

They charge the evils of the present industrial age to the "gold standard," which in itself is a fetish comparable to the protective tariff in its utter foolishness, and refuse to abandon, or even attack the alleged standard, which by their copious but illogical processes of reasoning results in vacuous conclusions and hopeless or impossible remedies.

If the chemistry, mechanics and science in general, taught in our universities were as "inept and dreamy" as the political economy disseminated for the last half century in these scholastic establishments, they would be the laughing stock of the whole world of *applied* science, and would have neither place nor utility in the wonderful and complex mechanism of our modern industrial age.

Every science that touches production has to be true, logical, reasonable and sane in order to be useful; this is the supreme test of any science. Can it be used to solve problems?

This is also the supreme test of the value and validity of economic science and when this test is applied to the solution of the money question, or the trust question, or the problem of monopoly in general, the professorial cult in general display their chief agility in side-stepping the real issue and evading practicable plans for relieving the great mass of the people from the exactions of the privileged classes.

When the political and economic "free lances" of this country have educated a sufficient number of people to appreciate the advantage of straight thinking upon economic questions, we may then expect the college professors to fall in line and endorse a reasonable measure of economic science which, when applied to modern industry, will democratize and humanize it.

THE SINGLE TAX AND AMERICAN MUNICIPALITIES

JOSEPH DANA MILLER IN THE NATIONAL MUNICIPAL REVIEW.

Students of the Single Tax should be cautioned in advance that the exemption of improvements and the resort to a land value tax for municipal purposes alone, may not bring in its train all the advantages that will follow the adoption of the full Single Tax, or the taking of all economic rent, or land value. Indeed, the effects of a total exemption of improvements may conceivably be without any marked advantages, though always to be advocated as a necessary step to the full resumption of social wealth, or land value. For much depends upon local circumstances, assessments, and the rate of taxation.

In 1911 Luther S. Dickey spent several months in the city of Vancouver, as a representative of the SINGLE TAX REVIEW, gathering material for the history of the Single Tax in that city. The May-June number of 1911 contained the results of Mr. Dickey's careful investigations, and on page 13 he

said: "The landowners, as a matter of fact, receive greater benefits from the Single Tax than even the builders and building owners themselves, for while the tax on improvements has been abolished, the land tax has not been increased, and still remains twenty-two mills on the dollar, just what it was before the Single Tax was adopted." To this the editor of the REVIEW appended the following note: "This must be accepted as a statement of fact, and not as favoring the taking of no more than twenty-two mills on the dollar. It is no part of the Single Tax to favor the landowners as landowners. But because ninety-nine per cent. of landowners have interest, as builders, capitalists or laborers, their gain from the application of the Single Tax principle must be quite as great as that going to other members of the community. If this tax of twenty-two mills on the dollar leaves the same amount of economic rent or site value in the hands of the landowners as before, or—as now seems the case in Vancouver—the impetus of prosperity caused by the removal of the tax on buildings has been to actually increase economic rent or site value remaining to landowners, there is even greater necessity of keeping on in the way the city has begun, and taking gradually an ever increasing proportion of land values until the full amount is absorbed for public purposes. Otherwise Vancouver faces the inevitable interruption that comes to 'boom towns' whose history is a matter of record."

Many recent arguments against the Single Tax, drawn from the example of Vancouver, make the repetition of this caution necessary at this time. Also it is to be remembered that land is assessed at only fifty-five per cent. of its value, if my information is correct.

In large cities and towns where the listing of real property under two heads, "value of land" and "value of improvements" obtains, there has been a constant tendency to the higher taxation of land values and lower taxation of improvements. Unimproved city lots, formerly assessed as agricultural land, have been made to bear an increased burden. Everywhere this tendency is observable. The old point of view of assessors in assuming that because land yielded no present revenue it was therefore to be leniently treated, has given way to a saner recognition of what is due the community by those who profit by its growth without commensurate contribution.

In the application of the Single Tax for municipal purposes, as well as in its territorially wider application in the exemption of agricultural improvements and personalty of various kinds, Western Canada has led the way. Vancouver, Victoria and Prince Rupert for local purposes tax land values only. Edmonton adopted the pure land tax in 1912. In Winnipeg the assessment of buildings is about two-thirds that of land, and pressure is being brought to bear upon the authorities to go further in the direction of the Single Tax. Though this movement does not lack critics as well as those who prophesy disaster, it appears to have commended itself to the members of these communities, and no formidable effort has been made to return to the old system. The growth of these communities has been

phenomenal. In the year in which Edmonton adopted the pure land tax—1912—the value of permits for new buildings rose to \$10,250,000 over \$2,197,920 in 1911. Medicine Hat, another town to adopt the pure land value tax, had a 400 per cent. increase of population in 1912. It took the city council of Vancouver a little more than five minutes to decide that there should be no taxation of improvements this year. On April 27 this was carried without a dissenting vote.

Among the more striking examples of the approach to the Single Tax in the United States is the city of Houston, Texas. This city derives seventy-five per cent. of its revenues from land values and twenty-five per cent. from improvements. Personal taxes are not collected in Houston. No more than about ten per cent. ever was collected, so it would be more correct to say that, under the present administration, no attempt is made to collect them.

The "Houston plan of taxation" has become suddenly famous along with the interesting personality of its originator, J. J. Pastoriza, one of the officials in the commission government of that city. When elected commissioner some three years ago, Mr. Pastoriza did not wait for permission of the legislature to adopt the Single Tax plan, but went ahead and applied it and so popular has it become that few of the citizens of Houston would dream of returning to the old system.

And the results seem to have justified the experiment. When Mr. J. J. Pastoriza had finished with his tax bills he found that 5,000 tax payers, or a clear majority, paid less taxes than under the old system. There are no taxes upon credits, mortgages, bonds or stocks, and as a consequence the man who needs money can borrow it at a fair rate of interest. The city announced that it would not place cash upon its assessment rolls, and as a result the bank deposits increased \$7,000,000 in two years.

Those who hold vacant land are improving it. The building permits for the first six months of 1912 showed an increase of fifty-five per cent. over the first six months of 1911. Population increased fifty per cent. in two years. Nor, according to the testimony of Commissioner Pastoriza, has the system made mortgage loans any the less desirable. And as further proof that the system is working well and is popular, Commissioner Pastoriza has announced that with the year 1914 land will be assessed at 100 per cent. and improvements not at all.

The results in Houston, it may be noted, have not been the same as in Vancouver where land values have greatly risen. In Houston many landlords have reduced the price asked for land, and house rents have in many instances fallen. This is due of course to the fact that the rate is higher than in Vancouver and valuations nearer the true value.

This system has proven immensely popular in Texas, so that Galveston, San Antonio, Waco and Beaumont have taken steps in the same direction, though none of them have yet ventured to go so far.

In view of the results that have followed the adoption of the Single Tax

in Houston it is difficult to understand the grounds of opposition to the very moderate provisions of the Herrick-Schaap bill for New York City, which proposed to do in five years what Houston accomplished over night. The purpose of the bill was to reduce the taxation on improvements ten per cent. each year for five years until a fifty per cent. exemption was reached. There were numerous legislative hearings upon this measure, and arguments before the mayor and members of the city government both for and against. There were hundreds of street meetings, and over thirty-eight thousand signatures were obtained urging upon the legislature the submission of the measure to a referendum. Much popular interest was excited, and the real estate associations of the city, or rather their very active spokesmen, were thrown into something very like a panic. The mayor has appointed a committee to investigate and report, and this committee appears, on the whole, as favorable to the adoption of some tax relief measure for the city as in the present state of public opinion could be hoped for. Their report will be awaited with interest.

About a year ago the city of Pueblo, Colorado, surprised the country by adopting the Single Tax after a brief campaign carried on almost single-handed by a young man who had become a recent convert to the principles of Henry George. The constitutionality of that law is before the courts, but in the meantime Pueblo's county assessor is at work on the new valuations to be placed on land under the Single Tax amendment. The Pueblo measure leaves a one per cent. tax on improvements to conform with the constitution, and derives the other ninety-nine per cent. of the local revenues from land values.

As is known to most readers the State of Pennsylvania passed a law about a year ago providing for a ten per cent. reduction of taxes until a fifty per cent reduction is reached, this provision to apply to cities of the second class. The cities coming under this provision are Pittsburgh and Scranton. So little excitement was caused by this law that it is doubtful if a majority of the taxpayers of either of these cities knew of the passage of the law in advance of the presentation of their tax bills. But there will be no panic, and the real estate interests of these cities will find no trouble in conforming to the new conditions.

In California there is a movement for home rule in taxation and this is to be the subject of a referendum in the fall. The impulse which has set in motion this campaign is undoubtedly the desires of the cities of the State to emulate the example of Houston and the Canadian cities.

In Washington, District of Columbia, one of the district commissioners, Oliver P. Newman, has urged that the district revenues be raised by a tax on land values alone, and in this he is known to have the support of another member of the commission, F. L. Siddons. The commission consists of but three members.

The city of Everett, Washington, at one election defeated, and at a sub-

sequent election passed, the Single Tax by a large majority. This measure was declared unconstitutional.

This exhausts the lists of Single Tax experiments as applied to or attempted by municipalities in the United States. But there is not a city in America in which this proposal to relieve improvements by transferring all or a part of taxation to land values is not being strongly urged. No matter what our convictions may be as to the justice or expediency of this policy its growth is one of the most notable civic phenomena of our times, and cannot fail to have arrested the attention of every thoughtful student of one of the most complicated municipal problems.

A FEW EXTRACTS FROM CONTEMPORARY NEWSPAPERS SHOWING THE REMARKABLE GROWTH OF PUBLIC SENTIMENT

THE LOGIC OF THE SINGLE TAX

A strong point is made for the Single Tax from an incident in which the owner of a delapidated building in Chicago was fined \$100 for its condition. A Chicago publication remarks that had he improved or rebuilt it, he would have been fined much more for his enterprise, by the tax collector.

It really does seem unjust, impertinent, to tax a man for the improvements he makes.

Recently a member of the *Tribune* staff purchased a well-built but run-down residence property. He spent several hundreds of dollars in remodeling it, painting and fixing up the grounds. Immediately the assessor added more than the cost of the improvements to the taxation value of the property. Thus the man stood:

- (1) Out of pocket several hundred dollars for the improvements.
- (2) Taxed on more than the value of the improvements.

What a premium on sloth! On bad housing!—La Crosse (Wis.) *Tribune*.

WORTH ALL THE WAITING

I received a letter a few days ago from a Democratic friend out in New Jersey, who says he reads this stuff of mine from week to week with interest and pleasure; that he likes what I say on religious subjects, but the Single Tax is a muddle and he wishes I would go lightly on woman suffrage.

And this after all I have said, two columns a week in this paper now for almost four years! And yet I have failed to make the Single Tax understood by this friend or else failed to make what it proposes acceptable to him! Well, if he ever does see it in its true light it will be worth all the waiting. His is not the only case.