

ANSWERS TO A CORRESPONDENT.

L. H. Clark, Jr., of Sodus, N. Y., requests us to answer the following questions. As they involve so many important considerations they are answered in detail.

Q. What effect would the institution of the single tax have upon present mortgagors and mortgagees?

Ans. The question apparently assumes the immediate adoption of a single tax upon land values for raising all revenue for national, state and local purposes. As it is entirely out of the range of possibility that such a change could take place suddenly it would be idle to speculate upon its effect. The single tax will come as a gradual reform in state and local taxation, and possibly at the same time, but probably later, as a reform in national taxation. Years after important steps had been taken toward the single tax the tax on land values would be far less than the annual ground rent.

Assuming this state of facts, for the sake of argument, the effect upon mortgagors and mortgagees can almost be disregarded. Most mortgages are made for short periods, rarely more than ten years, commonly not more than five years, and many mortgages for only one year, with the intention on the part of the mortgagor and mortgagee that the mortgage shall not be paid at the end of the year but shall be allowed to run as a past due mortgage. A large proportion of mortgages are made by savings banks and insurance companies. These institutions are not permitted by law to loan money on unimproved property and are generally limited to a loan not to exceed one half the value of the property. Thus in most cases their loans will not exceed the value of improvements. As taxes are gradually lifted from products of labor and increase on land values it will become increasingly easier for those who have borrowed money to pay it, and if, as might be the case, this change in the incidence of taxation caused lenders to feel that their security was lessening in value, mortgagors would be more competent to reduce loans by partial payments.

There are cases where loans have been improvidently made and foreclosures would result in deficiency judgments. Mortgagors in such cases are now owners in name only; their condition could not be worse, and very likely would be somewhat improved.

There is one consideration of importance which is worthy of specific reference. Mortgages are subject to taxation in nearly all states and in consequence interest rates on mortgages are abnormally high. As soon as mortgages are entirely exempt from taxation there will be a considerable decline in interest rates, which will make it easier for mortgagors to carry their mortgages and reduce the principal sum due.

Q. Please describe fully the proposed method of assessing land values.

Ans. This question is frequently asked apparently because the questioner fails to realize that land values are now assessed and taxed and no change in the existing machinery is necessary to secure as good an assessment as that now made. Further than this, it is certain that the assessors now in office would do better work and assess land values more accurately than they do now when they are relieved of the impossible task of assessing personal property and the very difficult task of assessing improvements on land. Dealers in real estate in cities can tell off hand very accurately the value of land with which they are familiar. They cannot tell the value of buildings without careful examination and estimates which must include the fitness of the building for the site, as well as the cost of its reproduction. In country districts it is more common to consider the value of a farm as a whole and at present it might be more difficult to value land than it is in cities, but it would certainly be easier to value the land alone than to value the land and the improvements upon it.

The existing machinery of assessments can be greatly improved and some cities and states have better machinery than other cities and states. In Massachusetts, for example, land and improvements are valued separately and in some of the towns the assessments are published annually, or every three or five years. This leads to greater accuracy than in states where assessments are made only once in three years or at less frequent intervals. The first step in improvement is to value the land and improvements separately; the second step is the publication of assessments, and perhaps the best system yet devised for cities is that invented by Mr. W. A. Somers and efficiently carried out by Mayor Johnson of Cleveland. By this system the assessors determine front foot values for lots of normal depth for every block, the proportionate increase or decrease for every block, for blocks of greater or less depth and the proportionate increase for corner lots. Maps are made, or, as in Cleveland, a map is drawn on a large blackboard which is displayed in a convenient room for the benefit of all persons interested. Upon this map are set down the front foot values determined by the assessors. After a hearing is had and a full discussion, the front foot values are finally fixed and clerks calculate the value of each lot by mathematical rules without knowing the owner's name or ever seeing the lot. This plan insures absolute impartiality and such thorough publicity that values must be arrived at with the greatest approach to accuracy, and more than this the very fact that assessments by this system are fixed at a certain figure will so impress the public mind with the idea of the value of each parcel of property that no buyer would offer a sum much in excess of the assessment nor would the seller take much less than the assessment.

The important issue raised by this question is met by the answer that we have machinery for valuing land, and that the officials whose duty it is to value land will have a far easier duty when they have only land to value than they have now. We are not proposing something now which requires new machinery; but something which will relieve men of duties which they have never been able to perform and never will.

Q. Please tell me whether any bills are being introduced into our legislatures in the interest of the single tax.

Ans. At almost every session of every legislature bills are introduced which tend for or against the single tax, and every one interested in the single tax should be able to recognize these bills on sight. Every bill which tends to equalize assessments of real property by requiring the separation of land and improvements in making the assessments, or by the publication of assessments when made, or which in any other way improves the machinery of assessment, or increases the publicity of assessment, aids the single tax cause. Every bill which increases taxes upon labor products, including improvements on land, or upon evidence of debt, or upon evidences of title to property, is against the single tax cause. Every bill which will reduce the taxes upon anything other than land value tends toward the single tax.

In thirty-five states of the Union it is necessary to amend the constitution to improve the tax system in any way that is of substantial value. Single taxers should always aid in securing such amendments provided they are of a character that will insure substantial progress. In New York, most of the New England states, Delaware and the territories, local option in taxation is permitted by the constitution, and single taxers are generally agreed that it is desirable to permit counties, or if possible cities and towns, to exempt classes of property from taxation for local purposes. Bills for this purpose are introduced frequently in several states. Such a bill is annually introduced in New York.

In order to make local option more easily applicable and for several desirable reasons, a plan known as the Purdy plan from the name of its author, Lawson Purdy, has been devised for apportioning so much state tax as counties may be required to pay among the several counties in proportion to the amount of money raised within each for local purposes. A bill for this purpose has been introduced in New York and Ohio. In Ohio it was passed by the Senate at the last session of the legislature and only failed of passage in the House because it was deemed by some to be in conflict with the constitution, and a constitutional amendment has been adopted by the legislature and will be submitted to the people in 1903. Such a bill will be introduced in the legis-

lature of New York at the next session of the legislature and very likely in New Jersey. A bill to amend the constitution of Illinois similar to that passed in Ohio last year will be introduced at the next session.

Single taxers should keep their eyes open, and when they see bills tending toward the single tax they should help them whether they are introduced at the suggestion of a single taxer or not, though they will generally find upon investigation that some single taxer is behind most such bills.

COMMUNICATION.

To the Editor, SINGLE TAX REVIEW:

The work of the Toronto Association has progressed satisfactorily this Summer. We issued a thirty-two page booklet in reply to the report of the assessment commission appointed by the Ontario government, printing with it a condensation of Judge O'Connor's report on taxation and other good matter.

Copies were sent to all the newspapers in the Province, the members of the legislature, the mayor and assessment commissioner of all the important municipalities, and the Reeves of the townships.

A Young People's Single Tax Club has been formed for the purpose of studying Henry George's works and as an auxiliary to the Association. Its first public action was a very successful picnic last August, to which the older single taxers were invited. Our friend, Tom Bawden, of Detroit, was the principal speaker.

On the 13th we had a picnic to Center Island, at which there was a general gathering of the faithful. Speeches were delivered and the future work outlined. The Pavilion, at which we held our Sunday meetings last Winter, being burnt, we have secured the Toronto Opera House and will conduct a series of Sunday afternoon meetings, commencing Nov. 16th. Ernest Crosby is booked for our first meeting and Louis F. Post for the next.

The coal strike is exciting much attention and we are improving the situation by issuing a timely tract upon public ownership and how the single tax would prevent strikes.

We hold an annual meeting for the election of officers, the presentation of reports, and general stock taking, on Oct. 18. At this meeting fuller details of our Winter's work will be arranged.

Mr. W. A. Douglass has opened a campaign as candidate for the City Council and we hope to have some good hot meetings in his interest.

ALAN C. THOMPSON.

WHAT THEY ARE SAYING OF "OUR TOM."

Mr. Johnson made his money honestly enough in the street car business, but during the process of his accumulation he learned