

# PATHFINDER

DIGEST OF  WORLD AFFAIRS

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## New Taxing System Soaks "Rich" States and Showers Manna on "Poor" States

**I**T'S an old saying that "there's a black sheep in every flock." In the case of the United States the proportion is much greater: for out of the 48 states, 10 of them are now in the black, while all the other 38 are in the red. This makes it easy to pick out the black sheep and "soak" them right. Seeing that nobody else has undertaken the task of dividing the states up according to these lines, the Pathfinder has done it. You have the result in our special map of the "Dis-united States," presented herewith as Exhibit A. At first we thought we should have to move some of states around a little, so that the opposing states would not have to be too close neighbors. We even considered calling on Under Secretary of Agriculture Tugwell to assist us in this work of transportation and rehabilitation. But when we had amassed all the figures—and this itself was a full week's job—we found that we could leave the states "as is." This is really better, for there would have been some big chinks to fill in—and there might even have been some missing parts—if we had yielded to the natural temptation to make a jigsaw puzzle of the matter. We know that several of the states have been threatening to leave the Union, because they think they have not been favored as they should be in the distribution of manna from Washington. However, the threat to get out of the Union is so old that it is not taken very seriously now. When the states were young quite a number of them threatened to take their dishes and go home—but they didn't. A "Civil" war, we believe, was carried on for four years to put this very issue to the test, and as we remember



their hides. So when the "rich" people of the East loaned money to the people of the West, to buy farms, etc., the people of the West, in many cases, felt that they were doing no wrong when they refused to pay back the loans, forgot about the interest and fought foreclosure sales by mob force. The Republican party has been in power about two-thirds of the time since it was started, at the time of the Civil war. The G. O. P. campaign spellbinders were able to command a majority vote in most cases in the national elections by referring to the part that their party had played in saving the Union. Gradually the tariff came along, to strengthen the position of the Republican party—which was the party of "protection," while the Democratic party always leaned toward "free trade," or at least much freer trade than was contemplated in the Republican program. The tariff has now gone, as a political issue. The "soldier" vote dating from the Civil war has now become a zero quantity. The Negroes could be counted on to vote Republican, wherever they were allowed to vote—but this condition is now reversed, and according to the reports the Negroes are now voting New Deal, in preference to Old Deal. The Republicans have always been strong in the farming sections, and the "farm vote" could usually be counted on to roll up big majorities for the G. O. P. The cities are proverbially Democratic. But gradually the farm states—and especially the Middle West states—have shown a disposition to break away from the "stalwart," "standpat" or conservative Republican camp. Politicians in those sections have had to step lively in order to get elected. Many of them have learned how to almost do a tap dance on the top of the political fence. Some of the most foxy have been Republican when it would help them most, Democratic when they thought they had a better chance on that side—and all sorts and brands of Liberals, Progressives, Bull-Moosers, Non-Partisans, Laborites, Socialists, down to various types of radicals, when the political winds seemed



to be blowing that way.

There has thus grown up, gradually, a decided hostility between what we may call the "East" and what we may call the "West"—though those labels are not exact, as our map shows. How hot and how implacable the feeling of the "poor" West is toward the "rich" East is evidently not understood by many of our would-be political leaders. For example, many people have thought that Col. Knox, of Chicago, would be a good candidate to "beat Roosevelt." But anyone who knows the sentiment of the people, as the Pathfinder does, knows that no man from such a big center of big business as Chicago would have the slightest chance to get the votes of the farmers—and these are necessary in order to win. The farmers regard Chicago as the greatest nest of speculators and schemers there is; they hate it even worse than they do New York, because it's nearer by. Again, some people have suggested that Governor Landon of Kansas would be a likely candidate. This also is a bad guess. Gov. Landon's only claim to notice is that he has managed a "poor" Mid-West state very well and has reduced taxes. But who cares about reducing taxes, in a world where all the taxes are supposed to be paid by the other fellow? No nominee who tried to make a fight on the issue of high taxes would get anywhere, for the people would say that he was standing up for the rich—who are the only classes that worry about high taxes.

It was years ago that a country newspaper editor put Kansas on the map by an editorial headed: "What's the Matter with Kansas?" You see, there was something the matter with Kansas even away back there. And it seems, there always is. There is always "unrest" in the farm belt. In our map on the Disunited States, Kansas is in the "poor" class. We would have liked to put Kansas in the rich class—for we have a great many subscribers and valued friends there—but we can't make the figures lie. The Kansas papers—when they are seeking advertising from the rich East—may brag about how rich the state is, with



all the money which is coming in from the crops and the benefit payments—but the fact is that Kansas classifies in the “poor” column.

By what test is it that we have reclassified the states and divided them up into two sets—the rich and the poor? By the ratio of federal taxes they pay, in proportion to their population. Now, having used Kansas as a horrible example—because we know that Kansas is good natured—let us proceed to reclassify all the other states, on the same principle.

If your state is called rich when you think it should be called poor, or if we have called it poor when you are boasting around about its being rich—please don't blame us; blame the statistics, from which we have so carefully drawn these conclusions. We shall take up the states in alphabetical-soup order, so that you can't charge us with playing favorites.

Alabama—poor. Why, poor? Here's how! The people of Alabama form 2.1 per cent of the population of the United States, but they pay only .2 per cent of the taxes. In other words, tax money collected from other states has to be used for the benefit of Alabama.

Arizona—poor, of course. Why, of course? Arizona is noted for its leaning toward radicalism. Our tax figures and the political history of the state tell why. This is part of the territory which was mussolinied out of old Mexico by Uncle Sam as a result of the Mexican war. When Arizona “wanted in” as a state, in 1910, President Taft rejected its application, because its constitution was so radical. Later it got in. But it has only a handful of people—like several of the other territories which were sliced up and admitted in order to make more votes “for the party” in the Senate. And still, with only .4 per cent of the total population, it pays only .05 per cent of the taxes. Which means that the people of Arizona pay only about one-eighth of their share of the taxation. No wonder they are defying Uncle Sam and coining their own “mills”—to pay their own sales taxes.



Arkansas naturally is on the "poor" side. The figures show it. With 1.5 per cent of the population, she pays only about half her tax quota.

Now we come to California. Here's a state that is rich as butter—so rich that the fatness simply oozes out at every pore. First the gold mines—and later the figurative gold in the Hollywood hills—has made this state one of the fattest in the country. California has become the mecca of all those who like an easy living—and especially at somebody else's expense. But this state is rapidly turning radical, and in a year or two it may go over the line and be on the "poor" side. If that happens, it will be because there are too many there who want to ride—and not enough to get out and pull. But if such hard workers as the late Will Rogers and little Shirley Temple will keep on rolling up the big fortunes, these, when redistributed, will help to make up what is lost when—as now—the ship lines are not allowed to do business, because of the radical obstructors, who in many cases are in command of leaders who were not even born in the United States. California is still in the rich class, as she pays 5.8 per cent of the taxes and has only 4.8 per cent of the population.

Colorado is poor. With .8 per cent of the population, she contributes less than .4 per cent of the taxes—or less than half her share.

How about Connecticut? Here's a New England state which used to be the very embodiment of Yankee industry and thrift. But her wealth has been gradually leaking away from her. So now she pays only 1.1 per cent of the taxes while she has 1.3 per cent of the people to be taken care of.

Little Delaware is different. There's richness for you—with all those Duponts, Clydes and other "malefactors of great wealth," as Teddy Roosevelt called them. Delaware has to shell out .8 per cent of the taxes, while she has only .2 of the people. Under such circumstances, Delaware is bound to be conservative.

Florida has been doing her best to beat California in attracting the rich



people. Many of her laws are very friendly to people with incomes, and that is why such people are flocking there to live. But according to the figures she is still well down in the poor class. She pays only .5 per cent of the total taxes but has 1.2 per cent of the people to be looked after. Florida accordingly will stay radical.

Georgia, ditto, only more so. Georgia in recent years has been hospitable to industry, but according to the record she is still far down the line in the poor column. Here's the figures: she pays only .4 per cent of the taxes and she has 2.3 per cent of the mouths to feed. Georgia shows about the most enthusiasm of all the states for the New Deal—as she claims the virtue of being President Roosevelt's "second home." Gov. Talmadge, of Georgia, has made lots of trouble for the New Dealers—but his spiel doesn't sound good any more than Gov. Landon's does. Gov. Talmadge says the New Deal is a failure and that if he was the dictator he would abolish the income tax altogether. Imagine that! Imagine a Democrat proposing to abolish the very tax system which his own party established for the very purpose of soaking the rich! What chance has he to get anywhere? None. Even though he does say some cute things, such as this: "So long as the government builds swimming pools for elephants in California, cages for monkeys in Atlanta and looks up the historic background of safety pins, you take anything it offers you, because Santa Claus ain't gonna keep coming."

Idaho is on the "left" side—that is, poor. She pays only one-tenth of her per capita share of the taxes.

Now we come to another of those rich states—Illinois. Not so rich as she was, but still plenty fat—largely as a result of the rich drippings from the packing industry. Illinois pays 6.6 per cent of the taxes, and she has 6.2 per cent of the population. So Illinois right now is in the "right" or rich column, but it would take only a few more hard blows to force her across the line.

Indiana is a contrast to Illinois.



Indiana hasn't such a big share of rich people and profitable industries. She is more rural. She has 2.6 of the mouths to feed, and contributes only .9 of the taxes. She will continue to keep her hand out, no doubt.

Iowa is just about on a par with Indiana. She boasts of her richness, but it doesn't show up in the final figures. She pays only .4 per cent of the taxes and she has three times that proportion of people to be taken care of. So she'll continue to lean toward the "left," until the day when her citizens will be smart enough to see that more of that money is kept at home.

Kansas, we have already disposed of—also a typical poor state depending mainly on farming and without the knack of turning her grain into liquor, and thus making her big profits, as her rich neighbors do.

"Mention the devil, and he will appear!" Mention rich profits from liquor and up bobs Kentucky. Kentucky carries 3.3 per cent of the total tax burden, and she has only 2.1 per cent of the people. Kentucky is thus bound to be conservative—not radical. She can't help it.

Louisiana—there's a model poor state. Is it any wonder that Louisiana is such a favorable hot-bed for "share-the-wealth" plans? Her tax record proves her position. She has 1.7 per cent of the mouths to feed, and contributes only .06 per cent of the taxes. She will never be anything but radical.

Maine used to brag of her independence of spirit—but that proud spirit is broken now. First she fattened on the fish business, and that petered out. Then she fattened on the ice business, and that gave out. Then she built ships, and that gave out. Then she manufactured lumber products and paper, and that gave out. Then she went into the potato business in a big way—and even that is now giving out. Maine will have to line up in the poor column, in spite of all she can do. She has .6 per cent of the people but pays only half that much in taxes. So people from the rich states will have to chip in and make up her portion.

Maryland—there's another rich state,



though another lick or two will send her into the rapidly increasing column forming on the left. Maryland has 1.3 per cent of the people and chips in 1.4 per cent of the taxes—a very fair situation, we should say. The people of a state ought to be proud if they can produce a little more than they consume, and thus extend a helping hand to those who are less favored by nature or circumstances. The wrong comes when vast populations imagine they can all knock off and live on the few that keep producing.

Massachusetts is another New England state that's as proud as Lucifer. But what have they got that Maryland ain't got. They've got an excess population—especially too many old people who thought they had enough saved so they could live on their income, but found the income was missing. Massachusetts now pays only 3 per cent of the taxes, while she has 3.4 per cent to feed and clothe.

Michigan is poor notwithstanding her rich industries. She has 4 per cent of the people and pays only 3.4 per cent as her share.

Minnesota classifies with the poor rural states, with 2.1 per cent of people and paying less than one per cent.

Mississippi is like Louisiana, with 1.6 per cent population and chipping in only .1 per cent.

Missouri comes close to being rich. She has 2.8 per cent of the people and pays 2.5 per cent.

Montana classes with the farm states. She's poor, and always will be. She gives only one-fourth her share.

Nebraska is worse off than her neighbors Kansas and Iowa. She is burdened with 1.1 per cent of the population but can pay only .2 of the taxes.

Nevada, strange to say, classes as rich—owing of course to the influx of wealth on account of the divorce and gambling rackets. With almost no population, she still has to chip in, from her winnings, .1 of the taxes—which is as much as Indiana pays, with many times the number of mouths to feed.

New Hampshire is like the other



New England states and is hopelessly poor. But she is rich compared to her neighbor Vermont, which has nearly as many people but can pay only a small fraction as much tax. Even thrifty little Rhode Island is now on the poor list—her rich industries having departed, either for the South or for Japan.

New Jersey is solidly conservative, judging by her tax picture. She has already tired of paying her sales tax and is going to throw it away. She has only 3.4 per cent of the people but is held up for 4.4 per cent of the tax collection.

New Mexico, Utah, Wyoming and North and South Dakota classify about the same as Idaho and the other small farming states. They all pay very small federal taxes in comparison to their populations, even though their populations are hardly enough to qualify them as full-fledged states.

New York of course is the greatest offender—public enemy No. 1. She has 10.2 of the population, but she has to pay 23 per cent of the taxes. And, Oh, how she does dread it! New York will naturally line up on the conservative or “right” side therefore. Otherwise no future.

North Carolina will surprise you. Instead of being a poor state like her aristocratic neighbor South Carolina, she is now definitely in the rich class or “right” wing. She is the richest taxpayer, after New York. She pays 13 per cent, and has only 2.6 per cent of the people. This is mostly on account of the tobacco and cotton industries.

Ohio will surprise you. She's now poor, in spite of her industries. She has 5.4 per cent of the people to be cared for, and pays only 4.3 per cent into the poor-box. She'll have to be helped.

Oklahoma is radical. She pays only 1.5 but has two per cent of the population.

Oregon is decidedly poor. She pays only about one-fourth the quota. So her people will keep asking.

Pennsylvania, also, will surprise you. Instead of showing up as a rich old state which can be bled white,



figures show that these rich states, which have only one-third of the population, have to pay two-thirds of the taxes. The 10 rich states have only 20 Senators in the Senate, while the 38 poor states have 76. The rich are decidedly in the minority, and there is no way for them to change the set-up. It throws back to the fact that many of the "one-horse" states in the West were admitted with very small populations and very small resources. Yet each of these small states has two votes in the Senate, the same as such great states as New York and Pennsylvania. Of course this is an injustice—but it is something that is not going to be altered. Majorities decide everything now—and what hope is there of securing a majority against this line-up? Very little, judging by the facts as plainly shown in this article.

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she now is in the "receiving line" herself—always asking for help, and more help. But it wouldn't take much to make her wealthy again. She now has 7.8 per cent of the population and pays 7 per cent of the tax. That's pretty square.

South Carolina of course is radical, and poor—like so many of the states, which are radical because they are poor, and poor because they are radical. It works both ways.

Tennessee contrasts strongly with her neighbor Kentucky. She's poor as a church mouse—with so few industries. She has about the same number of people as Kentucky but pays only one-tenth the tax.

Texas has about the same population as California but pays only half the tax. This places Texas in the poor class. Her farmers will have to continue to receive benefits from rich states which are better able to pay.

Virginia leans to the "right," in spite of her large farming population. Like North Carolina, she pays liberally in tobacco taxes. She has 1.9 per cent of the people and has to dig up 6.4 per cent of all the federal taxes.

The state of Washington has four times as many people to be taken care of as she contributes to the tax revenue—and this makes her radical.

West Virginia, though in the opposite part of the country, is in almost the same boat. She also contributes only one-fourth of her quota in taxes. Hence she will remain radical. She'll have to be helped out.

Wisconsin has always been one of our most "progressive" states. But rich people and corporations are not popular in Wisconsin, and while that state has 2.4 per cent of the people, she pays only 1.2 per cent into the contribution box. Hence her people will continue to be decidedly receptive.

The "rich" people may howl and growl and moan and groan at having to foot the bills for everything—but there's no remedy for it. They may just as well accept the situation with a good grace. The reason is this. Our parade of poor states totals 38, while the rich states number only 10. The



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