

000 in 1910, to 150,000 in 1913. The tax rate is only 2 per cent. It is claimed 75 per cent. of the working people own their homes. There is no personal tax, no poll tax, and the people there expect to repeal the income tax now in force, thus making one tax and that on land values.

How different that sounds from what actually is a fact in this State where it might be said practically everything is taxed excepting the air we breathe.

Just for an example we will take what a druggist has to pay in taxes to carry on his business in this city. The figures are as follows:

City tax on coco cola	\$50.00
City tax on cigarettes	25.00
City tax on tobacco	10.00
City tax on soda fountain	10.00
Merchant's license, city	23.00
Merchant's license, State	14.80
State license, soda fountain	5.00
State license, tobacco	5.00
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Total	\$142.00

The above figures apply to a stock of approximately \$2,000.

The merchant's license is graded according to the amount of business carried on. Then take the poll tax, city and personal tax, taxes on property, etc., is enough for anyone to cry out for relief from this multiplicity of taxes and yearn for a system that would embody the form of a Single Tax.

The druggist is not the only business man who is taxed, as every merchant, and anyone else doing business in the city is subjected to various forms of taxation.

The people of this State are beginning to realize that this excessive taxation is sapping the life blood of all business enterprises, exhausting the resources of those of small means, and worst of all the wealthy and favored ones often escape the burden of taxation which falls so heavily on those who can ill afford to pay.

The question of excessive and complex taxation is being agitated all over the country, and the places where the Single Tax is the law are being watched to see how they progress under that doctrine. Tax reform is certainly needed in this State as

well as elsewhere, and it is bound to come. —Fredericksburg (Va.) *Journal*.

QUESTION BOX.

ASSESSMENT OF FOREST AND MINERAL LANDS.

EDITOR SINGLE TAX REVIEW:

I would like to have you answer or discuss the following questions in your next issue of the Question Box.

1. How would you assess and levy taxes on timber lands under Single Tax? If the full economic rent of such land were taken would the owner not be compelled to cut his entire holding in order to pay the tax, thus causing the waste and destruction of our forests?

2. How would you assess and levy taxes on mining land under Single Tax? If all but labor values were taken in taxation what inducement would there be for men to prospect for the precious metals?

Spokane, Wash. VINCE A. DAY.

ANSWER: The principle underlying the Single Tax is that all men have an equal right to the use of the earth and to the resources of nature. The Single Tax plan proposes to establish that equal right as near as may be by taking for the public treasury, to be used for the public benefit, the monetary value of whatever advantage one man may have over others through the occupancy of a particular spot of the earth together with access to natural resources. This advantage is known in economics as rent.

The best method of determining that rent is a matter which cannot be settled with precision in advance of the actual attempt to collect it for the public. The present system of production is predicated upon allowing a large share of rent to remain in private possession, and the fact that the privilege of collecting rent is capitalized and sold (for the selling value of land is based upon the part of the annual rent which the owner can retain) introduces a further complication.

However, as a considerable part of public revenue is now composed of ground rent

(computed indirectly through the assessment of land and collected by an annual tax on that value) there is a certain basis from which to start, and as there is no probability of the Single Tax being put into operation all at once, there will be plenty of time to work out the details.

In the practical application of the Single Tax plan, the immediate object is to place the present day tax burden upon land (including natural resources) and to exempt labor and its products. Assessments can be made, based upon present knowledge and experience, which will distribute the tax burden upon various kinds of land much more equitably than tax burdens are distributed under present methods of assessment and taxation, and which will come sufficiently near to actual rental values to insure substantial justice.

The answers to these two questions involve certain details with which all Single Taxers may not be in perfect agreement. There is, however, no more competent authority upon matters of assessment than A. C. Pleydell, of New York, and the following may be accepted as a serious if not final attempt to answer the important questions of administration which Mr. Day raises.—Editor *SINGLE TAX REVIEW*.

BY A. C. PLEYDELL.

The assessment of forest land does not involve any serious practical difficulties, nor would the Single Tax bring about the destruction of forests if properly applied.

A forest is a growing crop just as much as is a field of wheat—the only difference being that wheat ripens and is cut annually, whereas a tree requires a number of years to reach maturity.

Standing wheat is exempt from assessment either by statute or because farms are assessed early in the spring before there is any growing crop to assess, and the valuation of farm land is (in theory at least) what the land is worth for the purpose of growing crops upon it.

The same principle should be applied to the assessment of forests, and this is the tendency of recent legislation.

The present system of taxing forest lands in most States is by the uniform rule of the general property tax, which

means that both the land and the standing trees are assessed and taxed annually, so that in thirty or fifty years the value represented by the timber has been taxed over and over again and has paid many times the tax on other property.

Until recent years timber land assessments have been usually much below actual value, which was a compensation for the heavier tax. But with the tendency to bring assessments up to full value of property, forest owners are being compelled to cut timber, and find that replanting will be unprofitable.

Practically, all recent discussions of this subject show an agreement that present methods are destroying forests, and even without radical changes in present tax systems, the proper policy for taxing forests requires that the land shall be assessed separately and pay a tax yearly, while the timber shall be exempt at least until maturity.

Two years ago, New York enacted that when forest lands are planted under the direction of the Conservation Commission, only the land shall be assessed and taxed, and the timber shall be exempt while growing. Massachusetts recently adopted a constitutional amendment to permit the legislature to establish a special system of taxation for forest lands, so as to avoid the evils of the general property tax.

To take the full economic rent of forest land in taxation would not compel an owner to cut the trees. The rent of land used for forests is what such land is worth annually to a person who expects to plant trees upon it and wait until that crop is ready to cut. Of course, the best forestry requires continuous cutting and replanting a certain proportion of the growth annually, but this does not affect the principle. It would not be difficult to ascertain from those familiar with forest lands and their development, just what was the rental value of a particular tract.

An original forest growth that has reached maturity without any labor or cost to the owner (as is the case with many of the western timber lands) presents a somewhat different problem,

though the differences are more apparent than real. Such an original growth, which precedes population, is a natural resource, and should not have been allowed to pass into private hands. Nevertheless, the timber is still a crop, and to hasten its cutting unduly by heavy taxation intended to get back its "natural resource" value, may be unwise public policy, especially if this leads to a stripping of the land and its abandonment. This is one of the practical questions that must be adjusted so that the least possible harm shall result from past mistakes. Perhaps the most acceptable solution would be to tax the land at its value, as in the case of reforested land, and then have a stumpage tax which would be in the nature of a partial payment for the advantage of having obtained possession of the original timber growth.

But there is no justification for a stumpage tax on reforested growth. The price of timber will be set, ultimately, by the labor and investment cost of raising it on the least profitable land used for such purpose; where the cost is less the land will be worth a corresponding rental. A stumpage tax then would be shifted to consumers of lumber just as other taxes on labor products are shifted.

The proper method of assessing mineral land is one of the most perplexing problems of any system of taxation.

In the first place, mineral lands differ from other natural opportunities, such as city lots, farms or forest lands, in that their use involves the destruction of their value by the exhaustion of the mineral. City lots have only a site or location value and this is not diminished or exhausted through use; while the only value of a mine is in the product that must be taken away. In most cases it is impracticable to determine in advance the total productive capacity of a mine (or gas or oil well, or quarry), and even if this could be ascertained accurately, the time of exhaustion would depend upon the rapidity of the working and this, in turn, would be influenced by the market prices of the product.

To arrive at the rental value of a

mineral property of any particular class of product (iron, gold, oil, gas) a fair rule would be to find the cost of the product in those producing mines (or wells) that were the most expensive to operate. If the difference between gross and net proceeds was only an ordinary business profit, that would be a "no rent" mine and would be a basis. By computing the higher net profits of mines that were cheaper to operate, the economic rent of those mines could be ascertained.

To determine the rental value of non-producing mineral properties offers some difficulties, but these are not insurmountable. A fair estimate can be made by comparisons, and there is not much danger that mines will deliberately be kept out of use if the assessment is anywhere near what it would be if the mine were operating, and it could be more accurately ascertained. It is only in exceptional cases that the owners of mineral land will combine to restrict production in order to advance prices through the curtailment of supply. Ordinarily mines are worked so as to obtain the greatest possible yield at the lowest investment cost.

One practical difficulty in the way of following the rule suggested above, is that some leeway must be left to encourage the investment of capital in machinery and in such work as tunneling and sinking shafts, as the mine may suddenly become exhausted and the capital be lost. A proper allowance for this risk would have to be made in computing net profits.

In view of these difficulties, it would seem that a practicable compromise for some time to come would be a combination of a tax on assessed value of the mine (which would take part of the rental value and which would be heavy enough to discourage holding mines out of use); and a royalty or production tax based upon either the value or the tonnage of the output.

Because of the peculiar character of mineral resources which (a) are frequently located where the expense of government is small, and (b) are a natural resource

whose value does not come from the industry of the adjacent community, the larger part, if not all, of the revenue from the taxation of minerals should go to a larger political division than a township or county where they happen to be located. Possibly under our system of government the State would be an appropriate unit, although something can be said in favor of making this a source of national revenue; especially if proper allowance be made to the localities for the expense to which they are put through the presence of the mining industry.

The final question, as to what inducement there would be for men to prospect for precious metals if all but labor values were taken in taxation, involves a great deal more than assessment and taxation. It might be said on the one hand that an allowance ought to be made in the assessment for profits based upon the difficulties of discovery of particular kinds of mineral. On the other hand, it might be argued that prospecting is a gambling game in which the losses much overbalance the gains, and that the social good as well as the welfare of individuals would be enhanced if we waited for our minerals until they were found in the ordinary course of events.

Perhaps, too, it is a proper function of government to explore for the natural resources within its borders. Which leads to the thought that both original forest growths and mineral deposits ought never to pass into private hands, but should be retained as part of the public domain, to be cut or mined on a royalty or leasehold basis; a plan which has been followed in wiser countries. But these resources are largely in private hands, and the questions relate to taxation under those conditions.

A. C. PLEYDELL.

THERE is but one thing needed in this world, but that is indispensable—Justice, Justice, in the name of Heaven give us Justice!

THOMAS CARLYLE.

THE Single Tax Postulates are:

That all the community have equal rights to the natural elements; and that each individual has an exclusive right to the products of his own industry.

BOOK REVIEWS.

EUROPEAN CITIES AT WORK.*

Here is another of the valuable works which Frederick Howe has contributed to the literature of city life and government. We know of no more intimate account of the public life of the cities of Germany than is comprised in some of these chapters. Mr. Howe writes with enthusiasm if not always with discrimination, and the reader is impressed with the conviction that we have much to learn from the Fatherland in the splendid civic spirit in which the Kaiser's dominions have set so striking an example.

For it is a generous picture that municipal Socialism contemplates. One feels a sympathy, of which he cannot well rid himself, for these efforts of the German cities to provide for the needs and comforts of their people, to extend the activities of the city government up to the door step and into the very household of the citizen. When one of them says, as quoted by Mr. Howe, "The city is more than a business affair. It is more than a political agency. It is an agency of social welfare with unexhausted possibilities," we respond to the sentiment, and for a moment we hesitate to question whether these German municipal policies may not be those that American cities should adopt.

Suppose that all cities should do what these German cities have set out to do? Suppose the programme should be carried still further? Is there any disposition (is there in fact any real knowledge that would guide such disposition were it existent?) to deal with the problem of poverty fundamentally? Why make a division, as Mr. Howe does, between these activities of the German cities and the *laissez faire* of American cities, and assume, or lead his perhaps too careless reader to assume, that there is not a realizable *laissez faire* in which the individual may be left free to deal with his own property and the city to assert only such cir-

*European Cities at Work. By Frederick C. Howe. Ph.D. Cloth, 12 mo., 370 pp. Price \$1.75 net, Chas. Scribner's Sons, N. Y. City.