The Real Chiselers

By L. D. BECKWITH, Editor of THE FORUM and NO TAXES (Member of the NRA)

Speaking from St. Louis, Sunday, August 13, over a nation-wide hook-up, General Hugh S. Johnson, the head of the NIRA drive, made these statements:

> This thing cannot last three months unless every one who gets a dollar out of it puts that dollar right back into the drive.
>
> Unless supported by new buying power, there isn't a business in the country, except a few with billions behind them, that can stand up under the added load that this NIRA puts upon business.
>
> Unless new buying power can be developed, this whole thing will collapse like a house of cards.

To show what he meant, Johnson added:

> There should be no thought at this time of saving for a rainy day; if you have money, spend it, now!

He went further and in the plainest language suggested that shabby clothing, shoes with worn soles and cracked leather and unpainted houses be looked upon as emblems of indifference, if not of slackerism.

General Johnson has one of the most pleasing and convincing "air" personalities that has come to the editor's attention. He inspires confidence and, backed as he is by the President's prestige, it is easy to see that he is rapidly whipping into shape the greatest army ever commanded by a human being.

The general appealed directly and emphatically to the buyers of the nation to buy only of those who help put this NIRA program over.

The Army of the Blue Eagle will accomplish anything that is humanly possible. The result depends upon the answers to these questions:

1. Is the depression due to chiseling, as people think?
2. If so, are we moving against the real chiselers?
3. If not, will the line of march be changed and will the masses of the Blue Eagle be hurled later against the real chiselers?
4. Can it be that the President knows that the price-cutter and the unfair competitor are victims of the de-

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pression and not the cause of it and that he is, for the present, falling in with popular prejudices merely to take advantage of them and to use them to rally the Blue Eagle Army, intending later to march against the real chiselers?

A LESSON FROM THE GAMBLING TABLE

Suppose a game in a gambling house in which several persons supply the stakes on the table. **Now pick out one certain sum of $100 and follow it through a series of 36 games and see what happens to that $100.**

Before the play begins, the game-keeper takes out of the stakes the rake-off that goes to the house. If this is 2%, then $98 is the most that the winner of the stakes can possibly get out of that particular $100.

If the stakes are thrown back for another game, the most the winner can win is $96.04. At the end of the 10th game, the most the winner can get is $81.80; at the end of the 20th game, the winner gets only $66.81; at the end of the 30th game, the winner could get only $55.69; and at the end of the 36th game, the winner would get less than $50. Nor would it matter what cards he drew or how well he played, nor how much he cheated (chiseled), he could do no better than that.

True, the $50 taken out of the stakes might be right there in the room, perhaps still on the table; but the players could not get it without signing notes for it, or earning it over again.

THE EDITOR APOLOGIZES TO GAMBLERS

While the editor is in the habit of comparing the rake-off at the gambling house with the rent rake-off, this is merely for purposes of illustration; he hastens to apologize to the gamblers for associating them in this way with those who take the rent rake-off. Quite unlike them, the gamblers do render a very real service in return for their rake-off. They furnish the table, the chairs, the light, heat and janitor service and, sometimes, they furnish music and the drinks. Some of them even furnish transportation.

Landowners (as landowners) do nothing. Their victims furnish everything and then pay them a commission on what they themselves put into the game!

The gamblers are not chiselers. Even if you do not subscribe to their view that they are merely dealers in entertainment, selling their patrons thrills for a price; still you must admit that no man ever lost money in a

If the NRA could double the business again, we would then find that those who do the business and who supply the money for it must earn 81¢ for these chiselers to get 19¢ for themselves!

Could anything be plainer!

Everybody is to be regulated—except landowners; and everything—except rent and the price of land. **Both Labor and Capital will be chiseled to enrich landowners.**

It should be clear to all that there can be no business stability unless the producers have all of the product—that is, all of the wages, all of the interest and ALL of the RENT!

The only thing that can save it is an awakening on the part of the NRA and the people that will result in swinging the attack against those who chisel the rent fund.

They are the real chiselers.

BUY OUR SERVICE AT 60¢ ON THE DOLLAR AND SELL IT BACK TO US AT PAR!

A city is a service corporation; so is any government unit. All it has to sell is public service.

The price of that service is the rent. This is the true, or economic rent ("ground" rent) tenants pay on location values and is additional to payment for buildings.

A landlord cannot make anything on the **location**, unless he can buy the public service at less than the market rate—**meaning less than it costs the taxpayers to produce it. And the selling price of land is determined by the amount of this discount given the landowners in the sale of our public service.**

Assume a vacant lot leased for $100, taxes $28. The lot owner makes $72 a year, or 6% on $1,200. That lot is priced at $1,200, or more—in a 5% market at $1,440.

As it costs $100 to produce and deliver $100 worth of service, it is necessary to levy $72 in stock assessments (taxes) on the people of the city (including those who lease lots) to balance the city's books.

Any reduction in the lot tax increases the lot owner's rake-off, increases the city's deficit and increases taxes.

Merchants and others who lease lots pay for their public service once in their rent and again in taxes. Here is the real chiseling, the real cause of the depression.

Not until the Blue Army marches against these chiselers will there be any hope of success for that army!

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gambling house who did not seek to get something for nothing at the other fellow's expense. If some one else "beats him to it" and gets something for nothing at his expense—well, it is a case of the biter being bitten!

But look at the figures below relative to the rake-off of our Main street rent racket.

MATHEMATICAL PROOF OF CHISELING

Here in Stockton the land value on Main street, between Center and Sacramento streets, makes up $6,000,000 of the total assessment of $9,250,000. That is 65%.

This means that, of every dollar earned on that street by Stockton business men, 65¢ is taken as UNearned increment by these game-keepers who demand a rake-off from the game played on their lots.

Assuming a net return of 6% on these investments, then we have the following division:

To owners of buildings goes	$120,000
To the merchants goes	75,000
Total of EARNED increment (35%)	$195,000
To owners of land, UNearned increment (65%)	$360,000

Now suppose that the NIRA drive doubles the business, by increasing the number at work and inducing the people to spend their money, instead of saving it. Let us see what would happen. On the face of the record we would have this set-up:

Return on buildings	$240,000
Return on merchandise	150,000
Return on the land value	$720,000

Again these business people who do things must earn 65¢ for those who do nothing every time they get 35¢ for themselves; but as these buildings cannot be worth any more than before, inasmuch as they are older and more depreciated, the real set-up is as follows:

Going to the building owners	$120,000
Retained by the merchants	150,000
Total of EARNED increment	$270,000
Going to the land owners, UNearned	$840,000

Under this set-up those who do the business must earn 75¢ for these "game-keepers" in order to get 25¢ for themselves. (It is agreed that **as building owners,** these men are helpful contributers to the work of the street.