Tax Plight of the Farmer

By John H. Carkin
Speaker Carkin Asserts:

The plight of agriculture is due to fundamental differences between business and agriculture, in that the farmer has to buy in a dear and sell in a cheap market.

The farmer must either increase the price for his product or cut his costs.

Cooperative marketing balancing of industry and agriculture and farm legislation, while of help in raising the price of farm products, are too slow and uncertain.

The most effective remedy is for the farmer to cut his costs by reducing his tax burden.

The state tax burden can be reduced by equalizing taxes, relieving farmers of all state tax, and abolishing boards and commissions.

Local taxes can be reduced by reducing the farmer's taxes, putting the farmer on a par with the city man, relieving him of burdens foisted on him by politicians.

The plight of the farmer has been attributed to many causes, but few of them still stand the test of analysis. If we are to find a cure there must be a reasonably correct diagnosis of the sickness from which agriculture is suffering. What are the facts?

Agriculture, Babson says, pays out in taxes 83 per cent of its net profits. Other occupations he classifies as follows: Mining, 60 per cent of its net profits; transportation, 36 per cent; construction, 32 per cent; insurance and banking, 31 per cent; trade, 27 per cent; manufacturing, 24 per cent.

According to The Oregon Voter, taxes paid by agriculture and related corporations consumed 44.29 per cent of their net income therefore deducting taxes, while for all corporations the average was 27.75 per cent.

There is reason to believe, indeed, the department of agriculture says, that taxes on many of the less favored farms have absorbed all the income from rent.

Farm taxes in Oregon, according to The Voter, therefore would seem to be 25 per cent higher than the average for the United States, in proportion to the value of farm property.

I believe an investigation will show that the plight of agriculture is due in the main to fundamental differences between business and agriculture.

Taxes as a rule are passed on, if possible. They therefore constitute a part of the cost of every manufacturer, wholesaler and retailer, and he adds them, together with the other costs of manufacture and sale, and passes them on to the consumer.

The situation with the farmer is different. He cannot shift any of his taxes. His market, both for buying and selling as a rule, is not made by him, with the result that he generally buys in a dear market and sells in a cheap one. He pays the same as the other consumers, but he alone sells his products below the level enjoyed by others. He cannot increase the price except in exceptional cases, unorganized as he is, nor can he restrict the supply.

The conclusion is inescapable that the farmer must either increase the selling price of his products or reduce his costs.

Some people have great hope that the farmer can increase his selling price by cooperative marketing and various things of a similar nature.

The report of the Oregon Bankers' association says:

"Last year out of a total crop production for California of $379,000,000, it is claimed that $260,000,000 was sold under the group marketing plan and that, notwithstanding the large advertising expense, the growers received 48 cents of the consumer's dollar, as contrasted with eight cents they averaged before these associations were functioning. In Denmark, the home of the cooperative marketing system, the growers have been receiving 72 cents of the consumer's dollar."

But the progress of cooperative marketing and other similar remedies, with the people scattered as much as the farmers are, and as independent as the farmers are, is so slow as not to justify expectation of great immediate results in increased prices.

The head of the American Bankers' association has still another scheme for increasing the price of farm products. He says:

"There is no legislative remedy for agriculture. It is an economic question pure and simple and must be worked out accordingly. It is a fact that no community and no state has ever become great from agriculture alone. There seems to be a real remedy for small communities and for agriculture. This remedy is the mixing of industry with agriculture, and it is now being applied in many localities with satisfactory results. Industry and agriculture are better balanced in Ohio, North Carolina and Pennsylvania than in any other states, and in these states there is no serious agricultural problem and we hear little complaint from the farmers."

Many farm organizations have still another scheme for increasing the price of farm products. The American Farm Bureau has said:

"With an unprecedented tariff for industrial men, a steadying banking law for financial interests a transportation act for railroads and an immigration law for labor, the farmers think themselves crowded out of the house of their fathers."

No student of taxation will deny that legislation can have a marked effect upon a nation's life. We have but to look at our policy of protection, our national banking system, our federal income tax, to know that those effects can be far reaching.

But, at least, farm legislation, war finance, tariff, marketing bureaus, state elevators, state banks, rural credits, control of surplus crops, and so on, have not lifted the farmer out of the mire.

If we find the farmer unable to increase the prices of products, what then can he do in cutting his costs?

Prices of the things he must buy are in a dear market, and there is little hope of his materially reducing his machinery, labor and other costs.

What then is he to do? Do we not get back finally to just one proposition, that if the farmer is to cut his cost materially he can only do so by equalizing and reducing the tax burden of which we have found he probably pays a large part?

Let us consider this tax burden. The federal taxes amount to around three billion dollars, and state and local taxes to around five billions more. It is estimated by economists that approximately 50 per cent of the tax burden is passed on and a very large part is paid by agriculture.

These taxes are due chiefly to road and school expenditures and heavy bond issues and to the rapidly expanding activities of boards and commissions, and the great increase in number of government employes. The best information available is that approximately more than one-half of the cost of the government goes to paying salaries and that every 10 of us support one person on the public payroll.

What Can Oregon Do?

If the foregoing premises are sound, the most effective remedy on the part of the farmer is reduction in the federal, state and local tax burden.

Some will say that the federal taxes are of no concern to the average taxpayer because they are paid by corporations and rich men, but is that sound? As we have just seen, approximately one-half the tax burden is passed from the manufacturer, wholesaler and retailer to the ultimate consumer, and agriculture bears a large share of this. But the present administration has been cutting the federal expenditures and paying off the national debt, so we will pass that.

President Coolidge has well said that the national government is reducing its tax burden and it is now up to the states and local communities to reduce theirs. What can Oregon do?

1. Equalize taxes.
2. Relieve farmers of all state tax.
3. Abolish board and commissions.

"What the state of Oregon needs most of all," says Thomas B. Kay, state treasurer, "is uniform taxation. The way to bring such a condition about is to give the state tax commission authority to review the assessments of county assessors."

Statistics are presented by Mr. Kay to show that under the existing system of taxation in Oregon some business property is assessed as low as 25 per cent of its true cash value, while in other parts of the state similar property is assessed at 80 per cent of its value.

Data gathered by the state treasurer during the past few months indicate that a large amount of property in Oregon is escaping taxation altogether, or is paying only a small part of the total burden. It is Mr. Kay's opinion that the valuations of the state would be increased several million dollars thru the adoption of a law providing for uniform taxation.

The City club of Portland says: "In Clackamas county tillable lands are assessed at $59.08 per acre, while in Marion county tillable lands are assessed at $37.42 per acre."

Mr. Kay is surely right. There is a man's size job in Oregon for a state board of equalization.

There is no single thing, other than equalization of taxes, which will do more to relieve the farmer than to relieve him of the state tax and collect it entirely from indirect sources, thus doing away with the bug-a-boo of "the ratios" and the fear of every county assessor that if he puts a proper assessment on property in his county, he is only thereby loading his county with more of the state tax burden.

Farm taxpayers are at a disadvantage as compared with city tax payers, because:

1. Municipally rendered services increase city rents and values faster than farm values. It is so well known that water supplies, schools and other city services increase values that it needs no argument.

2. City values have doubled since the war and assessed values have not caught up with them, with the result that farms are again discriminated against.

Urban Taxes Shifted

3. The turnover in most city lines is much faster than in farm products. For example, the merchant's turnover may be 10 times a year, where the farmer's is only one. The city man's income arrives weekly or monthly, where the farmer's comes once a year.

4. Greater shiftibility of city taxes. As a rule, taxes on farm lands cannot be passed on to the buyer of farm products, while taxes on city real estate can generally be passed on in the form of increased rental or purchase price.

5. Greater ability of city taxpayers to pay taxes. Generally the city taxpayer has not only greater income from his real estate, but also enjoys income apart from real estate in the form of professional revenue, salary, wages and ownership of free bonds stocks and other intangibles.

Every one of these is a factor which should be taken into consideration in the proper equalization of the tax burden in Oregon, and it not only can, but should be, and ultimately will have to be done.

Did you ever stop to think how much more taxes the farmers have to pay with their probate judge and two commissioners and elected county officials to run their government than the urbanity pay to run a city government, where a board of business men can hire their own officials? Did you ever stop to think how much more taxes the farmers have to pay because cities do not have to pay taxes on municipal water and other utilities and throw the extra burden on the farmer? Did you ever stop to think how much more taxes the farmers have to pay because the city has acquired lots for delinquent taxes and assessments and does not have to pay taxes on them? Did you ever stop to think of how much more it costs the farmer to run a hundred independent school districts for the farmers, each purchasing its own supplies, than it does the city for its own central school and with its one superintendent to run the city school system? Did you ever stop to think how much more it costs the farmer to build his roads under a dozen or 15 road districts than it does the city under its one street superintendent.

Public Education Needed

And now I am coming to two other surprising matters: The elementary school tax and the market road tax. What little investigation the commission has been able to give these two subjects indicates that the elementary school tax, which we were told was to be paid by the cities in order to help the rural one-room school houses, is running with reverse English, and that the farmer is paying extra taxes in order to help run the city schools. We find that the market road law, which has been tooted as being for farmers' roads, is being paid for chiefly by the farmers for the use of the city dweller and tourist. These are only a few of the things that we are beginning to find out. It all goes back to what was previously said, that the only way to make improvements in our tax system is through study and investigation, and educating the public in matters of taxation.

These investigations have not been carried so far that we can be dogmatic about them, but it is probable that these conclusions will be borne out by a complete study. If so, the remedy is plain. We must give the farmer the same deal the city man has. We must relieve him of these political measures which, like the market road and elementary school taxes, have been put around his neck by politicians.

We sometimes hear it said that the business man is against the farmer, but I do not for a minute believe this is so. Our investigations show that these conditions have arisen through ignorance regarding the tax burden and that many times the farmers themselves are the ones who are advocating the very things which hurt them.

Even The Oregon Voter says:

"We have yet to encounter a large taxpayer residing in any city in Oregon who does not subscribe to the view that farm land taxes should be reduced. There is a widespread realization among the large taxpayers in our cities that city property is better able to carry a heavy load than is farm property."

I am sure that every man on the property tax relief commission and citizens generally feel the same and will cooperate. Only by cooperation can we remedy the situation.

Improvements in the tax situation will come only as the result of thoro study and investigation by bodies carefully selected for that purpose. Has Oregon followed such a course?

Immediately after the enactment of the initiative and referendum or socalled Oregon system, some 25 years ago, in spite of the fact that land already paid more than 80 per cent of our taxes and it was even then recognized by all that the burden on land was too great, Oregon was made the experimental ground for single tax by Fels, the Cincinnati soap manufacturer, and for 10 years there was little else but agitation and turmoil in an effort to make land pay all the taxes and let everyone else—the business man, the professional man, the banker, the capitalist, go scot free. Was this movement the result of thoro study and investigation by bodies carefully selected for the purpose? Did a group of Oregon men investigate the situation and find that land was under-taxed and propose the single tax as a remedy for that condition?

For the last 10 years, ignoring the recommendation of the I. N. Day commission for a flat rate personal tax and ignoring the fact that, even if enacted, such an income tax could at most bring a reduction of only 6 per cent in our tax burden and might easily be an added tax, certain of our citizens waged campaign after campaign for the Wisconsin income tax, taxing not only individuals, but corporations and business.

Did a group of Oregon men investigate the situation and find that business and corporations were taxed less in Oregon than in Washington and California, and therefore recommend the Wisconsin tax on business and corporations as well as a personal income tax?

When the legislature met last January many of those who had voted for Governor Patterson supposed, either rightfully or wrongfully, that some well-thought-out improvements in our tax system would be suggested.

Yet no sooner had the Patterson measures passed the legislature than the blue blank was prepared and startled an unsuspecting public, only to be withdrawn by the board when they were overwhelmed with protests. Meanwhile the anti-income tax people, heretofore hypnotized by the governor's program, were galvanized into new life and the Patterson program was overwhelmed in the ensuing referendum.

Thus it has been single tax, income tax, tithing tax, Pierce, Chapman, Grange, Greater Oregon association, initiatives, referendums—26 years gone by and not a single forward step taken in Oregon's tax problem.

I have thus briefly reviewed the history of Oregon's tax.

Oregon needs not more agitation, but more information, more study and investigation of the real tax situation.

Easter Eggs

The custom of associating eggs with Easter, like many other customs of Christian festivals, was derived from pagan usages. Eggs had been associated with the worship of Ashtoreth, of the Astarte of the Phenecians, Isis of Egypt, Diana of the Greeks and Romans and Eastre of the Teutons worshiped in spring. Easter is said by some to have derived its name from the latter goddess; others say it was named for an old pagan spring festival in honor of the sun's new birth in the east. Its time coinciding with that of the Resurrection, the symbol was taken over by the Council of Nice, 1662 years ago, and the day of celebration fixed as the first Sunday after the paschal full moon, the season of the Hebrew Passover. The egg with its life germ, destined to burst forth after the appearance of death, became popularly associated with the general idea of resurrection, just as the Egyptians had adopted it as a sign of man's regeneration, and the Jews as a symbol of their delivery from bondage.

The lore of Easter eggs touches on many phases of life in many different countries. Under old ecclesiastical laws in England rent was payable in eggs on Easter; games were played with them; and in the north of England children asked for them to play with.

The custom of dyeing Easter eggs is centuries old. Commoners for the most part dyed them red as a symbol of Christ's blood. Lords and ladies covered theirs with gold leaf. Later the decorations were elaborated, particularly in continental Europe. Sometimes the eggs were merely marbled in a variety of colors; sometimes they bore cupids and love knots, flaming hearts and signs of the zodiac. Again, they would be halved and the shells hinged together with ribbon and lined with gilt paper and religious pictures. Venetians used to send out gift eggs bearing their portraits.

Into the waiting west they come,
With the dream-child of the east
And they find their hopes, the hopes of old,
A thousand fold increased:
For there in the east we dream the dreams
Of the things we hope to do,
But here in the west, the golden west,
The dreams of the east come true.

NATIONAL REALTORS TO MEET AT LOUISVILLE

Kentucky's rich historical background, her unrivaled scenic beauties and a spirit of real southern hospitality play most important parts in the entertainment program being arranged for visitors to the twenty-first annual convention of the National Association of Real Estate Boards in Louisville, June 18 to 22.

Announcement has been made by J. Edward Reising, chairman of publicity, that all the state's historic and beauty spots, now being re-discovered and made shrines by the world, will be displayed to the 5000 realtors expected to visit the convention in a setting such as no other month than June can provide. Among them are:

Mammoth Cave, Churchill Downs, the famous Bluegrass Section Man O'War, the Old Kentucky Home, Abraham Lincoln's birthplace, home of Henry Clay, tomb of George Rogers Clark and Zachary Taylor, Camp Henry Knox and the birthplace of Jefferson Davis.

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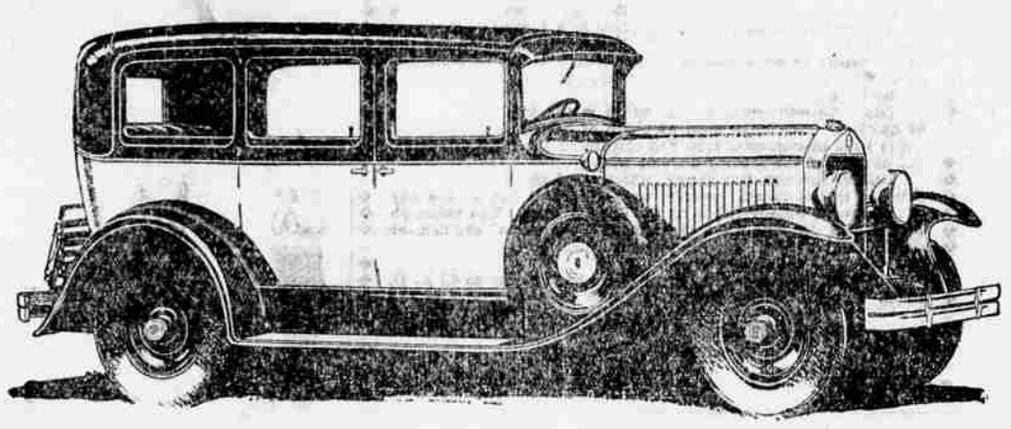

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