

cusations which future generations will be better able to appraise in all their tragic significance!

Taxing Wealth, Poverty or Privilege?

THE slogan of an organization working for the reform of American municipal, state and national systems of taxation is: "Why Tax Wealth"? Since in its generally accepted meaning wealth is an abundance of useful things, of which everyone desires as much as they can possibly obtain, the obvious answer is that its production should be encouraged, and that in so far as taxes on productive industry increase costs of manufacture, or taxes on moneyed capital tend to discourage its accumulation or investment, they operate to diminish the total output of labor and its ally, capital, and to that extent injuriously affect the common welfare. As all taxes, however levied, must ultimately be paid in labor products or services, the use of money obscuring the fact that when a check is drawn in payment of a tax the taxing power is given a title to a portion of the created wealth, it is manifest that the total tax burden on a community represents just so much human effort diverted from its natural channels into other courses. Of these many are absolutely necessary; often highly desirable, while some may fairly be classed as of doubtful value to the taxpayers. In any case the essential fact remains that taxation, as now generally imposed, takes from the annual wealth production a share estimated at more than 10 per cent. of its total.

Conceding the necessity for taxes, at least until that happy time predicted by the idealists who foresee an ultimate social order in which the expenses of governments shall be met by voluntary contributions of the citizens best able to pay, and admitting the soundness of objections to the policy of taxing wealth, there will inevitably be asked the further question "Why Tax Poverty?"

In this retort to the query as to taxing wealth, it may be inferred that those asking it assume that if taxation is lifted from the rich (those possessing large amounts of property) the burden will necessarily fall upon the much larger number who have few possessions. As a matter of fact, there is in the United States no clear line that can be drawn between riches and poverty. There is a small number of persons who own great fortunes; a somewhat larger number who have little or no property of any kind, and the great majority that, while not rich, would scorn classification as poor. The alternative, therefore, is not that of taxing wealth or poverty, but of so adjusting tax methods that each citizen shall contribute to the various public expenditures in proportion to the benefits of government received. As now imposed, practically all taxes add to the cost of goods or services, and are thus passed on to the great body of consumers. Taxes on banking and other capital are charged over in the shape of higher interest

rates, resulting in higher priced dwelling and other rentals.

Various industrial and commercial associations are engaged in making surveys of the existing tax situation, with a view to urging the enactment of legislation designed to remedy some of the most glaring defects. It might be profitable for them to consider whether the solution may not be found in taking for public revenues, accretions of those values attaching to land which are due to the business activities of the people as a whole, and thus relieving industry and consumption of their present tax burdens.

Making Consumption Equal Production

THE action of the principal textile industries of New England, in reducing the wages of their operatives 10 per cent. because of insufficient markets for their products at prices based upon previous wage schedules, shows that despite conditions that should be favorable for industrial expansion, American manufacturers are faced with the problem of finding adequate markets for their surplus output. The productive powers of most lines of manufacturing industry have been so largely developed during the past decade that if operated to their full capacity the mills and factories can produce far more goods than the domestic market can under present conditions absorb. Part of this excess production will find an outlet in the export trade, but even in what are termed the "world markets," the capacity to buy is limited by the ability of foreign consumers to pay for imported goods, and while better organization of international selling agencies may increase exports, there is still the difficulty of paying for the exported articles except in products that will compete with those of domestic production. This latter condition involves problems of lower foreign wage scales, and the "dumping" of exports at prices below those charged in domestic consumption, showing that a solution of the "overproduction" problem cannot be found in an increased export trade.

Neither would it appear that a general policy of wage reductions in the United States would effect a permanent remedy for unsatisfactory trade conditions. With each reduction in wages must necessarily come reduced purchasing power on the part of millions of factory operatives, who already complain that because of the higher prices of staple farm products, and the maintenance of war-period dwelling rents, the high cost of living equals the higher wages they have been receiving. Under the trade-union rules that govern so many workers longer factory hours would seem to be impracticable, as their suggestion will meet with the objection that since many industries now are working on part time only, a longer working day would merely result in fewer work days each week. The fundamental of the problem is: how to increase domestic consumption, and the field is one to which the thought

and energies of economists, bankers and statesmen must be directed, if prosperity is to be maintained.

How to Read Progress and Poverty

WE have lately listened to an argument from an old time Single Taxer to the effect that so far as the mass of people are concerned, they cannot be reached by *Progress and Poverty*. To the average man it is not a readable book—not one that they can be induced to read for the great truth taught therein.

"Consider," says the proponent of this argument, "that the reader opens the book at the chapters on Malthus. No matter now if Mr. George has successfully demolished the Malthusian theory, as thinking men believe he has. The reader will turn these pages bewildered as to what this has to do with the rights of man to the use of the earth, which is true even if Malthus was right. He must wade through the questionable chapters on Interest—and here again he will wonder what that has to do with the fact that mankind is shut out from the use of the earth. He will lay down the book and say, 'Yes, Henry George was a very great man, no doubt, and a great writer, too, perhaps, but he is beyond me. He has compelled me to read so much of matters not concerned with what his followers tell me I ought to believe that I haven't the time to master it. I cannot follow him through the Malthusian and Interest chapters to an end which may be very desirable in itself, but which do not seem to lead me to the desired goal.'"

This, as near as we can recall it, is the language of our friend. It is an argument that could be urged against many books that require intelligence for their comprehension. It is an indictment of the average mentality. In a measure it is largely true. Of the 110,000,000 comprising the population of the United States there are doubtless no more than 100,000 or 200,000 men and women capable of thoroughly comprehending *Progress and Poverty*. There are nearly one hundred million persons capable of understanding that the rent of land should be taken by government for the people. A child may be made to understand that. Shall we therefore discard *Progress and Poverty* for some more simplified statement of the principle taken perhaps from that work, with all the other chapters omitted?

The question loses sight of a great truth which we wonder our friend has not stumbled over, for it lies straight in his path. Outside of the theory of interest, in which it seems to us even Henry George was weak, it has made more Single Taxers than any other instrumentality. No epitome of the work, no plain statement of the principles that Henry George strove to teach, has ever been presented half so effectively anywhere.

Look around us. The disciples of the Georgian philosophy who are still with us got their inspiration from this

book. What our friend ignores is this: The thinking man of a community counts for one hundred at least of the members of that community. If he gets the truth that is in *Progress and Poverty* he goes out and tells it to others in his own language. He tells it in language with which his neighbors are familiar. We fancy our friend will say, Why not tell it in this language in a little book that will make the meaning clear? The answer is that language is a variable medium. There is no assurance that such a book would be read, or if read would make the kind of disciple that would go out and preach it effectively. Personality counts for much more than we credit it with. The people of a community may be profoundly affected by the argument that Jonathan Jones, Esquire, long an honored resident of the town, believes in the doctrines of Henry George, though they could not be induced to read of these in the works themselves.

This may seem like an indictment of democracy, but it isn't. Men are affected by the beliefs of others. To the degree that men of healthy sensibilities and fine sympathies respond to the convictions that radiate from the exceptional spirits of a community, will a great truth find its way. Mankind is thus constituted. What Matthew Arnold called the "saving remnant" is the really governing remnant, intellectually and spiritually. Social institutions are responsive to these influences; they are the medium of social changes. What we call the progress of truth is not the voluntary yielding to the logic of a principle on the part of the majority, but rather by its involuntary acceptance by the majority in obedience to influences of which they are in great part unconscious. To make more and more believers in our doctrines among men who will derive their chief inspiration from the fountain head is to multiply the influences at work that will assure the ultimate acceptance of our principles by a voting majority. To this end we can do no better work than in seeing that the works of Henry George, *Progress and Poverty* especially, are kept before the public.

And this raises the question which is the subject title of this editorial, *How to Read Progress and Poverty*. The question is an important one. We think that it is answered in the following letter from the editor of the Coshocton (Ohio) *Tribune*, addressed to a young friend about to leave the *Tribune* staff to fill a post on a newspaper in a larger city. We commend the letter for the beauty of its English and the fine spirit that informs it. Its author is Fred S. Wallace.

My Dear Kenneth:

I had in mind one of two gifts for you at the time of your leaving the editorial force of the *Tribune*. One was a million dollars; the other this paper bound book. I have decided on the book for two reasons. One is because I unfortunately do not have in hand at this time the million dollars; the other, because I believe the book, properly read, will do you far more good than the money.

I trust you will read the book twice, because it will serve a twofold purpose. You should read it the first