburgh as were issued during any five year period prior to 1918.

Third: The law has a tendency to stabilize land values and discourage speculation, as vacant or poorly improved land pays a larger share of the taxes through the automatic shifting to the land of the amount taken off of the improvements. The increased tax on land, however, has not been sufficient to check the rise of land values, as a large increase in the city budget last year was entirely taken care of by increased assessments on real estate, and it was not necessary to raise the millage. For the year 1924, we do not anticipate that any increase in the tax rate above that of 1923 will be necessary, although the expenses of the city will be increased, as the new buildings will produce sufficient revenue to take care of this increase.

Fourth: To further illustrate the beneficial results of the graded tax law, we have compiled from our records some comparative figures to show who are the chief beneficiaries under the graded tax law. It is true that this law has encouraged all kinds of building throughout the city, but a study of the matter shows that the home owners are realizing a much greater benefit than any other group of property owners.

Home Owners Benefit Most

For instance, we have taken the two most highly improved blocks in the downtown business section, which are entirely built up and contain many of the finest buildings in the city, and this study shows that in these two blocks we have an assessed land value of $13,146,350, as against an assessed building value of $9,874,000.

In a high class residential district in the Fourth Ward, where land values are fairly high, the total assessed land value was only $208,155, while the total assessed building value was $437,900.

A typical block in the workingmen's district in the Thirteenth Ward was also examined and this shows a total assessed land value of only $66,482, as against a total assessed building value of $149,484.

Business Interests Gain, Too

But the benefits, of course, have not been confined to home owners. The commercial and industrial interests of our city are greatly benefited by the Pittsburgh tax plan. This is perhaps most strikingly illustrated when we contrast the complete exemption of all personal property and machinery from taxes under the Pittsburgh plan, with the exceedingly heavy taxes levied upon personal property of large business concerns in competing cities. For instance, we might cite two large manufacturing concerns in one of the leading cities of the middle west, one of which pays taxes on a personal property assessment of $7,705,970 in connection with their plant having a real estate assessment, including land and buildings, of only $3,280,940. In the second instance, another manufacturing concern has the enormous personal property valuation of $1,915,490, while its total real estate valuation is only $539,870. One of the leading department stores of that city is taxed upon a personal property assessment of $1,540,900, which almost equals its real estate assessment of $1,570,630. If these concerns were located in Pittsburgh, none of this personal property would be taxed at all by the city.

Satisfaction with "Graded Tax Law" Grows

Attempts have been made to repeal this law at every session of the Legislature except the last one. These movements were instigated by the big landed interests and in 1915 the bill repealing the law was only defeated after it reached the Governor. Since then the opposition has grown less and less aggressive, and instead of opposing the law, there is a general tendency to work for its further extension, such as its application to the school taxes and a further gradual reduction of the rate on buildings.

It is possible that there will be further efforts to destroy it, but I feel that the plan is now too well established to be overthrown. The present city administration is in favor of the law, the newspapers are unanimous in its support, and the leading civic organizations are giving it enthusiastic backing.

The principle involved in this system of taxation is just, it is based on sound economics, and it will do more to solve the housing problem and abolish slums than anything else. It points the way to better living conditions, especially in our cities.

The advantages of the graded tax law, together with the exemption of machinery and personal property in the city of Pittsburgh, enables our city to offer superior conditions for the owning of homes and for the carrying on of business enterprises, both manufacturing and mercantile, over those of any other large city in the country.