

To put the matter plainly: as long as one man is out of a job, or has a poor one, he is a menace to every man who has a better job. In other words, raise the lowest stratum of society and the whole social structure will be raised.

Muddling the Railroad Question

THE fatal defect in our railroad policy, as in our street car management, lies in the method of financing their construction. Aside from stock jobbing, and the juggling of accounts incident to speculative ventures, we have laid upon one set of men the cost of building the roads, while permitting other men to reap the benefit.

It is now universally recognized that the construction of a road or street enhances the value of the land served by that road or street. If the highway be paved or otherwise improved the enhancement is still greater. If it be railed, as for street cars, there is an additional increase in value; and just as the service is bettered the value of the land mounts. What is true of lots on a city street is true of acres in a territory served by a railroad.

It is a fact of universal experience that whenever a railroad has been extended into territory in need of transportation there has been a marked advance in the value of farm lands, city lots, and manufacturing sites, as well as in mining and timber lands. Yet the cost of building the road has been paid by capital in no way interested in the land, save in the case of a few roads that received land grants from the Government.

Street pavements and improvements were once paid for in the same way; but up-to-date cities now assess the costs against the lands ben-

efited. The assessment is not upon the buildings, or upon the personal property in them—for they are worth no more upon a paved than upon an unpaved street—but upon the land, which alone is enhanced in value by the improvement.

This false method of financing railroads has brought about the present confusion. Had they been paid for as the street improvements are there would now be a very low capitalization, and only low rates to pay for the cost of operation.

Whatever may be the course chosen to correct the mistakes already made, there is no reason why the error should be repeated in future road building. Yet this is the very thing that both House and the Senate permit in the Esch and the Cummins bills, and there is little reason to expect a correction in the conference committee. The Esch bill provides for "fair and reasonable" rates. The Cummins rule for rate making guarantees six per cent. return to the carriers. The bills are alike in basing rates on the capitalization of the roads; and that capitalization is made up partly by fictitious issues of stock, and partly by bonds that should have been based upon the lands benefited, and made payable by the owners of those lands. Neither bill makes any pretense of meeting this point in future road building, or attempts to recover alienated land values created by the roads already constructed. There are many details involved in the railroad problem, and questions of executive procedure; there may even be a question as to whether the roads should be publicly owned and operated; but the question of requiring the owners of lands benefited to pay for the cost of construction is as fundamental in the case of railroads as in street improvements.

Suggestion for Constitutional Amendment

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IT is hereby enacted that all taxes on buildings, machinery, cattle, growing crops and all other taxes except taxes on land shall be immediately reduced 20 per cent. and thereafter by a like amount each year until they are com-

pletely abolished, and that the necessary revenues for state, counties, cities, towns, villages, school districts and other units shall be secured by increasing to whatever extent may be necessary the tax rate on the value of land exclusive