

**MR. MACKENDRICK INTERESTING
BUT IMPRACTICAL**

EDITOR SINGLE TAX REVIEW:

I have just finished reading Alexander Mackendrick's long article on "The Line of Least Resistance" for Single Taxers.

If I did not know him to be a very honest and conscientious Single Taxer, I should think he was trying to queer the movement.

I can't speak for the East but here in the middle of the continent we have already started on the road and we shall probably keep on.

We have begun taxing products of labor at a lower valuation than land value, and it is only a question of keeping on.

I want to enter an emphatic protest to his declaration on page 214, "that the services for which taxes are paid are rendered exclusively to already utilized land or its occupiers."

Of course he doesn't believe any such thing. It is utterly absurd. Of course "a vacant lot can't be burned," "it can't be burgled," "it has no children to be schooled," etc.

But it is just these services and the demand for lots to be used that makes the price of vacant lots.

No street—no sewer—no water—no police protection—no fire protection—no school near by—no street cars or other rapid transit—what is the result? No price for vacant lots or a very low price at best.

Mr. Mackendrick has woven something of a theory but we are confronted with a conclusion—we are partially exempting labor products and evidences of ownership from taxation and we are going to keep on till they are all exempt.

Indeed I believe no State has ever taxed ordinary title deeds, though most States still tax stocks which are just the same thing. In Minnesota we have almost ceased to tax people on what they owe, that is on the evidence of the debt—the mortgage.

Mr. Mackendrick's article is theoretically interesting but very impractical.—C.J. BUELL.
St. Paul, Minn.

FROM PROFESSOR DAVENPORT

EDITOR SINGLE TAX REVIEW:

May I express my complete concurrence in Mr. Mackendrick's views as expressed in the last number of the REVIEW; as also my pleasure in his accurate and comprehending report of my own positions.

Not at all in the manner of protest or complaint, but solely to keep the record clear, I take the liberty to suggest that Mr. Hutchins seems to me to have fallen somewhat short of a similar understanding and accuracy. Out of the argument which Mr. Mackendrick rightly interprets as bearing merely on the time at which society shall proceed against rental incomes, Mr. Hutchins somehow deduces a preference for income taxation as against land-rent appropriation. The fault, of course, may easily lie with the exposition; but nothing could be further from my thought than the rendering which Mr. Hutchins has found possible.

—H. J. DAVENPORT

TAXING PUBLIC SERVICE CORPORATIONS

EDITOR SINGLE TAX REVIEW:

It can't be done.

Public service corporations have just one source from which they get money—it all comes from the people whom they serve.

If you require such corporations to pay either gross earnings taxes or general property taxes, their charges must be enough higher to cover such taxes.

It therefore follows that all such taxes are really paid either by the patrons of the utility taxed or by the ultimate consumers of the goods shipped or services furnished by such corporations.

This is true of all usual and ordinary taxes whether they be levied on the gross earnings or upon the general property of such corporations.

Perhaps this truth is more easily seen in the case of gross earnings taxes.

A CASE IN POINT

The St. Paul Gaslight Company pays 5%

on its gross earnings—five cents it collects on each dollar from gas users.

The very same ordinance that fixed this tax permitted the company to charge five cents a thousand more for gas.

The consumer, you see, pays the tax.

BUT

When this tax was first imposed gas was about a dollar a thousand.

Now it is 75 to 85 cents.

The company now collects from the gas consumers five cents on every 75, 80 or 85 cents, and pays over to the city five cents only on each dollar.

The consumers pay all the tax and more too, and the company makes a good big profit out of the deal.

TAX THEIR LAND?

No, as public servants they have no land to tax. They are performing a public service. The land they use is not held for private use as is a farm, a factory site, a residence lot. It is really in the same class as land used for public parks, school grounds, capitol sites, court houses or public roads, city streets, etc.

Such land cannot be taxed for public benefit. To try it would be to the injury of the public.

Just so any attempt to collect taxes from public service corporations results in public injury. It puts an additional and unjust burden on producing patrons and consumers and is usually a source of profit to the corporation.

USUALLY, BUT NOT ALWAYS

Poor and weak corporations that have little or no net earnings must pay the same per cent. of their gross intake as must be paid by the strong corporation. One corporation might be thrown into bankruptcy by a five per cent. gross earnings tax while a strong competitor might hardly feel it.

Right here is where some people think you can tax such corporations by means of a land value tax.

This is probably true of competing corporations, charging the same rates and occupying the same field. But there should be no such competing corporations. Real competition is impossible.

There should be but one corporation—not taxed at all—rates so fixed so as to yield only a fair price for service rendered and fair interest on the actual value of the plant, not including any accrued land values.

Of course there should be no public service corporations at all. Public service should be furnished by the public.

ONE OTHER POINT

If you have a corporation with a franchise for a fixed term and definite rates of charge that cannot be changed till the expiration of the franchise, then whatever you can justly take in taxes is so much gain for the public.

But to fix excessive charges and then take part of the proceeds in taxes—as in the case of the Chicago street car system, or the St. Paul Gas Light Company—is a gross swindle on those who pay the taxes and charges. It is not taxing the corporation at all, but is putting an added and unjust burden on those who are obliged to use the cars or the gas, or other service.

I think both White and Bucklin are confused. Public service corporations get every dollar from the people. All their property—land and equipment—is used for public purposes. When you tax them you are really taxing producers or consumers, or both.

Don't try to get corporations that way—it can't be done.—C. J. BUELL, St. Paul, Minn.

IN the *Issue* of Jackson, Miss., Hon. N. M. Everett, chairman of the Ways and Means Committee of the legislature, prints a lengthy communication on Taxation. Mr. Everett is a Single Taxer in that he wants the necessities of life and improvements on land free of all taxes, and land values to pay most of the expenses of government, though he favors an income and inheritance tax.

It is announced in the *Public* that Mr. George Barnes who has succeeded Mr. Arthur Henderson as Labor Member in the British War Cabinet is a Single Taxer. It is, of course, known to our readers that the Independent Labor Party of England adopted a Single Tax resolution as a part of its platform at this year's Conference.