

To Single Taxers the proposition resolves itself into two factors—The efficiency of labor and the quantity of privileged consumption. As to the first factor, according to Josiah Wedgwood in "The Road to Freedom" it is highly improbable, that production will increase in spite of improved machinery. For he states when consumers must give an equivalent effort to create value similar to that which they consume it is highly improbable that men will choose hard work and luxury rather than leisure and simplicity.

The main factor, however, is the second, namely the percentage of production which accrues to the non-producer or privileged consumer.

In as much as this percentage is reduced we reach out to freedom till labor consumes its whole product, be it great or small.

Whether the same number of dollars through an increase in the purchasing power of money or an increased number of dollars be required to purchase this whole product is a matter of indifference once the elimination of privileged consumption be an accomplished fact.

Prof. Fisher in "The Nature of Capital and Income" states that land value is but the present value of future rental value discounted from the time they shall become due by the ruling rate of discount. This statement appears unchallengable and is agreed with by Henry George and Karl Marx. But Prof. Fisher goes further than this in "The Rate of Interest" and shows that capital value not only of land but capital itself and also "water" is but the addition of all future privileged incomes discounted by the ruling rate of interest from the time they shall become due.

Josiah Wedgwood claims that Single Tax must abolish capitalism, meaning privileged consumption. If the partial freedom of the land results in increasing the supply of capital and reducing the rate of interest in proportion to the percentage of rent paid into the revenue, privileged consumption from the ownership of capital will fall in the same proportion as the privileged income derived as rent from the ownership of land. But, conversely, the capital value of land as well as the capital

value of capital will remain constant! For example, economic rent of \$100 will have a market value of twenty years purchase or \$2000, with money at 5 per cent. and the \$100. constant:

Correspondingly, any other perpetual privileged income of \$100. will have a market value of \$2,000. If a land value tax were to take 80 per cent. and reduce the privileged income from rent to \$20. a year and in the course of time interest were to fall to 1 per cent. then the market value of this land bringing in a net income of \$20. would have a market value of \$2,000.

Similarly if the increase in the supply of capital consequent upon the partial freeing of land were to reduce the rate of interest to 1 per cent. then although the privileged income derivable from the ownership of capital were reduced 80 per cent. to \$20. yet the market value of this income of \$20. would be \$2,000 or a hundred years purchase.

Assuming the social product to be equally divided at present between wages and privileged consumption the reduction of privileged consumption by 80 per cent. would result in the dollar purchasing 80 per cent more of the social product.

If on the other hand, the rate of interest remained at 5 per cent. the capital value of land would fall by 80 per cent. and the purchasing power of the dollar rise by the saving in the privileged consumption of 80 per cent. of rent only, or 40 per cent.—VINCENT PANTIN, Melbourne, Aus.

#### IS RENT PART OF PRICE?

EDITOR SINGLE TAX REVIEW:

The substance of Mr. Henry H. Hardinge's letter in the September-October REVIEW on this subject is a fine mental exercise, but his assertion that rent is a part of price although true is not a new revelation; rent is a part of price in the sense that rent is the equation of land values; rent does not increase price or add to the cost of production.

Circumstances alter cases. Ground rent for private revenue is a charge on the bounty of Providence against labor, but

this rent taken by the Single Tax for public revenue in lieu of all taxes will emancipate labor from the rent charge and reduce prices and increase wages, and thus reduce the cost of living.

If Mr. Hardinge will admit these qualifications of his rent riddle he will find the solution; and if he denies them then I think he is not grounded in the Single Tax philosophy.

The rent is a social value contributed to by all which the Single Tax will take and administer for the benefit of all equally.

The Single Tax is a charge for value received, this value is distinct from wealth, and is not due to either labor or capital; it is not yours or mine, it is *ours*.

Why does Mr. Hardinge say: "the high cost of living is not due to high wages"; also, "if rent is not a part of price and wages and interest are low why is not the cost of living low?" when the truth is the high cost of living coincides with high prices and low wages and low cost with low prices and high wages, so that on considering the cost of living we must consider both prices and wages; the one without the other is meaningless.

The Single Tax will reduce prices and increase wages; other taxes increase prices and reduce wages.

JAMES D. McDADE, Pittsburg, Pa.

#### HOW FAR PERSONAL PROPERTY IS EXEMPT.

##### EDITOR SINGLE TAX REVIEW:

In view of the up-to-date literature which you probably have in your library, may I ask you either by way of letter or response through your paper to inform me as to what extent personal property is exempt from taxation in the different States?

JOHN A. ZANGARLE, Cleveland, O.

In at least two-thirds of the States the constitution requires the taxation of all property in the same way and at the same rate, but in a number of these States there is either a constitutional exemption of a fixed sum or the legislature is empowered to grant an exemption up to such fixed amount. In most of the other States the

statutes follow the general property tax plan of trying to reach all classes of property, but there are in most of these States exemptions of certain kinds of personal property or of fixed amounts. A complete list of all these kinds of exemptions would be quite long and not be especially useful.

The fixed exemption or abatement given from the total value of personal property assessed, which exists in eight or ten States, varies from \$10 to \$1,000. In a dozen other States exemptions are given from the assessment of household furniture ranging from \$25 to \$1,000. Seventeen States exempt wearing apparel entirely, several exempt farming and mechanic's tools to amounts ranging from \$25 to \$500. Others exempt wagons, domestic animals under a certain age or to a limited extent, crops of preceding year, or growing crops.

Pennsylvania is the most liberal State in the matter of personal property taxation. All household goods, machinery not part of the real estate, manufacturers and merchants stocks of goods are exempt entirely; and certain forms of intangibles pay only a four mill annual tax. Delaware also exempts much personal property, and Maryland has recently enacted several laws which will give considerable relief to personal property.

New York exempts a good many classes of personal property which are taxed by other States, such as shares in foreign corporations, bonds of the State and its subdivisions, and deposits in savings banks; and imposes lighter specific taxes on other classes, such as the mortgage recording tax and the secured debt tax, applying to bonds and mortgages on property in other States. Michigan has adopted the last two laws applying to bonds and mortgages, while Minnesota and Alabama have a mortgage recording tax. Massachusetts and New Jersey exempt mortgages on property within the State. Minnesota and Iowa have a low rate on money and credits, while the State of Washington exempts all intangible personal property, such as bonds and credits. Rhode Island and Connecticut have a low annual tax on intangible personal property somewhat like that in Pennsylvania.—A. C. PLYDELL.