

was stormed by many committees. There was the committee of the doctors, the undertakers, the coffin makers, etc. "Drain the swamp," they said, "Why! it would mean ruin to our business. Think of the money we put into circulation," said the doctors, "Think of the many men to whom we give employment," said the coffin makers. "Think of the poor widows and orphans that have all their savings invested in the trolley line that runs to the cemetery. If this bill is passed we might as well stop running the cars. In other words it would mean ruin to all the most important industries in the town." So the bill was killed.

To bring about an equilibrium between land, labor and capital, the three wealth-producing factors, it is necessary to secure to the latter two, that is, to the active factor, labor, and to the factor which is the product of labor, capital, an equitable right to the first and (as far as man is concerned) passive factor, land. All functions in their nature public, needing the public highways for their maintainance and operation and not permitting of competition, should be in the hands of the public. And all functions which are in their nature private, and benefitted by competition, should not be interfered with by government except where the public safety and health make interference or regulation necessary.

Only after these first and most important steps have been taken will we be able to enact laws that will secure an equitable distribution of the products of labor and capital.

You say this is ideal and remote. Perhaps it is. Elbert Hubbard says: "We are all travelling to the beautiful city of the Ideal; we know we shall never reach it, but the suburbs are very pleasant." But Single Taxers know the road and the ultimate destination. And they know that some day they will "arrive."

WHAT IS THE SINGLE TAX?

(For the Review.)

By RAY ROBSON.

The Single Tax is a tax levied only on values of a single kind; that is, on values which result from the operation, under similar conditions, of the laws which govern value. The advantage resulting from the taxing of this one kind of values can be better understood after we consider what are the laws governing value, in what way they operate, and in what way their operation is affected by taxation.

Value depends upon supply and demand existing in certain relations to each other. The mere simultaneous existence of supply and demand does not always cause value to result. The demand for air is great, but the supply is still greater, and it has no value. And, in any instance, if supply exceeds demand, value does not exist. This may be doubted. It may be said that

more hats are in existence than there are people to wear them, but this considers only the demand for immediate use. There is also a demand for future use, and a demand of dealers to be prepared for a future demand for use. No matter what the nature or origin of a demand, its strength only is of importance. If the price is sufficiently reduced, demand will spring into existence until it exceeds the supply. So it is clear that value depends upon the existence of a demand greater than a supply, and that value increases as demand increases, and decreases as supply increases.

The origin of the supply is also unimportant, its existence, actual or possible, being alone worthy of consideration. What is furnished freely by nature, and what is produced only by human efforts, are equally under the law, but anything produced by human effort cannot be produced in quantities sufficient to cause the value to cease to exist, for, as the value declines, the decline is checked by the sudden growth of the speculative demand anticipating the future, until the producer finds he can reap a greater reward by producing some other commodity. This means that the value of a product of labor fluctuates about the point at which the labor is equally valuable for other purposes, but it means more than this. It means that the cost of production, i. e., the reward which the producer might have received by producing something else, does not directly fix the value, but influences it only by tending to increase or decrease the supply.

Now we observe that demand, having its origin in people's desires, is always variable, and that, in the case of products of labor, supply also is variable, thus allowing fluctuations in each of the factors which cause value to exist, the fluctuations of one factor only, supply, being subject to the influence exerted by cost of production.

But in the case of things not produced by labor, but furnished by nature, the conditions are different. Supply is a fixed quantity. Fluctuations in value depend entirely upon variations in the factor of demand alone. A part of the supply may be kept out of use, but the total supply can not be increased or decreased by human agency. No man is entitled to a reward for providing a part of the supply, as he has not produced it. The aggregate value of a thing supplied wholly by nature without the agency of human labor is due entirely to those who furnish the demand. He who claims ownership in a value of this kind simply holds it by reason of the sufferance of those who have really created the value, the people as a whole. But, however, some may disagree with this conclusion, we can all see a clear distinction between the two kinds of values; one produced by labor, and influenced by cost of production; the other existing without being produced by labor, hence having no cost of production to influence it, but depending entirely upon a variable demand acting upon a fixed supply.

We must now consider how taxation affects the operation of the laws of value.

Taxation is the taking of some share of existing values for governmental purposes. To tax values of the first kind, that depend upon cost of produc-

tion, simply adds to the cost of production, the tax being just as much a part of the cost as a payment for labor, or for the use of capital. For instance, if a tax of \$5. each be laid on stoves, the manufacture of stoves will be checked until those who want stoves are willing to pay \$5. more than the former price. Whatever the commodity is, if it be a product of labor, however it is taxed, by import duty, by tax on production, or by assessing a general property tax, the tax enters into the cost and helps to influence value, just as surely as does any other part of the cost.

But if a tax be levied on one of the other kind of values, the operation of the laws of value is affected in a different way. Let us suppose there are only ten diamonds in existence, all exactly alike and all owned by the same man; and a hundred people are willing to wear them, but only ten are willing to pay \$50. per year for the privilege. If a tax now be levied of \$25. per year on each diamond, what happens? Does each wearer pay the owner \$75. per year so the latter can retain \$50. after paying the tax? Not at all. He has been paying \$50. per year to gratify himself, and, as he will pay no more to gratify his desire after the tax is levied, the owner must pay the \$25. tax out of the \$50. received. And in all cases where values of this nature are concerned, the operation of the law is affected in the same way; i. e., a share of the value is taken by the government without a possibility of the tax being shifted by being added to the price; or, more correctly stated, the rental value remains the same while the selling price is reduced in the same ratio as the tax bears to the rental value; for instance, in the illustration given above, the selling price of the diamonds is only half as much as before the tax was imposed.

Now which principle of taxation is correct? To levy a tax which increases the value? Remember that, if bread is taxed 1 cent a loaf, the poor man's loaf is taxed equally with the rich man's, and he eats just as much bread, unless consumption, and hence production, is checked by the increase in price, a result sure to follow, and no less important because more difficult to measure. Is it wise to tax consumption and hinder production?

To tax the other class of values simply takes for purposes of government a part of the value which exists, not as the result of anybody's labor, but as the result of a natural limit of the existing supply. Instead of checking consumption and burdening production, it exempts both from the burden of taxation and taxes only the privilege of using or holding certain values monopolistic in their nature because unaffected by the possibility of further production.

As a fiscal reform the proposition is certainly beyond criticism. The name of Single Tax is unfortunate. It really means the abolition of taxation. Consider again the supposititious case of the ten diamonds. If their selling price, before the tax was imposed, were \$1000. each, the price after the tax was imposed, which cut the income in two, would be \$500. each. Suppose the owner sells the diamonds at that price. The new owner's per cent. of income, after paying the tax, is the same as that of the old owner before the

tax was levied. In other words, no burden of taxation will be felt, or can exist, when this method of taxation is in full force, and a new generation is in possession of all values.

This brings us to the only real objection to the plan. Difficulties in operation may result, but that is not a serious objection; no plan can be perfect, and difficulties of operation, as, for instance, deciding whether a value is or is not a product of labor, would be much less than the difficulties inseparable from our present system, or lack of system, of taxation. But it may be objected that these values have come into existence, and been considered as private property, bought and sold, in many cases paid for by values produced by labor, and therefore that innocent holders would suffer by such a radical change as drawing governmental revenue entirely from this one class of values.

Now I am willing to admit, though all Single Taxers may not be, that immediate adoption of the Single Tax would inflict great hardship upon many innocent people. But there is no likelihood of such sudden action being taken. Most of us would not favor it, if it were possible. But how can a gradual change be made? It has been suggested that some one class of property be first exempted, then another, till finally nothing is left but the monopolistic values. But it seems to me a better plan is for a State adopting this scheme to pass a law reducing the rate of taxation ten per cent. each year upon credits, personal property, real estate improvements, etc., in fact, all values which are created by labor, leaving a greater share each succeeding year to be borne by the values not the result of production. As one class of values has been observed to be generally nearly equal to the other, the rate of increase would be about ten per cent. each year.

It may be argued that to spread the effect over a period of ten years would make it none the less an injury. But consider the present continual change in our tax laws. For instance, in a State where credits are not taxed, money deposited in a bank brings 3% net income. A law is passed taxing credits at about 1 1-2%, cutting the income in two in one year, ten times the change proposed by the plan I suggest. If continual changes in present tax laws can possibly be justified, a gradual change, moving slowly but surely in the direction of the Single Tax, must surely be almost free from injury to any; for the losses, being known long in advance are guarded against by transfer of property, etc., and are equalized or distributed throughout the community, while the benefits derived from exemption of production from taxation are also distributed among both producers and consumers, and values in the aggregate continue to increase until very few could be injuriously affected, except those who hold a large amount of this class of values, and are not using them for productive purposes. For example, the owner of a million acres of western land, entirely unimproved, would by this reform be deprived of a large part of its selling value, but such owners are very rare who would not at the same time benefit by the exemption of all their other property from taxation.

It is not essential to the Single Tax theory that all of these monopolistic values be absorbed by government. The Single Tax will be practically in

effect when the bulk of revenue is drawn from this source, whether the part left in the hands of the present possessors be great or small. When this point is reached, it will be soon enough to decide whether the functions of government shall be enlarged and the remainder of these values taken to pay the expense.

The Single Tax is generally considered as a land tax, which explains much of the unreasoning opposition to the reform. For land, in the ordinary sense, as used for agriculture, or a place on which to build a home, includes so much that, according to the Single Tax theory, is not taxable, and is of so much less value than the aggregate which, under this plan, would be taxable, including wharfage, water-power, irrigation rights, values of franchise of public service and other corporations, that nine farmers and home-owners out of every ten will certainly be relieved of a large, possibly the greater, part of the tax with which they are now burdened.

The Single Tax is simplicity itself. It does equal and exact justice to all. It encourages production without hindering consumption. It relieves labor and capital alike of their present burdens. All civilized governments are in search of new sources of revenue to meet their growing demands. England and Germany are the latest to attempt fiscal experiments based upon the principles of this doctrine. When, even upon a small scale, its justice, its simplicity, its revenue-producing power, and its beneficial economic effects begin to be understood, there must follow, slowly perhaps, but none the less surely, its general adoption as the sole rule and method of taxation.

SOCIALISTIC CONTRADICTIONS.

(For the Review.)

By C. F. HUNT.

In a pamphlet, "Single Tax vs. Socialism," Mr. A. M. Simons indicates his confidence that he has finally disposed of Henry George. His chief weapon is: To show the Contradictions in George's works. One may find so many contradictions in the literature of socialism, as to conclude that there must be some merit in them; but Mr. Simons condemns contradictions, so it will be fair to examine some of his own, as well as some found in other socialistic writings.

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Beginning with Karl Marx (Communist Manifesto): He demands:

1. Abolition of private property in land and application of all rents of land to public purposes.

"Capital," vol. III p. 725: "Ground rent is that form in which property in land realizes itself economically, that is, produces value."