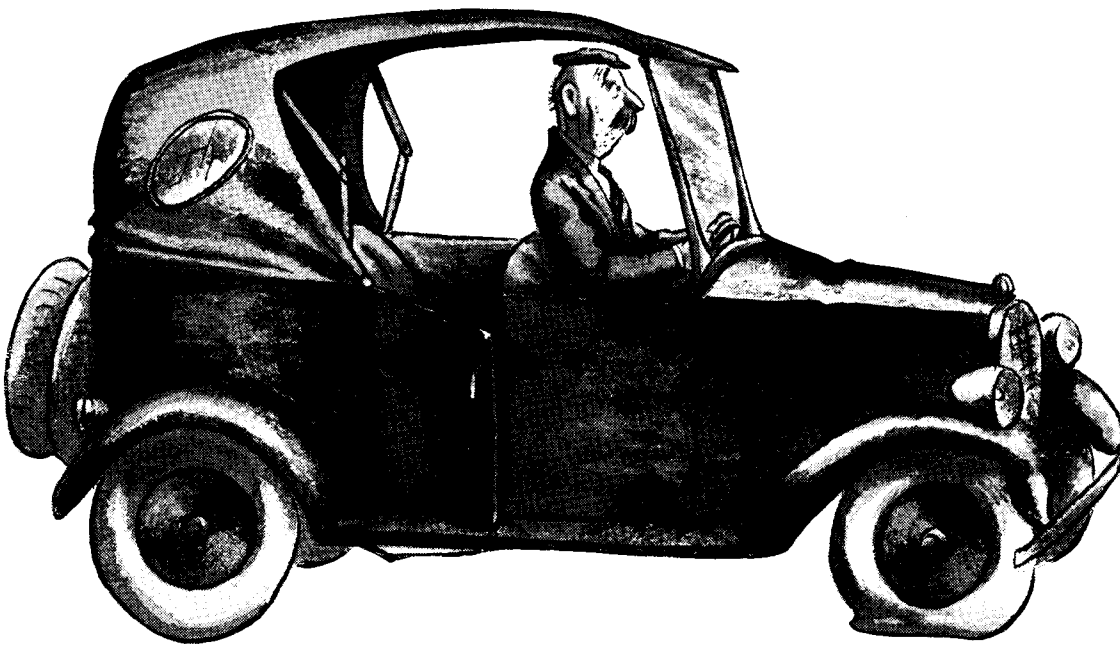


Soak the Poor Motorist

By John T. Flynn

Once the automobile was a luxury. It isn't any more. But we continue to tax it as such. And it has taken just about as much punishment as the traffic will stand. If the trend continues, one of our most useful industries will be hamstrung by taxes and regulations

ILLUSTRATED BY WILLIAM STEIG



Automobile taxes have been based on the outmoded theory that the man who owns one is rich and therefore fair game for the taxmakers



Many a farmer's car stood idle because of confiscatory taxes in 1932 and 1933

MR. BIB GROOVER, the well-known cotton, potato and hog raiser of Limestone County, has a car which is alleged to be worth two hundred dollars. That's what the thrifty Bib paid for it out of funds earned from the United States government for not plantin' cotton, not plantin' taters and neglecting to raise his usual batch of hogs. Being a moderate traveler, Brother Bib rode around the glistening highways of Limestone and adjacent Alabama counties some 7,500 miles in his year of ownership. And to do this he blew himself to a set of tires and six hundred gallons of gasoline and various spare parts.

But Mr. Bib, when he got his car, soon learned that it was the tax collector who fell on Alabama. Every time he pulled up to a filling station for a tankful of petrol, there they were—the doughty four horsemen. One of them represented the federal government and he wanted a cent for our Uncle Sam on every gallon Bib bought. One represented the sovereign commonwealth of Alabama and he wanted six. Another was there for Limestone County and demanded three cents. And finally the lowly tax gatherer of Decatur, Mr. Groover's home town, got his cut of two cents. *Twelve cents* altogether. Twelve cents tax on a gallon of gasoline for which the filling station man got thirteen cents—twenty-five cents a gallon all told.

Irate citizens storm the board of aldermen and howl when a sales tax of

two or three per cent is proposed. But here is a sales tax of *almost one hundred per cent*.

But, of course, that's not all. Brother Groover has to pay a horsepower tax on his plutocratic chariot of \$18.50; a property tax of \$7.50; \$2.85 sales tax on that set of tires and various little exactions on the spare parts, etc. Putting it all together he hands over to the various tax collectors each year \$115 in taxes on a car that is worth only two hundred dollars. *Fifty-seven per cent of the value of the car in taxes.*

And that, gentlemen, is what I call taxation. And it is trotted out here as an exhibit in a growing and spreading phenomenon—the drive to impose burdens on the users of automobiles—burdens of various kinds. It is a drive to discourage the most prolific goose that ever laid golden eggs, by taxing the eggs.

Things We Cannot Ignore

The automobile is not merely an article of commerce. It is a social phenomenon. It is an instrument of social and economic change. As such it has problems altogether apart from those of the gentlemen who make it and make a lot of money in the process.

We do not need to worry much about them. They have shown an unfailing capacity to take care of themselves. They have made great fortunes and, for the most part, are dropping off now into comfortable old ages, well paid for the part they played in one of the most ex-

traordinary episodes in industrial history.

But we may feel some concern for those who use the products of these gentlemen, a group which really comprises about half of the population. We cannot ignore the things which the automobile has done to us, to our towns, our social habits. And, of course, we cannot afford to ignore the things which our various governments, without very much thought and in a slipshod fashion, are doing to those who use these cars and must pay the bills. And what, in the end, they may do to the millions who depend on this vital industry.

This business of car taxes is a case in point. These taxes are not assessed against the motor industry. The manufacturers are not called on to pay them. They are imposed, for the most part, on those who buy the cars. The car does not start developing these tax obligations until it comes into the hands of a car owner.

The case of our Alabama friend, Mr. Bib Groover, pictured above, is not, of course, unique. Poor Bib, of course, is a little harder hit than his fellow car owners in other states. Alabama has gone in heavily with its "Soak the Poor Autoist" program. But all the states have been dipping into this easily accessible pool of revenue. Lately the federal government has joined in the frisking. And now the cities are trying their hands at it. Taken all together in the last year these various governments took from the men and women

who own cars, in various kinds of taxes, \$1,200,107,729. This does not include the taxes paid by motor plants, tire manufacturers, parts makers, their income taxes, etc. This figure includes only those sums paid by automobile owners on cars or for gas after the cars had left the dealers' hands.

The Support of Commonwealths

Just sixteen years ago the first state government discovered that a good place to collect a little ready money was around a filling station. That year several states got for themselves \$1,022,514. By 1934 this had grown to \$565,027,000. These gasoline taxes constitute the greatest single item of taxes. The other big item is registration fees.

In the states, now, automobile and gasoline taxes constitute the greatest single source of taxes. All state taxes in one year came to \$1,641,000,000. Over half of this sum was taken from automobile owners.

The reason for this is obvious. It is a strange outgrowth of a perfectly sound principle of state and federal taxes, at least—namely, the "ability to pay" theory. "Soak the rich" is another outgrowth of that theory. If a man has an automobile he is rich. Bib Groover down in Alabama is a "plute" and therefore ripe for picking. The automobile is a luxury and those who can ride around on soft cushions in magnificent cars aglow with glittering metal ought to be made to pay for their ease.

But after all, no one can say that Brother Bib Groover, the Alabama cotton and tater magnate, is a plutocrat. There isn't much shining armor on his 1927 four-cylinder road-roaster. The simple truth is that there are more people with cars who have incomes under \$1,400 a year than with incomes over \$7,000. Three out of every five cars are bought by men with an annual income under \$3,000. The great bulk of the gasoline taxes are paid each year by people whose cars have a market value of two hundred and fifty dollars. If you want to soak the rich you cannot do it by socking the autoist.

And as for the car being a luxury, it is indeed for large numbers. But what of the millions of cars which are used for delivery service—by factories, wholesalers, storekeepers; the millions used by hotels, resorts, mailmen, traveling salesmen, inspectors and others in their work? The millions used by men to get to and

tent drive against the motor industry. This finds its expression in the demand for the regulation of cars as the railroads are regulated. The demand for this comes, as you could guess if you did not know, from the railroads, which are eager to curb a powerful competitor.

The Land of Too Much Liberty

Against the demand for regulation there can be no intelligent resistance. The streets are too crowded to permit motorists to run wild. The traffic cop, much as we fear him and bawl at him, is essential in our civilization. Even the motorist swears audibly when he finds himself behind a ten-foot-wide truck crawling at five miles an hour up a curved grade. Liberty is a wonderful thing, but after you have had a couple of fenders knocked off by an automobilist enjoying the liberty of running forty miles an hour without

this regulation shall apply to those buses and trucks which travel across state lines.

To understand this you must keep in mind one important fact: There are in round numbers 25,000,000 motor vehicles on the roads. They are made up as follows:

| | |
|--------------|------------|
| Private cars | 21,415,938 |
| Buses | 108,130 |
| Trucks | 3,409,335 |

Next you have to keep in mind that the buses and trucks fall into several classifications.

Trucks are operated either as private carriers, contract carriers or common carriers.

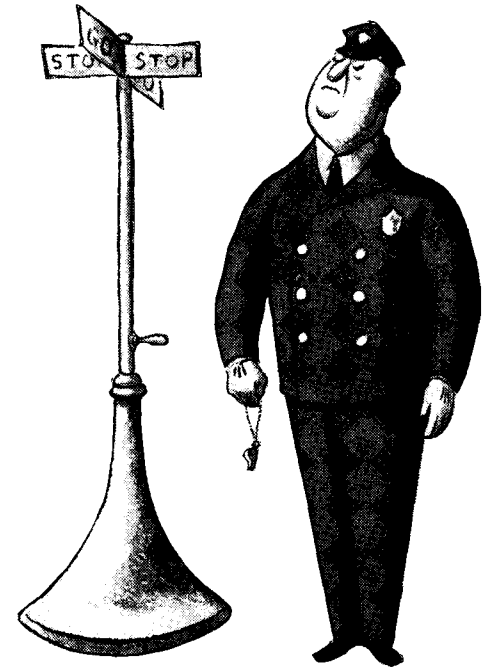
A private carrier is a truck which is owned and operated by a store, factory or some other business and which limits its work to delivering loads for the truck owner solely. A contract carrier is one which belongs to someone other than the store or factory or other busi-

ness, fixed territory. And buses and trucks must then operate within that territory or between those terminals. The contract carrier, too, must obtain a permit. And both contract carriers and private carriers may be subjected to regulation respecting safety, hours of service, standard equipment, etc.

All this is reasonable and proper enough. But, at first blush, it seems more or less futile. The railroads have, of course, been losing travel customers. During four years of rising business the roads lost 8,800,000,000 passenger miles of traffic. But the buses gained only 2,700,000,000. Where did the other 6,100,000,000 go? To the private automobile, undoubtedly, which of course cannot be regulated as to rates and hours of travel, etc. And all these passenger miles the buses gained—they did not come from the railroads. Some did. But others represent the travel adventures of people who never would have stirred



Small sales taxes bring out the enraged citizenry, most of whom submit meekly to prohibitive taxation on their privilege of driving a car



Much as we cuss him, the traffic cop is an essential in our civilization

from work located at distant points from their homes? To lay taxes on these cars because cars are a luxury is to hit wide of the mark.

Hence, certain questions come to the surface at once:

1. How much more gas would Mr. Bib Groover have bought if there wasn't that twelve-cent tax?

2. How many cars are not bought because of that increased operating cost?

3. How far can this go before Mr. Bib Groover just says, "To hell with it" and sells his car or, as many farmers did in 1932 and 1933, just parks it in the barn and lets it rest?

4. What effect will all this have on the automobile-producing industry?

It's important. Because, as all the world knows now, it was the great capital goods industry which went into reverse in the depression. What is that industry? Its chief parts are building construction, road building, railroad equipment, heavy machinery, power, the automobile industry.

Most of the others have been in a sad state. The automobile industry has shown vitality. Can the nation afford to send it to join the others on the mourners' bench? Then, we may well ask, how much can this or any other industry stand in the way of obstacles before it begins to crack?

Of course, the reason assigned for all this taxation is that automobiles mean roads, roads cost money; hence, the motorist should pay for the roads he uses. And this brings us to another po-

brakes, you begin to think that liberty without brakes is not so hot. If you are a truck driver you are likely to think there ought to be some restraints on the freedom of a boss who persists in nourishing the right to work you fifteen hours a day and if you go over an embankment in a bus with poor steering gear or bad brakes you will not enjoy your funeral any more keenly because the bus owner was enjoying the precious liberty of running his business as he sees fit. Everybody is for regulation, provided it is regulation in the interest of the public. What the automobile faces and fears is regulation which is undertaken primarily in the interest of a competing industry which wants to curb the automobile.

The railroad has a pretty good case. It is regulated. Commissions fix hours, wages, working conditions of its employees. They fix rates, terms, safety appliances and regulate the issuance of securities. And now, it weeps, along comes a competitor which runs the roads without any of these restrictions. The railroads see their traffic dwindling, their revenues reduced, their bond interest in default, their profits gone. They blame their own regulation in one breath. In the next they blame the trucks and buses and demand for them similar regulation.

Congress has just passed a law on this subject. It directs the Interstate Commerce Commission, which regulates the railroads, to regulate the buses and trucks as well. The limitation is that

ness, but which limits itself to carrying freight for some store or factory or other enterprise under a continuing agreement.

A common carrier is one which holds itself out as ready to transport freight for anyone who applies. A railroad is such a common carrier.

Regulation That Won't Help

Buses are somewhat similarly classified. They are either common carriers or private carriers—buses running regular routes for specified fares or buses which belong to some other enterprise or institution and which carry passengers for such institutions or business, usually without charging a fare. The latter include school buses, hotel buses, department store buses, etc.

The Interstate Commerce Commission is authorized to deal with common carriers, contract carriers and private carriers and is busy setting up the machinery to do this now.

Buses and trucks acting as common carriers must make up definite schedules of rates and these must be approved by the I. C. C. The commission can make regulations about continuous service, adequate service, the transportation of baggage and express, establish uniform systems of accounting. No bus or truck can engage in interstate business as a common carrier without getting permission from the I. C. C. The certificate will specify service to be rendered, routes to be covered, fixed ter-

from their firesides but for the low rates offered by the buses.

The railroad can do little for itself along these lines unless it can paralyze the private car. In 1934 the railroads did 20,000,000,000 passenger miles. The private cars did 360,000,000,000.

And what can they do about the buses? There are 113,000 of these. Out of every 100 of them, 60 are school buses, sight-seeing buses, hotel buses, private buses of various kinds. Only 40 are common carriers. Of these, 36 are local buses which never get into interstate commerce. Only 4 out of a hundred are interstate.

On these figures we can conclude that, so far as the passenger business is concerned, the buses all together create, at most, only thirty per cent of the railroads' problem and the interstate buses only four per cent of that, or 1.20 per cent of the whole.

In the matter of trucks it is much the same. Out of every one hundred trucks about eighty-six are privately owned. That is, they are used by shops, merchants, producers and business enterprises exclusively in their own businesses, like the delivery truck of the grocer or the ice man. Of the balance 8.7 are contract carriers and 5.5 are common carriers. It is going to be very difficult for the regulating authorities to do very much about rates, etc., of the contract carriers, which means that this law is going to reach only 5.5 trucks out of every 100. But it will not be this many,

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Rich Girl's Choice

By Josephine Bentham

ILLUSTRATED BY AL PARKER

The Countess Giralda decides to elope—a story which will show you how those girls who get their men go into action



THE cameramen and the reporters and the newsreel men would meet the S. S. Torvania—which was bearing the Countess Giralda, born Nina Cunningham, to her native shores. But this would not bother the countess in the least—she was used to publicity.

She could remember the carefully homespun poses of her father, who had been Abner Cunningham, the baking-powder king. She could remember her own introduction to the gentlemen of the press—over the six little candles of her birthday cake. But she could not possibly recall each subsequent encounter with them; for she had flashed her smile at every cameraman from Bali to Budapest.

They'd wanted her to pose when she had come into her great inheritance—when she had married the count—and when, more reasonably, she had divorced the count. And they had fallen back, between these world-shaking events, upon a nonexistent engagement to poor old Carlos.

Nina let a sheaf of radiograms slip to the deck, and Carlos Hoyt bent down to collect them.

"Carlos!" she said.

"Yes, Nina?"

"There's the skyline—it always gives me a very queer feeling, Carlos!"

Carlos nodded, solemnly. The evening papers would say: "Countess Giralda laughingly disclaimed any intention of making her permanent home in Europe. It was wonderful, she said, to be back in America again. The Cunningham house, one of the last of the old Fifth Avenue mansions—"

NINA was going to be the innocent child countess—the usual effect of distant shores coming slowly into view. Nina was twenty-six: an age which permitted her to be child, woman or pure sprite—according to the inclination of the moment. And Carlos noted the present mood not in the way of a cynical observer but in the way of a faithful dog. Somebody said that a portrait should be done of Carlos with Nina's hand resting lightly on his head.

"They'll ask us about our engagement," said Nina suddenly.

"I suppose so."

"It's a good thing your mother's on board. She can make a statement."

"Why my mother?"

"Oh, it can sound so outraged and maternal. They never believe me, you know. They think I'll marry you some day for a joke or something."

"Well," he said sulkily, "you're not the most tactful woman on earth!"

Nina smiled. She was agreeably conscious of looking her best. She was

"You left a book this morning," she explained. "And I thought it would be fun to pay a friendly call"

