

citizen of New York can enjoy the service of the Boston police only by going to Boston, and then only so long as he remains within its jurisdiction. But the jurisdiction of Boston embraces a definite area of the earth's surface. In other words, the police service of Boston occupies space, and the would-be beneficiary of that service must place himself within that space.



But the area of Boston is fixed. While houses and goods may be multiplied indefinitely, the ground upon which to set the houses and goods cannot be increased, and all that land is privately owned. Consequently, any one who goes to Boston to enjoy the protection of its police must first make terms with those who own the land. Houses can be had for the cost of construction. The same is true of food and clothing, and all kinds of goods. The price of houses and goods will be similar to that of other cities in that part of the country, either with good or with bad police service; for it costs no more to build a house, or to produce goods under good protection from the police than under poor protection. Should there be any difference the cost will be less under good protection. But the land upon which these things stand, and upon which the citizens must move and have their being is limited in extent; and any increased demand results inevitably in an increase in value.



The tax collector excuses his demands of the newcomer by saying, "We have a fine police service in this city, and we look to you to pay your share of the expense." "Certainly," the newcomer answers, "I came here in order to get good service, and I'm willing to pay for it." And turning to the land owner he inquires, "Isn't your price for this lot a little steep?" "Not when you take into consideration the service you get," answer the owner. "We have the finest service in the country, and a man should not expect to enjoy such benefits without paying for them." "But," protest the newcomer, "I have just paid the tax collector for that very thing. If I must pay you because of this service why do not you pay the tax for its maintenance. Must I pay twice for the same thing?" "Ah," says the landowner, recalling the words of the Dallas critic, "do you think that any one should insist on enjoying the benefits that come to him through organized government without contributing something in a direct way to the support of that government?"

S. C.

The National Singletax Conference.

Under the most auspicious circumstances since launching of the movement will be the national conference of singletaxers to be held at the Hotel Raleigh in Washington on January 15 to 17. It will be the first one to be held with legislation on statute books within the United States, putting into effect an application of the principle. This is the case in Pueblo, Colorado, and in Pittsburgh and Scranton, Pa. In addition to this is to be noticed the spread of the Houston plan of taxation to other cities of the State, and its favorable consideration by many localities especially throughout the South. Most important of all is the growth of public sentiment in its favor made evident by the steadily increasing number of editorial endorsements where silence or hostility had prevailed before.

S. D.

EDITORIAL CORRESPONDENCE

PASTORIZA'S WORK IN HOUSTON.*

Houston, Texas, December 27.

The following is from a recent editorial in the *Houston Daily Post*, a somewhat conservative publication:

Assistant Attorney General Cureton, who spent Tuesday in Houston, thinks that the State ought to adopt the policy of taxing unimproved farm lands so highly that they will have to be sold to small farmers who will improve them. He advocates the broadening of the tax system, as in operation in this city, so that it may be made to apply to agricultural lands as well. This system is but the entering wedge for the Henry George system of taxation of land values, known as the single tax plan of raising revenues for the support of the government and of giving to each individual his rightful participation in Nature's free gift to humanity—not to one generation, but to all generations—of land, air and water, without which, it is claimed, there can be no equality of opportunity. There is too much land monopoly in Texas, hence with the unearned increment evidenced by the rising values of unimproved land appropriated by those who hold title to it, there is growing dissatisfaction with the State's policy of land taxation.

Twenty-five years ago this same paper, under the same editorial management as at present, published in full, with editorial headlines and introductory remarks which were hardly courteous, the address delivered by me at a Knights of Labor celebration, which Henry George afterwards named the "Case Plainly Stated." I had announced myself a Henry George man and was severely berated by the editor for such a brazen avowal of faith in his teachings. It was even mildly intimated that dangerous personages like myself ought not to be tolerated among honest citizens. The Chicago Haymarket bomb had exploded but a short time before, and as I walked to my office that morning, after having read what the *Post* thought of me, I wondered how many of the

*See *Public* of November 7, 1913, pages 1061 and 1065; and December 19, 1913, page 1202.

people I met were staring at me with ill-concealed aversion and terror.



What a change has since taken place in the public sentiment of this community! At that time Joe Pastoriza was apparently a mere money grubber. He did not see the "cat" until years afterward, but even then, deep in his heart, was the plan to devote the remainder of his life to the public good after he had acquired a competency. As a penniless orphan boy he read Ben Franklin's autobiography, and he has never since swerved from the resolution then formed to emulate in all respects the example of that benign philosopher. He is now possessed of a great and taking idea, about which he thinks and talks and writes and acts with the shrewdness and force of his great exemplar. When Mr. Pastoriza first ran for city commissioner, three years ago, he went in with a whooping plurality. The mayor, at that time though bitterly opposed to him politically, was big enough and patriotic enough and intelligent enough to make him tax commissioner and back him up in his plan to introduce the Somers system and reduce taxation on personal property and improvements, for the mayor himself had become inoculated to some extent with the singletax virus which we had been stirring into things here in Houston for many years.

This was the situation when Joe Pastoriza took hold: The constitution and laws of Texas and the ordinances of the city of Houston, then, as now, required a tax levy for State, county and municipal purposes amounting in the aggregate to about two and one-half per cent on the full valuation of every kind of property owned by every citizen of Houston, including "credits," so-called, and money in bank. That was the law then, and it is the law now. Money on deposit in the banks of Houston, amounting to over \$30,000,000 on the first day of January next preceding Joe's election was subject to this tax of 2½ per cent, which would have amounted to \$750,000. But had Joe attempted, according to the plain letter of the law, to take from these bank depositors over \$500,000, the city's part of it, what a howl would have been raised. And what rack and ruin would have ensued when the next first of January came around, by the withdrawal of the \$30,000,000 from our local banks, in order to prevent 2½ per cent of it being grabbed by tax collectors. The banks had also loans outstanding on that fatal first day of January, amounting to say, \$15,000,000. Hence they were liable on these items alone to a tax of \$350,000; and citizens of Houston lending money on mortgages to the extent of at least \$10,000,000, as shown by the county records, were also liable because of these "credits" owned by them, for taxes amounting to \$250,000. Here were money and "credits" to the extent of probably \$55,000,000 clearly subject to taxation, and yet none of Joe's predecessors had ever attempted to compel the rendition of hardly any of it; and so, in plain violation of the law and contrary to the constitution of Texas, upwards of \$55,000,000 of money and "credits" had, year after year, escaped taxation. And not only so, but grand jury after grand jury had adjourned without indicting the hundreds and thousands of citizens who had committed perjury in swearing to the correctness of tax lists signed by them, in which no mention had

been made of money in bank and money loaned. This was certainly an awful condition of affairs for Honest Joe, as he is often called, to take hold of. Here he was, elected to office by a constituency, of which nine-tenths of those who had money enough for a bank account or for a loan, were perjurers, liable under the wording of the laws to imprisonment in the penitentiary. Great is the constitution of Texas and that of every other State in the Union where provision is made for the collection of taxes on money and "credits."



Of course every intelligent person knew that an attempt by the tax commissioner of Houston to collect from depositors a tax on money left by them in bank on the first day of January of each year, would cause the withdrawal before that day of nearly every dollar on deposit and break every bank and three-fourths of the merchants and manufacturers in the city, but this fact did not change the legal effect of the wording of the law. Neither was its legal effect changed by the fact that a systematic and persistent attempt to tax "credits" held by banks and individuals would enormously increase rates of interest and throw the full burden of the tax upon the borrowers. Yet these obvious facts had caused Mr. Pastoriza's predecessors in office and the grand juries of Harris county to ignore, year after year, the plain provisions of the law and thereby spit in the face of the sacred Constitution of Texas.

Now here is where the genius and hard common sense of Mr. Pastoriza came in. If his predecessors and the business men of Houston could, for the public good, ignore with impunity the existence of \$55,000,000 of values, clearly subject to taxation, as shown by mortgage records, bank reports and accounts kept by banks, easily listed and put upon the tax rolls, why couldn't he, for the same reason, ignore the existence of large amounts of personal property and improvement values? Anyway, he went to work on this idea, and the mayor and the other commissioners readily acquiesced, for they were pretty good near singletaxers themselves; and besides, Pastoriza and James Charlton, the county treasurer, an indefatigable singletax worker re-elected now for the third time, had demonstrated that belief in the singletax was really a valuable asset for any politician to hold, especially in Harris county.



And so, to begin with the Somers system of assessing property for taxation was adopted. It revealed here, as it will probably everywhere else, that as a general rule, the real estate of the rich was being assessed at about 40 per cent of its value and that of the poor at about 80 per cent. The assessed values of land, exclusive of improvements, in the business part of the city and in the suburbs held in large tracts, was raised, often from 100 per cent to 200 per cent and sometimes more, in one instance the increase was 1500 per cent, and that of the small homestead owners, and that also of the very rich, was reduced in many cases. Yet no one seriously contended that the assessment rolls, as finally approved, were not fair, and immensely nearer exact right and justice than had ever been the case before. Land ex-

clusive of improvements, whether platted into lots and blocks or not, was put in at 70 per cent of its value, and improvements at 25 per cent. Taxpayers were encouraged to forget all about "credits," and money in bank, household furniture, watches and jewelry and nearly everything else pertaining to personal property, except in the case of merchants, whose stocks of goods went in on the 25 per cent basis. The franchises of public service corporations, never taxed before by the city, were assessed in all, \$1,800,000 at one fell swoop, and Pastoriza gave them to understand that he would make it \$3,000,000 if, by refusal to sign assessment sheets prepared according to his valuations, a predicate was laid for an injunction or any other kind of legal disturbance. They paid up with eagerness. This year these franchises are assessed at \$2,200,000, in addition, of course, to the many millions assessed upon the value of the plants and land held by the corporations owning the franchises. Joe's policy is to raise the franchise assessment values in broken doses, for fear of shocking a management here and there into an apoplectic fit at the idea of a public service corporation paying taxes on anything like the real value of its property, as required in the case of an ordinary citizen. He will probably educate them up to it, however, within the next year or two.

The necessities of the city government required the raising of several hundred thousand dollars more than had been derived from the taxes of the preceding year. Nevertheless, when tax-paying time came around, over 5,000 taxpayers, constituting a clear majority of all the taxpayers of the city were gratified to find their taxes, instead of being raised, had actually been lowered. Of course, Joe was re-elected at the election last spring by a phenomenal vote. With four commissioners to be selected, and the vote divided among thirteen candidates, he secured the nomination by a vote not far short of the aggregate vote of all the other candidates put together. And this, too, after coming out two days before the election in a communication, published in all the papers, requesting every one who did not believe in the system of taxation which he had inaugurated, to vote against him, and winding up by saying in effect that he was an out-and-out, full-fledged, uncompromising Henry George man to the extreme limit of the singletax doctrine.



Now who in Houston objects to Joe's work, resulting in what is widely known as the "Houston Plan of Taxation," and which has advertised the city far and wide? The people here are practically a unit in its favor, including even the owners of suburban lands held for speculation. These owners also are peculiarly benefited by it, and this is being clearly seen by the intelligent ones among them. The almost total elimination of fines formerly imposed for doing business in Houston and for erecting buildings for business and home purposes, has naturally enough greatly stimulated the growth of the city and immensely increased its land values. The population was 78,000 in 1910. Now we are claiming 140,000. The city's directory for that year contained 50,490 names; it contains 70,881 names for

the year 1913. Total bank deposits September 1, 1911, the year of Joe's first election, were \$33,039,450; total deposits September 1, 1913, \$40,127,723. Total postoffice receipts for year ending June 30, 1911, \$454,316; for year ending June 30, 1913, \$552,011. Everything indicates an even more rapid growth of the town in the future than in the past. Building permits, for instance, for the first six months of 1913 show an increase of 55 per cent over the corresponding period of 1911.

We will next consider the legal aspect of the matter—what would be the outcome should proceedings be brought in the courts for the purpose of destroying the "Houston Plan of Taxation"? In the first place, it is not likely that Houston contains a single citizen so narrow minded and blinded by selfishness and prejudice, as to imagine for a moment that he could be benefited by the payment of thousands of dollars to lawyers hired for the purpose of annulling the entire assessment rolls of the city, for that is what it would amount to if he were successful. His effort would be nothing less than an attempt to bankrupt the city treasury, block all pending public improvements and produce indescribable chaos and confusion in the management of city affairs during the years which would elapse before the litigation could finally be settled by the Supreme Court. To be successful, he would have to destroy the entire tax fabric of the city, and if successful, the depreciation of his own land values resulting thereby would exceed by many fold such slight reduction in his own taxes, as he could hope to accomplish. Not having the support of any considerable body of taxpayers, he could hardly stand the storm of public indignation and contempt which such action on his part would arouse. At best he would only be biting off his own nose to spite his own face.

But we have little fear of a successful resort to the courts, even if attempted. A lawyer would be greatly puzzled in trying to find out where, and in what way to begin a legal onslaught and carry it through to a successful termination. No city ordinance has ever been passed adopting or authorizing the "Houston Plan." The law makes no provision for a direct appeal from the discretion exercised by the city council in approving tax rolls and fixing finally the assessment values of property. Any legal method effectively invoked to compel the city council to raise improvement values, could be invoked with equal efficiency to compel them also to put upon the rolls those \$55,000,000 of money and "credits," and no sane person having the welfare of the people at heart wants anything of that kind done. The courts would be loth to lay down a rule of procedure under which the tax rolls of every county and city in the state could be invalidated, for nowhere in Texas is the law requiring a complete rendition and full valuation of property, even attempted to be observed. The people of Houston have had a taste of something approaching scientific taxation. They have tried it out, they like it, and in my opinion no laws are in existence which will ever deprive them of their right to its continued enjoyment.



And finally, what is the lesson to be learned by Singletaxers all over the United States, from the

great work accomplished here by Mr. Pastoriza? It is this: Waste no time or energy in organizing or training with a new party, or even running for office on a pure Singletax issue. If a Singletaxer sincerely wants an office for the good he can do if elected, let him run for it in the primaries of one of the existing parties, whose platform most nearly conforms to his views on pending issues. Other things being equal, the fact of his being an avowed singletaxer will prove no handicap. In nine cases out of ten it will be a vote-catching asset. Avowed singletaxers in considerable numbers are already members of both houses of Congress, and this will soon be the case as to more and more of them. And especially as opportunity offers, put men in control of the taxing machinery of government, whether singletaxers or not, who favor the Houston plan and who are likely to exercise some of the force and shrewdness of a Pastoriza in putting it into operation.

H. F. RING.



SOUTH AMERICAN FINANCE.

Buenos Aires, Argentina, December 14.*

Things down here continue to wear a very sombre hue. The crop losses round Bahia Blanca are reported to be complete and very extensive. The *Prensa*, one of the largest papers in the country, estimates the acreage lost at 1,250,000 from drought, while there must be a further million acres destroyed by floods in the central south of the Province of Buenos Aires.

In the rest of the wheat area things look very promising, although the persistent rains are doing damage, as rust is appearing in some places.

Financially things are in queer street. The recently published balances of the banks show that 14 banks have had, during the past six months to face a shrinkage in their deposits amounting to over \$71,000,000.

The list makes interesting reading:

	Shrinkage in deposits.	Per cent of deposits held March 31, 1913.
Banco Español.....	\$22,743,000	9.9
Banco Galicia.....	13,006,000	45.6
Province of B. A. (Banco).....	11,765,000	7.9
Frances del Rio Plata.....	4,910,000	5.5
London & River Plata.....	4,807,000	2.9
Transatlantico Aleman.....	3,969,000	6.4
Italia & Rio de la Plata.....	2,685,000	2.6
Popular Argentino.....	1,809,000	2.5
London & Brazil.....	1,368,000	7.4
Comercio.....	1,357,000	23.6
British Bank of S. A.....	1,235,000	2.2
New Italian Bank.....	1,943,000	2.5
French & Italian Bank.....	558,000	11.1
Bank of Castile & R. P.....	128,000	8.3
Bank of Spain & America.....	70,000	8.1

Two of the above institutions are at present very much in evidence on the Bolsa or Exchange. The shares of the Galicia have dropped very heavily, but during the last few days have recovered somewhat.

*See Public of August 22, 1913, page 797.

The shares of the Comercio are also being made a gambling counter, by both the bulls and the bears. However, apart from this the position of the Banco de Galicia calls for more than passing consideration. A shrinkage of deposits of 45.6 per cent in six months must affect the institution very seriously, while the terrific losses that have been disclosed in some of the bankruptcies has not enhanced the public opinion of the way this institution is handled by its directors. Whether withdrawals will continue or not remains to be seen; but if public confidence is not restored, and the drain continues, the Galicia will, inside of another eight or nine months, be reduced to trading on its own capital.

The Comercio is only a small tin pot institution; but in the face of heavy failures it has managed to pay out 23.6 per cent of its deposits, and at the same time to increase its cash reserve in relation to deposits held from 14 per cent to 30 per cent. Not at all a bad performance, but as yet it is impossible to say at what cost this improvement has been effected.

In Uruguay things continue very quiet. Those advocating singletax continue very active, especially Drs. Herrera and Vitale.

In Brazil* the declaration of the Governor of Rio Grande do Sul—the most southerly state of Brazil—in favor of singletax has created a considerable flutter in some circles. The declaration of Dr. Borges de Medeiros is very clear and concise, and his message to the Assembly of his state makes very good reading for those who have been advocating industrial freedom for years past. Since 1903 the State of Rio Grande has been gradually increasing the land values tax. In that year it produced only \$996,443, rising steadily year by year until in 1912 it produced \$2,125,099. In presenting the reforms entailed by separating the improvements from the value of the land, Dr. Borges de Medeiros says in his address to the Congress:

On this point I have now to deal with the only question that is debatable and opposed by some, in the extension of this tax [land values tax]. Should the improvements be included in the taxable value or should they be excluded? When I had the honor to present to this Honorable Assembly in 1892, the estimates for that year, I put forward considerations that today I must refer to—and in referring to them I find that I must advocate their repeal. In that message I said: "The valuation of the rural land for taxation has to be considered from four points of view: (1) The land as it was—in its natural state; (2) the permanent improvements; (3) the capital invested in stock, and (4) the labor of the proprietor."

Now I am convinced that this statement of the case from a valuation standpoint is neither equitable nor just. We must separate the selling value of the property from its improvements of whatever sort, and exclude those from the operation of the tax. . . . You will note the world over a general movement in favor of reducing all taxation that falls on Capital and Labor—it being easily demonstrable that the former should receive a better remuneration, and the latter be allowed to employ itself without being subject to taxation [a reference evidently to the business taxes or patentes that exist in Brazil and this country.]

C. N. MACINTOSH.

*See Public of December 12, 1913, page 1185.