

tax exemption can lead to no other end than the single tax on real estate, with the possible addition of a tax on income from personal service."

SOME of our impatient critics from overseas who think us so far below our ideals that only a revolution will meet the demands of liberty and justice may do well to reflect occasionally upon conditions elsewhere. Canada, one of the most enlightened of countries, held an election at Ottawa in which only property owners were allowed to vote. The question at issue was a change in the methods of taxation, which was of vital interest to all the people, yet citizenship was not sufficient to enable one to vote, nor was tax paying. Only ownership of property could qualify for the franchise. The citizen may have been drafted into the army, and may have served his country at the ends of the earth, but that would not enable him to vote on the tax reform law. Yet the caustic critics who have been entering this country through Ellis Island, though possessing no property, and lacking the ability even to write their own names, have been granted a citizenship that entitles them to vote on any question. Possibly if some of these discontented men and woman were to use intelligently the rights they already have they might better aid us in achieving our ideals.

What's in a Name

TO those who look upon political economy as the "dismal science," taxation savors of the doctrine of despair. But though this may have been true in Carlyle's day, it is no longer. Much of the economy then taught was dismal to the last degree. No distinction was made between land and capital. Wages were supposed to come out of and depend upon capital. It was thought that protective tariffs promoted industry, that monopolies enriched the country, and that taxes should be laid upon consumption.

But a new order has come. It is now recognized that land and capital are two primary factors in production, that wages come from product instead of from capital, that protective tariffs prevent citizens from doing what it is

to their interest to do, that monopolies limit production, and that taxes should be laid upon the citizen in proportion to the benefit conferred upon him by government. A condition in which a few surfeit and the many starve is no longer looked upon as inevitable; nor is the Malthusian doctrine accepted as the will of God. The new political economy teaches that until the resources of the earth have been exhausted the more people, the better all will fare.

The difference between the old and the new political economy, however, is not of a kind that calls for a revolution to make the change. The transition is not to be brought about through a soviet government, nor the practice of sabotage. It is not necessary even to make laws that will take from the rich to give to the poor. All that is required is the repeal of a few antiquated laws that impede industry and limit production.

The greatest single force bearing upon industry is taxation. By removing taxes from capital, business will expand, more labor will be employed, the markets will be filled with goods, and prices will fall. To shift the taxes so removed to land values—and particularly to idle land—means the opening up of new opportunities, and the further production of goods.

It is to teach people how simple, how effective, and how just this new system of raising revenue is that this magazine has been started. What more natural than to call it **TAXATION**.

The prevailing system of taxation is partly right and partly wrong. There is already a strong and increasing tendency throughout the world to eliminate the wrong and to expand the right features. This is seen in the pleas of even conservative business men for the exemption of various forms of credit and enterprises from taxation. It is seen in more striking form in the rapidly increasing number of men and women who look upon taxes as payment to the government for service rendered by the government to the people.

This new school of economists has analyzed taxes, classifying them according as they burden industry and aid monopoly on the one hand, and as they aid industry and destroy monopoly on the other. The former were part and parcel of the dismal science. They are associated in men's minds with all that is evil and disagree-

able, even to being coupled with death itself. But the latter will be recognized as payment for value received, and will be looked upon as any other exchange of values.

TAXATION, therefore, will not be given to devising ways and means of wringing from citizens the last dollar to be got short of revolution, but to furthering those laws that bring relief to industry and hope to those who despair of present conditions, by adjusting the burdens of government to the benefits received. The purpose, in short, is to teach the art of raising revenue in conformity with justice, and to adjust the functions of government to the social and industrial needs of the country.

Selling at Cost

COMPANY stores in mining regions, timber camps, and similar isolated places have been one of the scourges of labor, but the company store proposed by one of the leading woolen manufacturers of Lawrence, Massachusetts, is hailed with delight by a great mass of employes. President Wood of the woolen mill threatens to supply goods at cost if the local merchants do not cut their prices. And in view of the present high cost of living it is not surprising that fifteen thousand operatives should "demonstrate" in behalf of a move that promises cheaper goods.

Retail merchandising is perhaps the least efficient of the various branches of industry. It is wasteful in multiplicity, in carrying dead stock, in delivering goods, and in numerous other antiquated methods. The competition of such a store as President Wood threatens to establish might eliminate this class of tradesmen. But there would still remain a heavy handicap to merchandising that even the big company store cannot escape, and that adds materially to the high prices.

The high priced goods of which consumers so bitterly complain are subject to burdensome taxes from the time they are manufactured until they reach the consumer. The manufacturer receives his wages, in the form of profits, by adding a certain percentage to the cost of his goods. This cost is made up not only of materials and labor, but of interest, insurance, depreciation of plant, and taxes. If he does not get all these charges back with a profit sufficient

for his own wages he will cease to manufacture. The same is true of the jobber, the wholesaler, and the retailer. To each the cost upon which he must figure his profit, or wages, includes the original materials, all the labor, interest, insurance, depreciation, and the previous and present taxes.

Why these taxes on trade? The liquor tax was understandable because the public desired to make alcoholic drinks expensive to the consumer in order that consumption might be reduced. But why apply the same treatment to groceries, drygoods, and other necessities of life? To a mill operative living in a rented house, owning no property, and having an income below the minimum taxable income, the question of taxation seems of no interest. Yet it is of vital importance. For it is he who pays all the taxes on all the goods he consumes, including the house he rents. A larger portion of his wages go to pay taxes than of the income of any other class of citizens. The retailers of Lawrence are protesting against the threatened invasion of President Wood, but Wood will keep out if they materially reduce prices. Cannot the tradesmen and the mill operatives join forces to remove the taxes on trade and industry, and thus secure cheaper goods? It is worth trying.

Not the Best Way

HUDDERSFIELD, England, is attracting attention because it has awakened the interest of a former citizen who, having become a millionaire in Australia, wishes to aid the city in solving its housing problem. Though a very old town Huddersfield owes its present growth of a hundred thousand population to the modern development of the weaving trade. In 1599 Queen Elizabeth sold the land upon which the main part of the city stands for a few shillings to one William Ramsden, whose heirs are at present drawing an income of about a thousand dollars a day. As the estate, amounting to 6,000 acres, is now for sale the millionaire has agreed to purchase it, and resell to the city at the cost price, \$6,500,000.

The *New York Globe*, which has had many friendly references to the taxation of land values, speaks of this as an opportunity to test out the Singletax theory. Through the profits