

TAXATION

A Journal of Economic Justice

Vol. I

April, 1920

No. 4

The New Social Order

Louis F. Post

Vancouver's Experiment

James R. Brown

Organized Labor's Responsibility

The Astor Sale

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Taxation

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EDITOR: STOUGHTON COOLEY

BUSINESS MANAGER: JAMES R. BROWN

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[Seal.]

JOSEPH A. ZINMAN,

(My commission expires March 30, 1920.)

TAXATION

A Journal of Economic Justice

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Number 4

IF there is a man, woman or child who was in any way connected with the prosecution of the war, and has not been charged with dishonesty, inefficiency or downright treason, let him, her, or it pray that no misguided friend mentions him for a political office. Even this may not suffice. If one be so much as a friend of a man who has been mentioned for office it may be enough to bring down upon his unoffending head the wrath of an envious rival. In 1918 many Americans were proud of their country, but it seems that appearances were deceiving. The country, if we are to believe the politicians, was led by incompetent generals and admirals, and backed by an administration that made every possible mistake, and neglected all the opportunities offered. Not until the fall elections have taken place need any man or woman feel safe from the curse of political partisanship.

“**T**HERE is something radically wrong,” exclaims Dr. Huget at a Methodist Conference, “when the vast majority of the people are compelled to devote practically all their earnings in order to obtain the mere necessities of life—clothing, food and shelter.” There is indeed something wrong. There was something wrong before the war when the vast majority of the people were compelled, in spite of all that science and invention had done to multiply the power of labor, to devote practically all their earnings in order to obtain the mere necessities of life. That something is the system of taxation that fines man for producing clothing, food and shelter and rewards others for holding out of use the bounties of nature. It is a system that fines the producer for what he does for himself, and permits the idler to take what the com-

munity does for all. This may be offered as an interesting subject for the attention of the next Methodist Conference.

EVIDENCE at last is at hand indicating a possible fall in prices. One of the largest milk companies in New York City has posted a notice on the doors of its receiving stations in the country, saying that owing to the falling off in exports of milk “permission will not be granted for new dairies until conditions change,” and that “all dairymen are urged not to increase their production of milk, and if possible to decrease it.” Milk, wheat, meat and other foods have been high because we had to supply Europe as well as ourselves. When the demand from abroad slackens, and our exports are paid for in goods, instead of gold or credit, the supply here will outrun the demand. Trusts and trade combinations may succeed for a time in holding up prices; but if the supply continues, the break is certain to follow, and prices will fall to the cost of production.

WHEN people speak of the enormous increase in wages it is well to consider whose wages is meant. Union labor in some instances has fared well, and wages have kept pace with prices and the cost of living. It must not be forgotten, however, that many incomes have not been increased as much as the cost of living, and some have been increased scarcely any; while persons living on small annuities or pensions have seen their purchasing power cut in half. Clerks, particularly those employed in the government service, have suffered nearly as much; but it may be doubted if any class of workers has fared as badly as school teachers. The indisputable evidence of this is found in

the fact that so many have left the profession. An inquiry by the Bureau of Education shows that in January 1920, 18,000 teachers' positions in the public schools were vacant. This is not a credit to our country. It is indeed something to provoke serious thought and to prompt radical means of remedy.

IT could have been wished that some of the aspirants for Presidential honors would be more specific in the announcement of their principles. General Wood seems to play safe by declaring that "we need a protective tariff to protect such of our industries as need protection." Governor Lowden's tariff plank reads: "A protective tariff measured by the difference in the cost of production at home and abroad." This sounds a little better, but when interpreted in the light of past experience, one wonders just how it is to be applied. During all the years of our protective tariffs no serious attempt has been made by the Government to learn the cost of production abroad. It has been assumed by the protectionists that because wages are lower in other countries than in this, production must be cheaper. But it was always found that it was not from Asiatic countries where wages were lowest that protection was necessary, nor from low wage countries in Europe, such as Russia, Italy, and Spain, but from the higher wage countries like England and Germany.

SENATOR King of Utah apparently has become confused as to American principles. In proposing an investigation of the Department of Labor's handling of the deportation cases the Senator cites as one of the reasons for his action the fact that aliens are granted the right of counsel. "The purpose of an immigration hearing," says Senator King, "is to ascertain the facts and the truth and, as it is not a criminal proceeding, the courts have consistently held that the rule was valid that an alien was not entitled to counsel at the outset of the hearing. This rule has now been changed to permit an alien to have counsel as soon as apprehended; . . . thus the Government is compelled to bear the entire burden of proving its case, and the alien is accorded the same rights as an American citizen." The granting of

counsel to a man who may be arrested years after he has entered the country may be a heinous offense in the eyes of the Senator from Utah, but there are people who will hope that Americans abroad will not be denied the rights of the citizens of these countries, should they by any chance fall into the toils of the law.

AN illustration of the close relationship between land values and government service is seen in the case of the New York-Astoria ferry across the East River. This ferry was discontinued some years ago by the private company that operated it, and it is now proposed to restore the service by establishing a municipal ferry. Mr. Whalen, Commissioner of the Department of Plant and Structures, argues in behalf of the venture that the city will profit by the "greatly increased realty values in Yorkville and Astoria." Mr. Whalen declares it a fundamental fact that in extending its limits beyond the water ways, the city assumes responsibility for the maintenance of highways across those waters. It is quite evident as Mr. Whalen says, that by establishing the ferry service, there will be a great enhancement in realty values, just as there would be if a bridge were erected; and if the rule were applied of requiring the citizen to pay for what he gets, a proportionate part of the cost of the ferry service would be met by taxing the land values created by the operation of the ferry.

PURE goods is the natural complement of pure food legislation. Though it is not so necessary to know whether supposedly leather shoes are made of leather or "woolen" cloth is made of wool, as to know that food is pure and wholesome, it is a great convenience and facilitates trade. The laws prohibiting the "facing" of fruit, and requiring the grade to be uniform in the package has been an aid to the fruit industry. And just as State inspection of weights and measures simplifies buying, and protects children and poorly informed persons from dishonest merchants, so will the bill before Congress, requiring manufacturers to state the kind of material and dyes in cloth, and the bill before the New York Legislature requiring shoe manufacturers to state what substitutes for

leather are used. Trade is becoming too vast and complicated for each individual to be his own expert tester, after the manner of primitive man. Let manufacturers make "leather" shoes and "woolen" cloth of any material they find suitable, but require them to state plainly the nature of the real material used.

SPECULATION is indulged in by English leaders as to whether the Labor Party, assuming it may soon come into control of the government—has the governing faculty sufficiently developed to enable its members to acquit themselves with credit. This may be a bootless discussion. Labor might do as well as Liberals and Conservatives and still be far short of the necessary efficiency to lead society out of the slough into which it has wandered. The fact is, and it becomes daily more evident, the failure of governments, whether capitalistic, autocratic or democratic, has resulted not from lack of qualifications of the members composing them, but because the underlying basic principle has been wrong. And if the basis be wrong no amount of supervising efficiency will avail to save it from ultimate overturn. If the Labor Party is to escape the same fate that has dogged the steps of Liberal and Conservative, its leaders must understand the true basis of society, and have the courage to build upon it.

HOWEVER it may have come about, there is no questioning the fact that the dollar has been cut in half since 1914. While rents remained stationary—as they did, generally speaking, until recently—this meant that the share of rent in production was only half as much as formerly; and also that the great burden of fixed interest charges was cut in half. Therefore, in so far as rent and interest had been coming out of the share of production going to labor, wages were increased correspondingly. Another factor is the great demand for goods from abroad. The recipients of rent and interest charges are advancing credits which enable production to continue full speed; when these credits stop, and more especially when rent rises to the same ratio of production that it had before the change in price level, it will no longer be possible for the workers to buy back all they produce, and a slump will set in.

There is, of course, a great demand for replacement of capital, such as buildings, railroad equipment, and other things that have been neglected; and this may provide employment for a time after the demand for consumable commodities slackens.

IT is indicative of the trend of thought that a purely commercial paper like Commerce and Finance should publish and advertise articles on the Singletax. A few weeks ago the paper published an article by Jackson H. Ralston of Washington, and in the issue of March 17th it had another by David Gibson on what the Singletax is and what it will accomplish. It is interesting to know that the editor, Theodore H. Price, a prominent business man, closes his comment on Mr. Gibson's article by saying: "We are not yet ready to confess the faith of the Singletaxers but we admit that we have been profoundly impressed by the writing of Henry George and 'Singletax Hayward.'" The fact that commercial and business periodicals are discussing the exemption of industry from taxation, and the taxing of land values as a practical step in government, measures the advance from the days when the idea was considered purely theoretical.

The Astor Sale

AMONG the pertinent comments on the rich reward reaped by the heirs of the Henry Astor estate is one by the editor of the *Wall Street Journal*. Assuming that Mr. Astor used rare foresight in buying a farm that afterward became the center of New York City, and sold it at a good round figure, the editor says: "When he made the investment, open to anybody at the time, he took the chance that he might be wrong as to the development of the city which no one could foresee. Indeed, if his full records were known, it would be found that he had at different times purchased inadvisedly and sold at a loss."

This attempt to excuse an unearned gain would serve as well to atone for any moral delinquency from plain gambling to piracy and brigandage. The mere fact that gamblers and pirates often suffer loss adds nothing to the moral basis of the gains.

The editor of the *Journal* appears to have

misconceived the real essence of the question at issue. There should be no fault found with Mr. Astor for buying the Eden farm, which was valued fifty years ago at \$25,000, and sold last month for \$5,000,000. That was his privilege, as it was the privilege of any man or woman. He exercised his right and conformed to the law of the country. The criticism, so far as there is any, lies against the community that slept upon its rights and allowed its patrimony to be appropriated by others.

At the time that Mr. Astor bought the Eden farm the community had already rendered it considerable service. It had instituted civil law, maintained highways, established schools, and set up commercial agencies for the service of whomever might live upon or use that farm. The plainest dictates of justice require that while the owner might do as he pleased with his land, as long as he did not interfere with his neighbors, he should be required to pay to the community for what the community had done for him.

As the population of Manhattan Island grew, and the service rendered by the community increased, the value of the land rose. It is true that other pieces of land bought at the same time did not increase at the same rate. But whether the increase was much or little it was due in each instance to the service rendered by the community and not by the efforts of the individual owner.

The owners of the land did pay to the community, in the shape of taxes, a part of the value created by it, but only a part. The remainder was sufficient to prompt speculation, and much land was held wholly idle and vacant, or partially idle with inadequate improvements. Vacant and partially vacant land subjects the community to needless expense in building and maintaining unnecessary streets, water, gas, sewers, and the various public services.

The pertinent item in the Astor speculation is not the element of chance taken by the investor, but the neglect of the community in not requiring him, and all other land owners, to do for it as the community had done for them. For when the community permitted the land owners to keep the values that it had made it was compelled to levy upon the wealth pro-

ducers who had already paid the land owners for all the service rendered by the community. The editor of the *Journal* should consider the mutual responsibilities between the individual and the community, and not permit himself to be confused by the fact that the element of chance enters into land speculation.

The Housing Crisis

THE laws enacted by the New York Legislature to meet the housing crisis are remarkable for what they omit rather than for what they include. The bills provide for certain restrictions in the matter of leases, and protect tenants from eviction. The chief restriction appears to be the law requiring the landlord to show cause in court if he demands more than 25 per cent. increase upon the rent of the previous year.

But while these laws will make harder the operations of rent profiteers, they offer no encouragement to those who would erect new buildings as a legitimate business at a reasonable profit. Laws have been passed limiting rents, but nothing has been done to encourage building. It is one thing to regulate buildings already in existence. It is altogether another matter to call new buildings into being. Capital cannot be expected to flow into an industry paying 5 per cent profit, while it can go into industries paying 25 per cent. profit. Something may be done by way of philanthropy, or the city may go into the building business, but philanthropy will soon exhaust itself, and the city will have to pay as much for material and labor as private contractors.

The only intelligent proposals yet made to meet these conditions have been in the shape of tax exemptions. Some experts are proposing to exempt incomes from mortgages on new buildings in order to make money cheaper. Others suggest exemption of new buildings. The United Real Estate Owners' Association asks for the exemption of buildings and land for five years. The latter proposal is ill advised. It were better to exempt the buildings for fifteen years, as proposed by Allan Robinson, than to include the lands with the buildings for five years. Permanent relief, however, is to be found only in increasing the tax on land values;

hence care should be taken to advance along the lines of extending exemptions for building and increasing the tax on vacant lots.

The need for this course is fore-shadowed by the findings of the Governor's Housing Commission which proposes not only exemption of mortgage incomes from taxation, but asks for the "passage of an enabling act permitting cities to acquire and hold or let adjoining vacant lands, and if necessary carry on housing." "This legislation," says the report, "would permit conservation of the increment of land values for the benefit of the community creating it."

This is the first evidence of an intelligent grasp of the subject by any of the boards or commissions having the matter under consideration. The present trouble has come from this very fact of the increment of land values remaining in private hands, while citizens who carry on the business of the community have been compelled to support the government and to pay again to the land owners the annual value due to the government service. It must be evident that whatever the inducements offered to stimulate building the demand for land upon which to build will still further increase the unearned increment in private hands.

But it is not necessary to have such an enabling act as the Governor's Commission proposes. All that is required is a law similar to that of Pennsylvania, which has enabled Pittsburgh and Scranton to reduce the tax on improvements 10 per cent. every three years. With complete exemption for new buildings and a reduction of 10 per cent a year on all improvements, the actual shifting of taxes to land values will absorb the unearned increment without shock or injury to any legitimate interest.

Fixing the Value of Railroads

VALUATION of the railroads under the new bill is likely to be a more complicated affair than some persons have thought. Whether the roads should be valued at the cost of production or at the cost of reproduction will always be a bone of contention.

The Interstate Commerce Commission opinion that the roads should be valued by what they cost originally has been over-ruled by the Supreme Court. In support of the first interpre-

tation it may be said that it seems like flying in the face of good morals to credit the railroads with values that have been conferred upon them by the public. On the other hand it would seem to be gross partiality to take from the owners of railroads the values conferred upon them by the community, while leaving similar community-made values in the hands of other beneficiaries.

It is well known that the right of way and the terminals have increased enormously in value through the growth of population. But so have neighboring lands both in the country and in the city. The railroad company whose right of way has increased so much in value that the company has been able to issue two shares of stock for the payment of one is serving farms, towns and cities whose lands have gone up ten, twenty, fifty fold, because of the presence of the road. Further education will be necessary to enable the public to pass intelligently upon this point.

A more practical phase is that of fixing the rates to fit the rich and poor roads. To vary the rate in order to meet the needs of the roads will be to cause discontent on the part of the public; to make the rates uniform will be to handicap the roads having poor territory, while enriching those with good territory. It may be possible by carrying out Mr. Hines' plan of combining all the railroads into a few large regional units embracing the good and bad roads in each organization, to equalize the advantages of location and territory. It is not a matter to be disposed of haphazardly or at the behest of interested parties. It can be done only by men who understand fundamental economic principles.

Organized Labor's Responsibility

BY the union of the American Federation of Labor and the Railway Brotherhoods a step has been taken that lays upon organized labor a heavy responsibility. As an organization union labor has won the respect and sympathy of the general public. It has proven its right to be by the way in which it has handled its own interests. In spite of mistakes and notwithstanding betrayals by its own spokesmen,

it has taught the laborer self-respect by enabling him to feel his own worth and power.

But organization has its weakness as well as its strength. The unionizing of the various trades and the adding of union to union in the great federation not only has taught the public the strength that lies in unity, but it has aroused a fear of that strength. This fear has been caused by the careless talk of certain labor leaders who have spoken of the general strike as a means of obtaining political and economic ends. If the general strike could be made the means of regulating hours and wages, the people argue, it could be used to control government itself; and the voice of the people would be heard not as coming from the ballot box, but as coming from union headquarters.

That such a purpose was ever entertained by responsible leaders may be doubted, but that it has been talked about is too evident. When the public realized that it would some day have to control or be controlled by organized labor it became more circumspect in its sympathy. The first overt act was that of the Boston Police strike. If the law itself, the people argue, is to pass into the union's hands, labor will be uncontrollable. The police strike produced such a revulsion of feeling that the steel and the coal strikes immediately following, had but a small measure of public sympathy.

There is a feeling on the part of many per-

sons that too much power in the hands of organized labor will be dangerous to the rest of the country. It is the same feeling that the world had toward Germany. The effort of the Prussian militarists to make themselves the master force of the world compelled other nations in self preservation to destroy them. If the Federation of Labor or any other organization should really become so strong that it could in fact work its will by stopping production, society would either have to submit or fight. But there is reason to believe that long before it reaches such a state of development personal jealousies and internal dissensions will lead to revolts that will end in a return of power to the smaller units. It is possible that the present strife between radical and conservative leaders marks the beginning of this disintegration.

Government by all the people is the only form that will satisfy all the people. Government by any number less than all the people begets rebels and leads sooner or later to clashes. Hence it is all important that the men who have in charge the affairs of the Federation of Labor should remember that the very fact of its enormous strength will prove its weakness and undoing unless its power is used in a way to avoid exciting the fear that it is a challenge to democracy. No rule less than a complete democracy can endure.

Vancouver's Experiment

By James R. Brown

FROM all sides we hear that the Singletax has failed in Vancouver, B. C. This statement is always made by opponents who do not seem to know what the Singletax really is, and are also ignorant of the facts of Vancouver's tax experiment.

What is the Singletax? The Singletax means one tax in lieu of all other taxes, and that upon what is commonly called land value, that is, the value of social service and presence of population that attaches to land independent of the value of all improvements thereon or therein; and by this one tax, to raise all revenue, Dominion, Provincial and Municipal. The assumption is that if all revenue was raised in

this manner, it would absorb so much of the economic annual value for use that the reward that now goes to the land speculator would disappear and no land of value would be held out of use, to the detriment of labor and capital.

If any man will take the trouble to get a clear conception of the Singletax, and also acquaint himself with the facts of the Vancouver experiment, he will never again be so unfair and so foolish as to say the Singletax failed in Vancouver.

Vancouver never had the Singletax, nor even a reasonable approach to it.

British Columbia has a Provincial law that fixes a maximum tax rate of 20 mills, aside from

debentures and schools. Money in British Columbia is worth not less than 8 per cent. These two facts are conclusive proof that Vancouver never had the Singletax. What Vancouver really did was to abolish in 1908, all taxes upon improvements. At this time land values were tremendously inflated and a 20 mill tax produced sufficient revenue for municipal purposes.

The effect of untaxing improvements resulted in a great stimulus to building and improving. Capital began to flow into Vancouver, which naturally made a great demand for land, and as the 20 mill tax on land values was not sufficient to hold down the selling price of land a great land boom resulted.

This boosting of land prices, due to the failure to collect a sufficient amount of land value for all governmental uses was the undoing of Vancouver. The false promise of the temporary prosperity led Vancouver to spend money like a drunken sailor ashore; bonds were freely issued, and debts for future settlement were piled up. Like all bubbles the land boom had to burst. It did burst in 1915, and in bursting it shrank the base of taxation so seriously that a 20 mill rate would no longer raise sufficient revenue to meet the excessive demands growing out of the wild orgy of bad financing during the boom period.

Another factor entered at this period to further embarrass the finances of Vancouver. Owing to the war, the population shrank from 122,000 at the beginning of 1913 to 95,000 at the end of 1916. Again, the moratorium act

of the Dominion Parliament added greatly to the inability of Vancouver to collect taxes; and the people, mostly speculators who had bought land during the boom at ten times its real value, discovered they were stuck. They not only refused to put any more money into that rat hole, but they declined even to pay taxes on land for which there was no hope of ever getting back any part of the inflated purchase price.

The cure for Vancouver's troubles was not to go back to the flesh pots of Egypt by taxing improvements, thereby restricting progress and increasing the cost of living, but to amend the Provincial law so as to allow municipalities to have as high a tax rate as necessary to raise all public revenue from publicly created value, namely land value. Whether there is \$10 or \$10,000,000 to be raised, the only just, wise and business-like way to raise it is to apportion it among citizens according to the services and advantages they receive from Government; and the value of land is the only true and just measure of the value of the services and advantages the citizen enjoys. The remedy for the lack of justice is more justice.

Vancouver's experiment in taxation was without sufficient grasp of economic law, else they would never have had a fixed maximum tax rate, particularly such a low one as 20 mills when money was worth 80 mills, leaving three-quarters of the value of social service and advantage to speculators as a premium on idleness.

Vancouver's tax troubles are due not to the Singletax, but to the lack of Singletax.

The New Social Order*

By Louis F. Post

Assistant Secretary of Labor

PUBLIC attention has been challenged by the passing over into a new kind of world—the new world which it is agreed on all hands we are approaching—the unalterable principles of human association that Henry George inculcated and to the realization of which he pointed out a simple and practical pathway.

Many will recall his picture in "The Law of Human Progress," his startling picture of the sword again become mightier than the pen, of carnivals of destruction in which brute force and wild frenzy would play their destructive parts, and how, when he had drawn this picture for a possible future for the world and had asked whence should come the new barbarians to over-run our civilization as the Huns and Vandals had over-run the Roman, he glanced at

* Read at the Manhattan Single Tax Club dinner, March 24, 1920.

the squalid quarters of great cities into which the House of Have had driven the hordes of Have-nots, where even then these gathering hordes were visible. Henry George has been dead nearly a quarter of a century. But what he saw and warned us of before he died, is full-swing in action now on the world's wide stage.

Two dictatorial mobs—call them what you will, for names make neither an ethical nor a patriotic difference—call them "Bolshevist" and "Junker," "Proletariat" and "Plutocrat," the "House of Want" and the "House of Have," organized "Labor" and organized "Wealth," no matter what you call them, they are dividing the world today into two belligerent camps, each inspired with hate and neither with rational ideals of social righteousness. To the genuine American democracy of Jefferson and Lincoln, which Henry George not only stood for but profoundly studied and eloquently proclaimed, to these principles of human equality, nothing could be more hostile than either of those mutually belligerent camps—unless it might be the other, if you will pardon the contradiction in terms for the sake of the emphasis.

Henry George urged the world to avoid this social conflict in the only way in which it can be avoided—by fundamentally establishing social justice. "If while there is yet time!" he exclaimed—"if while there is yet time, we turn to Justice and obey her," if we "trust Liberty and follow her," the dangers he foresaw as threatening our civilization would disappear, and the forces that menaced it would turn into agencies of elevation. But the Greedyguts of the world stood in the path, and now the crisis is upon us.

Nevertheless, it is not even yet too late—at any rate not in this democratic country of ours. Even now as in Henry George's day, our real danger is not yet from the proletariat, the bolshevist, the disinherited; it is rather from the plutotariate, the junker, the monopolist who knows he is a monopolist and likes it. But neither side is as yet very dangerous in our country; although both may soon become so if the masses of the people do not take alarm from the turmoil abroad. And this is no cry for a crusade against free speech or for arbitrary arrests and the substitution of administrative for judicial process and police inquisitions for

Constitutional proceedings. It is quite the contrary. Sleuths and head-hunters, who care nothing for Constitutional liberties so long as they can add a scalp to their string of scalps, the innocent along with the guilty, and often the innocent in preference to the guilty, do more to bring on the dreadful crisis that Henry George foresaw, far more, than they do to prevent it. I make no cry for any such viciously un-American crusades. The alarm I would urge you all to take is at the inevitableness that Henry George foresaw of the results of persistence in perpetuating institutional injustices. It is our own indifference, what I may call mass-indifference, to the integrity of American institutions, to the demands of American ideals, that threatens us now, not more certainly but more imminently than in Henry George's time.

Let us bring Henry George's guiding principles into the great struggle of this period so plainly that only the mentally blind and the morally crooked can ignore them; and however it may then be with the peoples we have abandoned in abandoning the world ideals for which our young men died and their mothers and wives and sweethearts prayed—however it may be with our abandoned allies in the Great War—it will at any rate go well with us. We shall have no revolutions if we dig out of our democratic institutions the surviving seeds of revolution, as Henry George advised us to. It would be a simple thing, as simple as living a righteous life. We have no more to do as a people than to recognize the self-evident truths that he who earns shall have what he earns, that there are community earnings as well as individual earnings, and that the community should have its own free from individual pillage, precisely as the individual should have his own free from community pillage.

The rest is only a matter of method, and there is never lack of method when and where there is not a lack of will. Nor could any better method be devised than such as is involved in the principles and mechanism of taxation. The power to tax is a power to destroy. For that doctrine we have the sanction of the Supreme Court of the United States. This power is used now to destroy equality of industrial opportunity; it can be used as effectively to destroy inequality of industrial opportunity.

How To Stimulate Building

By John J. Hopper

Civil Engineer and Contractor.

The following quotations from editorials in recent publications, give me courage to present my views on the housing question without being considered a Bolshevik:

The Globe: There remains one simple and undoubtedly effective remedy which apparently no one dares mention for fear of the opposition of the powerful 'interests.' That remedy is to make the tax rate higher on vacant land than on land occupied with buildings. In other words, penalize the man who holds a vacant lot waiting for it to increase in value, while that lot is needed for use.

The Tribune: A discrimination between the taxes paid on land and on habitations would, of course, increase construction.

The Review: The emergency quite justifies special exemptions from tax burdens for all new projects of housing for the poor and for people of moderate means. But legislative proposals of this nature fail to receive the attention which they ought to get, because of the diversion of interest to futile schemes and to idle denunciation.

Allan Robinson, president, City & Suburban Homes Co.: We would like to build homes for people of moderate means, but we do not feel that we can build on an extensive scale under present conditions. If, however, we were exempted from local taxation on the tenements we put up at present building costs, we could afford to erect new tenements, for in fifteen years, by compounding interest, the relief which comes from such exemption on such buildings would just about equal the additional cost burden that we would assume by building at this time.

Lawson Purdy: What can the State do to encourage the erection of homes? It has been proposed that all buildings erected for dwelling purposes might be exempted from local taxation for some period of years.

All the propositions I have seen which seek to solve the housing problem are based on some tax exemption which will reduce the income of the State just at a time when the State needs every cent of revenue it can get. Here are my suggestions:

First: Repeal the usury law, at least as far as loans on buildings are concerned. It is legal for pawn brokers to take 12 per cent. per annum from the poor, and the banks can collect any rate the market calls for on call loans. Why not free capital, as labor is free, and let it get

whatever its services command. Massachusetts, Maine, Rhode Island, Colorado and California have no usury laws, why should we?

Second: Exempt new buildings from taxation. The State loses no revenue from this for if the buildings are not erected the State gets no revenue anyhow. Everyone can see that refraining from taxing buildings is an encouragement to build, which is what is wanted. Every building erected increases land values, therefore—

Third: Tax land values for any increased revenue the State needs.

The drastic measures passed by the Legislature to curb rent profiteering are perhaps justified as emergency measures, but there is nothing in any of them to encourage house building, which is absolutely necessary for a permanent cure to the present evils.

We must always remember that a tax on land values and a tax on materials (labor products) have opposite effects. It lessens the selling price of land and increases the cost of buildings.

We think all our troubles will be over if we can stabilize the labor and material market. But when this is done just watch the price of vacant land go up, if an increase in the tax rate on land values is not imposed to curb this increase.

My suggestions therefore will: (1) Induce capital to enter the mortgage field where it can get as good interest as in other lines. (2) Lessen the carrying charge of buildings the amount of the tax remitted. (3) Lessen the price of vacant or ill improved land—an essential to more houses. All three of these things are absolutely necessary for a permanent solution of the housing problem.

Political Muckraking

As for the Senate, it is willing to authorize every investigation proposed by Republican or Democrat that promises to smirch somebody. In the words of Senator Ashurst, "this is part of the policy of throwing muck on all those who have rendered valuable service to the country."—*The New York World.*

WHAT OTHERS SAY

The Human Relation

Industrial life can no more exist without sentiment than can political, social or home life. Human nature is the mainspring which develops enterprise, initiative, loyalty and imagination—the things which make for success in business. The contentment of labor is very closely allied with the human qualities of the executives in charge. The ablest executives of today give less study to statistics, card systems and efficiency methods, but more study to human nature and the great underlying motives which control the actions of men and women.—*Roger W. Babson, United States Bulletin.*

Women in Business

The passing of Mrs. McDermott brings to mind the fact that women have entered all the avenues of business and industry and have acquitted themselves with marked success.

That women have managerial ability equal to that of men, there can be little doubt.

The entrance of women into every realm of activity as partners or competitors has already brought significant changes, and will bring far more—and all for the better.

And yet it is not many centuries ago, when members of the male sex were gravely discussing whether women had souls.

An eastern seer truly said, "where women are honored, the divinities are complacent. Where they are despised, it is useless to pray to God."—*Seattle Union Record.*

The Tariff as It May Be

"The Republican party reaffirms the policy of maintaining the high standard of American wages by levying such import duties as will prevent the under-paid laborers of Europe, whom we pledge ourselves to keep from starvation by gifts and loans of money, from inundating our markets with goods which we insist upon their sending to us to the value of hundreds of millions in payment of our just debts, though these ought to be liquidated in gold, as we should demand, were it not that America's command of the markets of the world, and her demonstrated ability to manufacture and sell in the face of any possible competition, have placed us in the proud position of holding nearly all the world's gold."

We should like modestly to enter the above for the prize to be given to the best suggested tariff plank for the Republicans.—*New York Evening Post.*

Why Land Is Idle

For it is now, under the present tax system, more profitable to hold land out of use in a growing community than it is to use it; for that part of the tax now levied on land values can very often be paid from revenues derived from sign boards and temporary structures. There are 150,000 acres of farm land within 15 miles of the public square of Cleveland that has not had a plow in it in 25 years. It is held for the most part by the second generation of the men who once farmed it. It should be used to feed Cleveland, but it is being held awaiting the allotment promoter. All the while there are 7,500 acres within the city limits also held idle for speculative purposes. Most of the cost of food to those in a city is in the complications attending the hauling of it past vacant lands.—*David Gibson in Commerce and Finance.*

The Incidence of Taxation

If we do not tax or take land value for social purposes, it becomes a premium on idleness or a payment to the speculator to hold land out of use—thereby making land artificially scarce—artificially dear—raising rent—increasing the cost of living, and worst of all, closing the door of opportunity on Labor and Capital.

It would bring the economic millennium measurably nearer if every legislator and every voter would learn the following sentences by heart and repeat them to himself until he has thoroughly grasped their tremendous meaning.

Taxing labor values	} have exactly the same effect, namely: to raise the cost of living and to promote unemployment.
Failing to tax land values	

Taxing land values	} have exactly the same effect, namely: to reduce the cost of living and to increase employment of Labor and Capital.—
Untaxing labor values	

James R. Brown in "An Open Letter to Legislators."

Boosting Stocks by Act of Congress

We think that when our railroads are valued as of the present date, that it will be found that they are under-capitalized by from 20% to 50% and that their total value will be nearer \$24,000,000,000 than the present estimate of \$19,000,000,000. If this be true it is evident that nearly all of the increase will go to the common stock.

Assuming that the total of the common stock is now \$8,000,000,000 and that \$4,000,000,000 will be added, there will be \$12,000,000,000 on which 5½% is to be earned. This will mean that there must be \$660,000,000 for dividends on the common stocks. As the present market value of these stocks is now not more than about \$4,000,000,000

it is reasonably certain that this value will be more than doubled, under the new law.

We, of course, assume that freight rates will have to be advanced from 10% to 25% to yield this increased revenue.—*Byron W. Holt in Monthly Stock Letter.*

Forestalling the Builder

The whole East Coast of Florida is laid out into Town Lots and the "Ubiquitous" Real Estate Agent—the most prominent figure in the landscape. At Miami, the hotels and rooming houses are charging about twice the price they did last year, and the tourists are paying the bill and the whole increased income has been capitalized into "price of land." The country for miles around is platted and for sale in town lots portions and at prices which seem to me to be absolutely ridiculous. Palm Beach and vicinity are about as bad. They have a West Palm Beach, a South Palm Beach and a North Palm Beach, all laid out in streets and avenues with an occasional lonesome looking house and the whole country plastered with "For Sale" signs. A visitor from Mars or any other planet would surely think we were all mad to see such doings. And it is madness, God grant that the world come to its senses some time and put an end to this crazy practice and give us a chance to live as sane humanity might live, in comfort and peace of mind.—*F. P. Jones in Fairhope Courier.*

The Native African

Mr. Morel does well to insist, as he is continually doing right through his book, upon the economic aspect of the question. "Land is the root of the matter," he tells us, while, in the following sentence, he exhibits clearly the true relation between land monopoly and capitalism. "The real sin of the African native, let it be emphasised once again, is not his indolence, but the fact that he is capable of putting his land to fruitful use, for his own profit, working as his own master." (Author's italics.) "It is this which gravels, as Mark Twain used to say, your exploiting capitalist and your grasping syndicates in Europe."

Mr. Morel looks to a League of Nations to safeguard the interests of the African peoples in the future, and has some very practical suggestions to offer to that end, but it is to the restoration to the native of his rights in the land that he attaches the first importance. In this we entirely agree.—*Josiah C. Wedgwood, review of E. D. Morel's "The Blackman's Burden," in The Commonwealth, London.*

Not a Creditable Showing

Among those employees who suffer most acutely have been the teachers in our schools. Their situation in many parts of the country has become deplorable. Thousands of them, trained in their profession, with a high and honorable pride in it,

have been literally forced to leave it, and to resign what had been their hope, not of wealth, but of loyal service in building the foundation of knowledge and character upon which our national strength must rest. In consequence there is everywhere a shortage of teachers. An inquiry made by the Bureau of Education showed that in January, 1920, more than 18,000 teachers' positions in the public schools of the country were then vacant because the teachers to fill them could not be had. Over 42,000 positions are filled, in order that they may be filled at all, by teachers whose qualifications are below the minimum standard of requirement in the several states. It is the estimate of the Commissioner of Education that more than 300,000 of the 650,000 school teachers of the country are today "below any reasonable minimum standard of qualifications." Many of those who remain in our schools receive less pay than common laborers, despite the long years of preparation for their profession that they have undertaken. This situation is a national menace. It is useless to talk of Americanization and of the diminution of illiteracy and other national educational problems, unless it is faced at once.—*Report of the Industrial Conference, called by the President.*

NEWS

Arkansas

O. S. Rieff of Russellville, Ark., announces himself as candidate for State Auditor on a Singletax platform. In a pamphlet announcing his candidacy Mr. Rieff says: "The problem of taxation is the greatest question confronting the State and Nation today. The present method of collecting taxes is irrational, inadequate, unjust and iniquitous. The present condition of social unrest, industrial agitation and uncertainty, the high cost of living, ungodly profiteering and constant increase of rents are all directly traceable to this vicious heritage of barbarism."

California

In a letter to the Trade-Unionists of California Daniel C. Murphy, president, and Paul Scharrenberg, secretary, of the California State Federation of Labor make a strong plea in opposition to the proposal to raise the percentage of names required to initiate a law from eight per cent to twenty-five per cent. The former percentage requires 70,000 names, the latter, 200,000. This measure is supported by the Anti-Single Tax League. If it carries it will require twenty-five per cent of the voters to imitate a repeal measure. Messrs. Murphy and Scharrenberg say: "California trade-unionists have long realized that the advantages of democracy also carry their responsibilities. The people

of California generally have accepted these responsibilities and have acted upon them intelligently. . . . The people can be trusted—even to have a voice in saying how they shall be taxed.”

Illinois

The Henry George Lecture Association, 538 So. Dearborn Street, Chicago, Ill., offers three prizes, \$30, \$20, and \$10, for the best essay on the Singletax, to be presented on or before July 15th, 1920, by any high school student, anywhere in the United States. Literature will be supplied applicants on request. Students intending to participate in the contest should address F. H. Monroe, president, 538 So. Dearborn St., Chicago.

Massachusetts

The bill submitted to the legislature by Prof. Lewis J. Johnson and others regarding the separate assessment of buildings, land improvements and the site value of land provides:

The value of real estate assessed, specifying separately the three following values, to wit: (a) the value of buildings exclusive of land; (b) the value of land improvements; (c) the site value of land. The value of land improvements is herein understood to mean, for each tract of land assessed, the portion of the value of each such tract due to the clearing, draining, cultivating, fertilizing, grading, and fencing thereof; and to the presence thereon of trees, shrubs and other vegetation, including standing timber and growing crops; and to all existing improvements in, on or to each such tract, other than buildings; and to improvements in abutting highways to the extent of the amount paid by the owner as special assessments for local betterments but not in excess of such amount. The site value of land is herein understood to mean for each tract of land assessed the portion of the fair cash value of each such tract which remains after subtracting therefrom the value of land improvements as hereinbefore defined and therein included.

The special committee of the New Bedford Board of Commerce has rendered a report on housing that contains some curious items. It speaks of streets in which all the abutting lots have dwelling houses, yet which have unconnected sections of sidewalks. It says also that “there are a great many shacks, dilapidated buildings, sheds and other structures which affect the value of surrounding premises, and are a menace to health and constitute a fire hazard.” Disjointed sidewalks and muddy streets, the report says, can be overcome by requiring “the owners of the land which is developed by new streets, instead of the taxpayers, to pay all the expense of building, grading and draining such streets. . . . This means that the cost of the streets is covered in the price of the lots.” It would seem that New Bedford has been in the habit of making street improvements

by means of a general tax instead of by special assessment.

New Jersey

A bill has passed the New Jersey Assembly by a vote of 33 to 7, providing that “Hereafter all buildings primarily designed for dwelling purposes erected during the period of two years from the date this act takes effect in any municipality in this State shall be exempt from taxation until the year 1925.” The bill has good prospects in the Senate and is favored by the Governor. The act is subject to referendum vote in any municipality desiring to use it.

“A message to business men in America” has been issued by the Manufacturers and Merchants’ Taxation League with headquarters at Newark, N. J. The message consists of nearly a score of letters from business men and public officials in Australia and New Zealand relative to the exemption of improvements and the taxing of land values. The verdict appears to be unanimous that the change tends to better improvements, and to force vacant land into use. No one expressed doubt that the change was not permanent, and all agreed that the introduction of the practice caused no hardship.

New York

On March 24, the Manhattan Single Tax Club gave a dinner to the editor of *TAXATION* on the occasion of the launching of the new paper. Richard Ayre acted as toastmaster. Among the speakers were Sylvester L. Malone, Stanley Bowmar, C. P. Thorne, Captain Donald E. Grant of London, Charles Johnson Post, and James R. Brown. Louis F. Post, who was to have been the principal speaker, was detained in Washington by official business. His place was taken by James R. Brown, who spoke on a rational means of obtaining just taxation.

Housing and rent profiteering appear to be the all-absorbing topics of conversation. The passage by the legislature of bills to limit the power of the landlords who were taking advantage of the house shortage promises some relief from the worst offenders, but there still remains the problem of inducing new building. Opinion appears to be gradually swinging to the use of taxation. Some demand exemption of mortgage incomes from taxation; some wish to have houses exempted for a period varying from five to fifteen years; and some ask for a perpetual exemption of improvements. Among those who would exempt houses from taxation for a limited period are Senator Calder and Allan Robinson, two of the largest builders in Greater New York, as well as a number of other active builders and real estate men.

Oklahoma

M. L. Chambers of Ada, Okla, printer and editor, is running for Congress in the Fourth District as a

Democrat on a straight Singletax platform. Mr. Chambers says there are 100,000 tenant farmers in Oklahoma, although the State was opened for settlement only 30 years ago, and has land enough to make 1,500,000 farms. There are 20,000 tenant farmers in his own Congressional District. Mr. Chambers is handicapped in his campaign by lack of funds.

Canada

The Toronto City Council has passed the resolution submitted by Richard Honeyford, Chairman of the Committee on Taxation and Assessments, asking the Ontario Government to amend the Assessment Act so as to enable the City of Toronto to assess improvements at a lower rate than land. This action of the City Council will give substantial support to Premier E. C. Drury of the Farmers' party who has also the support of the Labor party in his efforts to amend the Assessment Act. Mr. Drury is a working farmer and a Singletaxer.

The cities of Vancouver and Victoria, British Columbia, have voted to adopt the Hare system of Proportional Representation. Vancouver is now the largest city on the continent to adopt the system. Favorable sentiment is spreading throughout the Dominion. Adoption of the Hare system of Proportional Representation in Irish local elections appears to have given universal satisfaction. The *Irish Times*, *Unionist*, the *Evening Telegraph*, *Sinn Fein*, and the *Belfast Irish News*, *Nationalist*, all endorse the system and predict its adoption by the United Kingdom.

Great Britain

The resolution adopted by the Cardiff City Council last October, that "the first step towards a reform of the system of local rating [taxing] should be levied on land on an assessment based on its full capital value irrespective of the use to which the land is being put and as to whether it is in use or not," has been endorsed by twenty-nine other borough and city councils. Among the cities taking favorable action are Manchester, Bradford, Battersea, Grimsby, Hull.

Speculation is rife as to the course ex-Premier Asquith will follow upon his re-entry to Parliament. *Land and Liberty* notes that "as a parliamentarian Mr. Asquith returns to the forum with the almost universal approval of friend and foe alike," and takes encouragement from his repeated declarations during his Paisley campaign that he stood for the taxation of land values. Mr. Asquith is not, however, entirely clear in his economics, and there is some question as to his understanding of the economic problem confronting the British people.

Hungary

Robert Braun writes from Budapest to the *Fair-*

hope Courier that he has completed the translation of George's Social Problems, which will soon be published. Progress and Poverty, which he translated into Hungarian, and of which 10,000 copies were printed, is now out of print. Mr. Braun says there are now many Singletaxers in Hungary.

Japan

Japanese newspapers are urging upon the Diet an increase in the amount of revenue raised from taxes on land values. The reform spirit appears to be expressing itself in concrete proposals. Labor unrest is taken to indicate the necessity of labor unions, and the abolition or revision of irritating police regulations. Universal suffrage has entered upon the political stage, and its advocates are demanding a settlement along the lines of Europe and America.

New South Wales

Among the measures advocated by the Free Trade and Land Values League is the transfer of the cost of construction of railroads to land values. "New South Wales," says the secretary of the League in his annual report, "unlike many other countries, lacks navigable rivers, and consequently has to depend upon railways to get the products of the country to local markets and to ports of shipment. Cheap railway carriage, therefore, is a matter of vital necessity for the development of the country. There is also the suburban aspect of the question. High fares are forcing people back into the slums. There is plenty of room in the outer suburbs, but add heavy fares to the time involved in traveling to and fro, and we have a condition of affairs effectively checking the decentralization of the population in the metropolitan area. The three increases in railway charges in recent years have been severely felt. There is only one way to deal with this question. The railways

LECTURES ON TAXATION

Persons wishing lectures on taxation before Clubs, Churches, Forums and other organizations should communicate with James R. Brown, through the Manhattan Single Tax Club, 32 Union Square, New York.

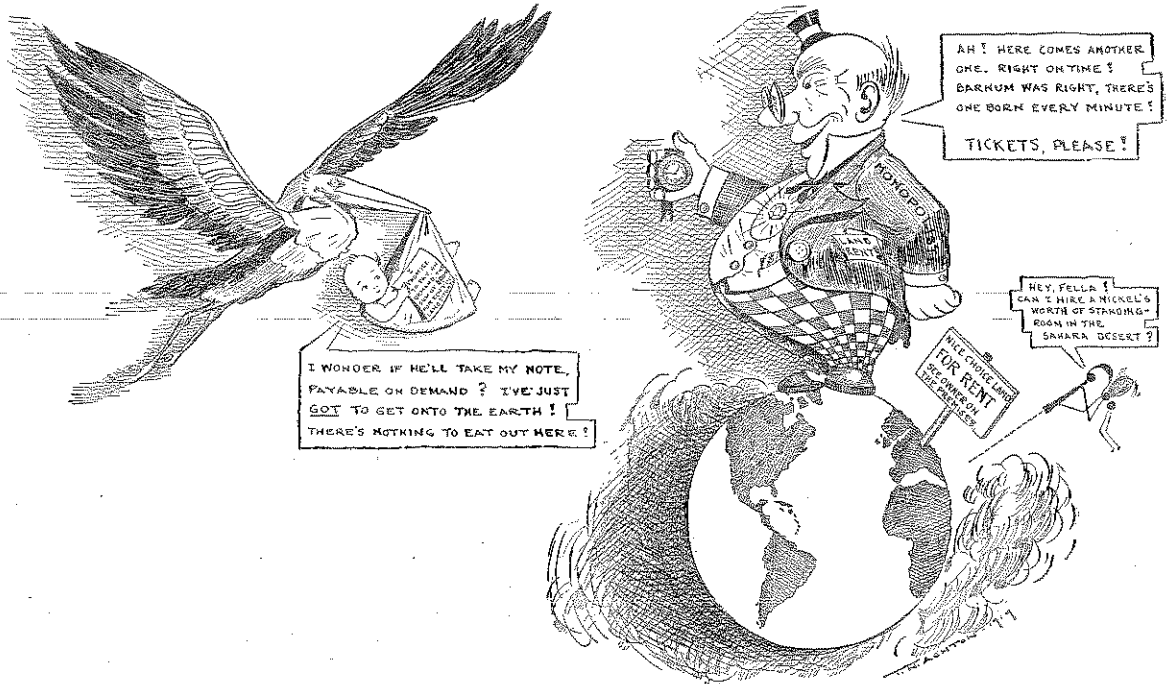
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New York



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and tramways must be run to pay working expenses only. The cost of construction must be transferred to the value of land. Building a line greatly increases land values. There we see the natural fund to draw upon to pay the interest upon cost. The transfer of the interest would permit of a reduction of one third, giving our producers and suburban residents far the lowest charges in Australia."

Nova Scotia

"We are suffering from a house famine here," writes J. S. Wallace of Halifax, "as perhaps every place is. It would be particularly disastrous in view of this to increase the tax on improvements." Several years ago Halifax separated buildings from land values for purposes of taxation, and fixed the rate on buildings at 1.75 per cent. As the rate on land values was not fixed the subsequent need for more revenue resulted in a rate last year of 5.42 per cent, and it is estimated that this year the rate

on land values may reach 7.00 per cent. Real estate interests are trying to shift the burden of taxes from land values, but thus far without avail. Some of their representatives have gotten into the City Council, but though they have secured support from the Board of Trade they are stoutly opposed by the Trades and Labor Council.

Winnipeg

It is now one year since the water was turned into the mains from the new aquaduct connecting the city with Shoal Lake, 70 miles east of Winnipeg. The striking thing about this 13-million dollar improvement is the fact that the cost was laid upon the land values of the territory served. The landed interests have been making efforts to alter this system, but thus far without success. This is one more example of the justice and the practicability of paying for community service out of community-created values.

JAMES R. BROWN, Taxation,
32 Union Square, New York.

Enter my subscription to Taxation for one year. My check for one dollar is enclosed.

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