

or of the increase of the gold supply if you hold that responsible for the present troubles, the tendency seemed to be in the direction of a cheapening of production in nearly all lines, and land values were not declining. In those days even freight rates were going down—any railroad authority will give you convincing ton-mile, carload-mile and locomotive-mile figures—and yet railroad values were going up, sometimes getting within a stone's throw of the capitalization.

Even the figures of advances in land values should not lead us into hasty conclusions. If an owner of Pennsylvania land, for instance, can get only 14 per cent more than he could ten years ago he may be worse and not better situated than he was then; that is to say, he may be able to get less of the things he wants to buy with his money, as prices in general have advanced more than 14 per cent in ten years. But the Iowa and Illinois figures cannot be explained away in any such fashion, and the opinion that there has been, on the whole, an actual and a marked increase in land values is probably no delusion.



There is no such general agreement as to the prosperity of the farmers. The whole rural credit agitation, with the statements of fact on which it is based, especially so far as they relate to the need for short term loans and the explanations of the present high rates of interest paid for such accommodation, suggest conditions approaching distress. The figures as to increased farm tenancy do not indicate prosperity although they do indicate advancing farm values. The report of the New York State Food Investigating Commission (1912) has some passages which may help to explain the drift to the city:

"The methods of fixing prices to the producer need as careful thought as those of distribution. The producer seems to be receiving about 40 per cent of the retail price. Under the system of private treaty and commission sales still principally in use, the producers are growing restive and indignant and nearby sources of food supply are drying up."

And we are told of dairy farmers, going out of business in a period of advancing prices for dairy products.

But whatever may be the present situation, it seems clear enough what the effect of land value taxation would be. It would give to the farmer, as farmer, more of the results of his work and to the farmer, as landowner, a smaller income than he has now. It would encourage agricultural production and if applied to urban land, would, in

a similar way, lessen the income of the landlord and leave to the worker more of the results of his work and so encourage urban production. The relative advantages of rural and urban life would be weighed as they are now by those to whom both alternatives are open, but the advantages of either would be greater than they are now. Production in all lines would be encouraged and there would be a greater product to be exchanged between producers. The farmer might require a greater inducement to stay on the farm, but he would have a greater inducement in the greater proportion of his product he would be allowed to retain, and the increased urban production would give the farmer more satisfaction as the result of exchanges.



There remains the question of ethics. The Post does not go into particulars, but from experience in cases of conscience we may suppose that it is the vested rights question that is bothering it.

There is nothing new to be said on that point. We think that the present system takes from the producer and gives to the non-producer, and we think that is wrong. We do not see how you can compensate the people who benefit by the present system without taking the compensation out of the pockets of the others, and we think that would be wrong. If the New York Legislature had granted to Robert Fulton and his heirs and assigns forever the exclusive right to sail steamboats on the Hudson River, and if the mistake were only just being discovered, the vested interest would have some value. Nevertheless we believe that such a privilege could not justly be left to Fulton's heirs; nor could they be compensated except at the expense of those who have suffered by the mistake, which does not seem logical. And we think that the time to correct such mistakes is when they are discovered. Perhaps there are Singletaxers who will not agree to this; who think the remedy should be gradually applied. If so, they will have their way; there is no danger that anything that is right will be done in too much of a hurry.

WILLIAM E. MCKENNA.

INCIDENTAL SUGGESTIONS

THE FARMER'S WELFARE.

Chicago, January 2.

The following query is one that the universally talked-of small-farmers of Denmark have proposed to themselves, and solved to their own entire satisfaction.

A farmer with wife and four children owns a farm

valued at \$6,000, and which yields an annual "net" income of \$1,000. The land is worth \$4,000, unimproved, the improvements are valued at \$2,000. Now arises this question: Upon the death of the parents, is it best for the children that the bare-land value has increased, or decreased, even to no selling value at all?

During the farmer's life, it is obvious that his income would remain about the same with the same application of labor, whether the value of the land rose or declined, since he would harvest no more grain, the cows give no more milk, the pigs no more hams and bacon, the chickens lay no more eggs, and the horses do no more work. Now, if upon the death of the parents the value of the farm still remained \$6,000, each child naturally would inherit \$1,500, and to have as good a farm as the father's, each of them would be obliged to borrow \$4,500.

If, however, the bare-land value rose to \$8,000, and the improvements remained \$2,000, each child would inherit \$2,500, but must borrow \$7,500, while the income would remain about the same as before. And if the bare-land value declined to \$2,000, plus the \$2,000 for improvements, each child would inherit only \$1,000, but need borrow only \$3,000, income remaining about the same, \$1,000. And lastly, if the bare-land value disappeared altogether, each child would inherit only \$500, but need borrow no more than \$1,500, to obtain as good a farm as the father left, while with the same application of labor, the "net" income would remain \$1,000, as before.

The farmer, of course, has to contribute to the expenses of government and this can be done in two ways. Either as now, by direct and indirect taxes, or by the surrender to society of the annual bare-land rental value. As a question of taxation it is evident the present direct taxes, except what land-tax there now is—as well as the indirect taxes, like the tariff, increase snowball fashion and the consumer finally pays all. The absorption by society of the annual rental value of urban as well as rural land in the unimproved state, would cut out this snowball feature, since rental value taxes, or ground-opportunity-dues, if the term is preferred, cannot be shifted to the consumer; a point on which all economists agree.

Small farming is, nationally viewed, the most desirable form of agriculture, because it produces more wealth than farming on a large scale, in well-settled communities, and it would naturally profit by the surrender of the bare-land rental value in lieu of all the present taxes. However, this taxing matter, though pertinent to the initial question, is left out of it, since the "net" income as stated is \$1,000, and the query thus remains: What is best for the farmer's children, an increasing or decreasing bare-land value, even to the extinction of all the bare-land value?

C. M. KOEDT.



"The Declaration of Independence states that all men are born free and equal, I believe?"

"Something of the sort."

"Then why do you hold yourself so aloof?"

"My dear man, I'm descended from one of its Signers."—Washington Herald.

NEWS NARRATIVE

The figures in brackets at the ends of paragraphs refer to volumes and pages of The Public for earlier information on the same subject.

Week ending Tuesday, January 13, 1914.

Volcanic Disaster in Japan.

Sakura-Jima, a volcano on a small island in the Gulf of Kagoshima in the extreme south of Japan, began without warning on the 11th to pour out smoke and flame, and to throw fiery rocks and ash far and wide. Simultaneously other volcanoes of the range became threateningly active and numerous earthquakes shook the whole region. How many of the 15,000 inhabitants of the island escaped in the boats that went to their rescue is not yet known. Kagoshima, a city of 60,000, three miles away on the west side of the gulf, is evacuated and six inches of ashes cover the nearby seaport city of Miyazaki.



Rural Credits Bill.

The bill prepared by the Federal Commission on Agricultural Credits headed by Senator Fletcher, was reported on January 8 to have been submitted to President Wilson and the Senate Committee on Banking and Currency. It may be changed before being introduced. In its present form it provides for the creation of farm land banks under the supervision of a commissioner of farm land banks—an office created by the bill. These banks will have Federal charters, and will issue debentures and lend the proceeds on first mortgages to farmers at higher rates of interest than will be paid to purchasers of debentures. The banks may be formed either by individual capitalists or by co-operative associations. Loans are to be repaid in small fixed annual installments. [See vol. xvi, pp. 777, 1161, 1177, 1182.]



Supreme Court Upsets Franchise Contracts.

That a State Public Utilities Commission may fix absolutely without regard to franchises or contracts the rates which public service corporations may charge, was decided on January 5 by the Supreme Court at Washington. The specific case involved was one involving the right of the State Public Utilities Commission of Kansas to regulate the rates of the Wyandot County Gas Company. The decision apparently effects every public utility franchise in the country and may enable Chicago and other cities to secure better terms from local corporations hitherto considered securely entrenched in power through franchise grants.