

outside capital to bring their capital here for investment? If the tax levied on improvements has the same effect as an annual fine on the same amount—and it does—would not its imposition on land values encourage the increase of improvements and correspondingly discourage the holding of valuable land idle? Take the tax off improvements, and every workingman in the city will pay less taxes on his home! Every merchant can sell cheaper because of the relief from taxes! Every manufacturer can increase his profits and the wages paid to his employees!—*City and State, Phila.*

HOW A GREAT FINANCIAL JOURNAL IS EDUCATING ITS READERS.

There are certain fundamental economic doctrines which single taxers have been preaching in season and out of season for years. They have come to be regarded and spoken of as single tax doctrines. Single taxers are not to be credited with having discovered these fundamental truths any more than of having discovered the multiplication table. They have accepted these doctrines because they are true; and have reiterated them persistently because they are important. And now the doctrines which were long denied and controverted, treated with contempt, and sometimes denounced as villainous or impracticable, are very clearly winning their way into the very highest places and are obtaining assent from the most thoughtful minds. This is true whether we refer to academic teachers or to the hard-headed men of business and finance.

An illustration of this tendency is afforded by articles which are constantly appearing in one of the most important financial papers in this country—*The United States Investor*, of Boston, Mass. This paper is not of course a single tax paper. It is entirely independent of all authorities and all leadership. Its editor and proprietor may have no idea and no intention of presenting single tax doctrine. They simply present such teaching in their columns as appears to them to be important and true. And it is immensely to the credit of this paper that it sees more clearly and writes more intelligently on questions of taxation and other economic subjects than do many other papers. In its issue of May 31st, it has this to say on the question of personal property taxation:

"No nation ever did, or ever can, succeed in establishing good government when public revenue is made to depend on the taxation of personal property." It treats at some length the difficulty which all nations have found in all ages in trying to enforce this method of raising revenue, and presents some considerations in favor of raising revenue from increased taxation of land values.

In another article it shows how this method may be applied to railroads, saying: "If the entire ground rents of railroads were appropriated for public use, not a dollar of such appropriation could be regarded as part of the earnings of the railroad. Every dollar of these ground rents would be the product of the community. The community would receive what it alone had created, and railroads would retain every dollar of their earnings."

Here are a few more quotations which manifest a clear insight into economic truth:

"The poverty of the slums and the bitter struggle for existence which exists in the richest countries result mainly from two causes. The first and root cause is the divorce of population from land on which men must live, and on which labor must operate to produce wealth, for which privilege both capital and labor must make terms with the ground landlord, or remain idle. This leads inevitably to the second cause, the unjust distribution of wealth. You cannot give to one man a million dollars for doing nothing without compelling other men to receive nothing for producing one million dollars. Human laws relating to land and wealth are alone the cause of the poverty which men wrongly attribute to nature and necessity."

July 12th's issue contains an article which clearly shows that capital does not employ labor, but that labor is both the creator and employer of capital.

In the succeeding issue follows an argument for a wider diffusion of wealth, showing that such a condition would be best for the trading and investing classes. "A family with \$5,000 will probably consume as much of the trader's supplies as a family worth \$100,000, and will furnish as many opportunities for the capital of the investor." "The enormous fortunes which are being accumulated at the present time are not good for the nation as a whole. It would be vastly better if this great wealth were going into the pockets of millions of citizens." These enormous fortunes are shown to result from legal privileges. "We leave in the hands of private appropriators the wealth which nature has intended for public expenses, and then we inflict on the nation a system of taxation which taxes the ordinary citizen ten times or a hundred times as heavily as it taxes the rich."

The issue of July 26th discusses public revenue, condemning indirect taxation, and asserting that nature has provided a proper revenue for governments as surely as it has provided proper sustenance for man. It asks: "To whom does site and franchise value belong?" and answers "Most assuredly it belongs to those who have created it: that is to say, to the general community. It cannot belong to the laborer. He has done no more to create it than any other man. And this is true of the capitalist, and it is just as

true of the ground landlord. He has done no more to create rent value than the tenant or any other man. The value, rent, is a communal value, and should be appropriated by the community for public use. It will remove a grievous burden from trade and commerce, it will cure involuntary poverty, it will destroy artificial concentration of wealth, and a thousand evils will melt away when society resolves to achieve this supreme good by remitting all unjust taxation, and appropriating the natural public revenue for public use and benefit."

These are the opinions of a contributor, and it would be too much to assume that the *United States Investor* is committed to these or any other economic conclusions; but it is a welcome sign when such clear expressions of economic truth find a place in such an able and influential journal.

Evidently the economic doctrines which single taxers have been emphasizing for years are ceasing to be, in any particular sense, their teachings, but are fast becoming the common property of all thinking minds. That they should appear in the *United States Investor*, one of the leading financial journals of the country, is a sure sign of advancement, and testifies to the ability and intelligence with which that journal is conducted.

SOME MISAPPREHENSIONS REGARDING THE TAXATION OF COAL LANDS.

(Expressly for the Review.)

As the coal strike, whether settled or not, will continue to furnish a text to single taxers, it seems well to state the present laws and possible remedies for monopoly of coal land in Pennsylvania. Of course the coal question cannot be settled until the railroad problem is settled at least far enough to give the same rates to coal as to other freight. But, leaving out the railroad question, the mere assessment of coal lands at full value would not break the monopoly, unless the people were educated to the point of taking the annual rental value in taxation. As they are not, it is best in proposing remedies to consider the existing situation.

In Pennsylvania there is no state tax on real estate; even if there were the rate would not be high. Coal lands that are used are not assessed at anything like their full value; when unused they are often assessed at surface or farm value; land worth \$1,000 an acre is often assessed at two or three dollars.

Single taxers know that a full assessment and a four or five per cent. tax would drive coal land into use and the price of coal would fall. As the price of coal fell the present value of the land would fall until the poorest mining land in use would lose its value entirely. This would cut down the

present value of coal land enormously, for coal in itself (i. e., mined coal) would have no value, and the only value which would attach to coal land would be due to the differences in ease of getting out the coal. Then full assessment and local taxation would probably prevent monopoly.

But were the assessment raised at present, the people would not agree to a great increase in levy of revenue by the counties; and as the total county assessment would be multiplied to many times the present figures, the tax rate would be so low that the rate would not bear hardly enough on landowners to force idle coal land into use; it would still be profitable to restrict production and maintain high prices for coal. Coal land lies in sparsely populated districts and much of it outside of borough limits, and so would be taxed only for county purposes, and perhaps for school purposes in some counties.

A practical difficulty in full assessment is, that the assessors are local officials, not subject to reviewing authority; and while under free conditions the miners could elect assessors who would assess, the present election laws and political conditions in Pennsylvania are not conducive to honest elections, and in regions controlled by corporations the outlook is poor.

The most practical proposal, at present, is that mineral rights, whether used or unused, shall be taxable for state purposes at a fixed rate high enough to force land into use (say two per cent., for a start); and shall be assessed by a state assessor. This will concentrate responsibility, and tend to prevent discrimination.

I have seen a demand that "the present laws for the assessment of coal properties and railroads at the market value of their stocks and bonds be enforced. . . . no new law is needed." This is an error. The capital stock (not shares of stock) of railroads is now fully assessed under existing law for state purposes, but pays only four mills; and not only is the bonded indebtedness "considered" (practically deducted) in making the wonderful calculations prescribed by law for ascertainment of value, but the real estate used for transportation and terminals is exempt from local taxation; there is also a state tax on gross receipts. Mining companies are taxed on capital stock at the same rate and their bonded indebtedness is also practically deducted. Their capital stock is not taxable locally, though their real estate is subject to local taxation.

The corporations have fixed the tax laws of Pennsylvania so that they pay about half the rate of taxation on their assessments that is paid by farmers and small property owners, and beside they are greatly under-assessed, as by the legal deduction of bonded debt. To change this it is necessary to enact a few new laws and repeal a good many old ones. Those unfamiliar with the tax system of Pennsylvania will find it safer