

and each fall in selling value must be succeeded by a rise in the rate, so we shall have to grow accustomed to high tax rates. High rates will not necessarily involve large sums in taxation because the tax base will be steadily diminishing. The effect of the restoration of the old rate in Halifax will undoubtedly mean a rise in selling value if the change is likely to be permanent and so something like a see-saw movement will be set up. How values have risen in Halifax may be inferred from the fact that house rents have increased from 150% to 250% over pre-war figures, while store rents are even higher.

All this is deplorable and may be laid at the door of the World War disorders. In 1918 Halifax seemed to be entering upon a reasonable and orderly development. Seldom do we find in an official document even the approach to sound economic reasoning that appears in the preface to the "Tax Act of the City of Halifax" and published by the city. "The Tax Act embodies two principles. The first is the doing away with all taxation on personal property and the substitution of taxes based on the values of premises occupied for business or residential purposes payable by the occupiers. In this respect the act is a straightforward application of the principle which in my opinion is the only sound one on which municipal taxation can be based, namely, that the tax should be 'in proportion to benefit received.' Not as that principle is often grossly misunderstood, in proportion to the taxpayer's share of civic services such as police, fire protection, etc., but in proportion to the extent to which he avails himself for business or residential purposes of the one thing which the city has itself created—the value of real property within the city."

The writer of the above comment, Mr. H. H. Ball, is not a Single Taxer, but his twenty-seven years' association with the Tax Reform Association has taught him some fundamental principles and left him in a frame of mind distinctly friendly to Single Tax ideas. Our readers will agree with us in deploring the untimely cessation of this experiment from which so much was to be hoped. We trust that a further effort will be made to secure for it a new trial over a sufficient length of time to enable its possibilities to be demonstrated.

## Good Doctrine

**T**RANSLATED into action, our Democracy means that *every person shall have equal opportunity with all other individuals* without discrimination; that every person shall receive equal and exact justice, with special privileges to none; that the right of free religion, free speech, free press, freedom from false arrest or imprisonment, freedom from search, shall be safeguarded; and that every person shall have his day in court to sustain his rights. Finally, these ideals mean that every citizen shall hold his civic duties as a holy obligation which he must perform, and which he should consider a disgrace to leave unperformed.

*National Catholic Welfare Bulletin.*

## President Alvaro Obregon's Message to the American People

**I**T is a great service that the *New York World* has rendered in the issue of June 7 in securing from Obregon, President of the Republic of Mexico, a statement of the case for his people. So important is the message, so instinct is it with the spirit of liberty, so clear is the vision of the writer that we offer no apology for printing in the *SINGLE TAX REVIEW* the liberal extracts that follow.

"The truest test of peace and order, however, is to be found in our army figures. On June 10, 1920, the army establishment of Mexico numbered 23,767 officers and 105,066 men. Today the army numbers 16,784 officers and 77,289 men, an annual saving of \$36,500,000. This is not the end, by any means. As quickly as conditions will permit, further reductions will be made until the smallest possible minimum is reached.

Nothing is more untrue than the widespread belief that the Mexican people are militant and militaristic as a race. Our passion is mining and agriculture. We love the land. In other days, when a few great landlords owned most all of Mexico's tillable acreage, I have seen little communities carry dirt for eight miles in order to have gardens around their humble homes. It is this inherited love of the soil that has been behind every uprising of the Mexican people. Land and liberty, these are the two great words that have carried the men and women of Mexico through four hundred years of misery and oppression.

For 300 years we suffered the yoke of Spain, the rule of viceroys, whose one idea was to wring more millions from the colony for the use of their royal masters. Neither torture nor famine nor pestilence has had the power to crush the Mexican people's passion for freedom.

### JUAREZ FREES LAND AGAIN

In 1861, when the great Benito Juarez, our Abraham Lincoln, won what seemed a final victory over the forces of reaction, and when his wise laws were bringing justice to the land, France, Spain and England came with their armies to place Maximilian on a Mexican throne. For forty-three years the country had been in steady revolution against tyranny and it did not seem possible that new energy could be summoned to resist the armies of France, yet Juarez sounded the call, and though compelled to flee from mountain to desert, from desert to mountain, his seat of government the shabby little black wagon in which he rode, by 1867 the last invader had been driven back across the sea. There is little point in considering the regime of Gen. Diaz. The world praised him for his peace and order, but what the world did not know were the methods by which peace and order were maintained. The world praised him for his policy of development, but what the world did not know was that this policy carried with it no benefit to the Mexican people.

The natural resources of the country made enormous

fortunes for the few, wholesale campaigns of dispossession gathered the land into great estates owned by absent landlords, industry was dragged back and fifteen million people led lives of misery. The bright promise of Madero was blighted by the counter revolution of Huerta, and again our people faced years of suffering, struggle and death. When it became apparent that he meant to take away the right of free elections, the people rose again in defense of the democracy for which they had been fighting for more than 400 years.

#### REVOLUTIONS NOT MECHANICAL

So it will be always; only liberty and justice will satisfy the people of Mexico. Anything else will call our manhood from the field. Given liberty and justice, however, and there are no more peaceful people in all the world.

In this connection the people of the United States should bear in mind that revolutions are not mechanical devices. They cannot be turned off and on. They cannot be directed with precision nor operated on a schedule. The rebellions of a people scattered over a vast area and without means of communication were bound to express themselves at times in terms of lawlessness, fundamental purposes seemingly lost in chaos.

#### NINETY PER CENT. IN POVERTY

Consider these facts and then consider the horror of poverty in which 90 per cent. of the Mexican people have lived, a people endowed by nature with every blessing necessary to comfort and happiness, yet compelled to suffer and die from sheer lack of the necessities of life. Common humanity dictated a change, and it is this change that Mexico has made. We stand today on the principle that the natural resources of a nation belong to the nation. Never again will the people of Mexico tolerate a government that does not support this principle. By no means does this imply a hermit nation policy. Mexico is not so foolish as to think that she can live alone or work alone, nor is any such wish in her heart; but what Mexico will ask in the future is a fair partnership in development. We are through forever with the policy of gift, graft and surrender.

Foreign capital will be invited and given every justice. What it will not be given is excessive privileges at the expense of the people's rights.

Having said this much, let me now declare that in this policy there is not even a hint of confiscation. This falsehood is the work of those who resent our policy of nationalization because it blocks future campaigns of exploitation and monopoly. Every private right acquired prior to May 1, 1917, when the new constitution was adopted, will be respected and fully protected. The famous Article 27, one clause of which declares the nation's ownership of sub-soil rights in petroleum, will never be given retroactive effect nor has it ever been given retroactive effect.

#### PUMPED \$28,000,000 IN PROFITS

It will thus be seen that the Doheny group pumped close to \$28,000,000 in net profits out of the soil of Mexico in

the single year of 1920, and yet it was with this enormous sum in their pockets that this group flooded the the United States with the false cry that the tax policy of the Mexican government was crushing and ruinous, and today, while they are filling the press with page advertisements of protest against confiscatory taxation and appealing to the government of the United States for action of some sort, Mr. Doheny is cheerfully assuring his stockholders that the first quarter of 1921, after deducting taxes and depreciation, will show an increase of 225 per cent. in net profits over the first quarter of 1920.

Coming now to our agrarian programme. Here again I deny any hint or thought of confiscation. Nothing is more true than that vast estates were formed by every process of injustice and spoliation. Yet even the justice of the provocation has not led us away from scrupulous regard for the rights of private property.

First of all it must be understood that the great land-owners have never made the least attempt to keep up with improvements in agriculture. They have clung to old and obsolete methods to such an extent that they have been unable to meet the competition of foreign countries. In consequence they have depended upon protective tariffs that permitted them to demand prices far beyond the means of the working people.

Our plan, however, is not to take over the great haciendas by force nor to buy them. We do not have the money for it. In order to break up these estates into small holdings, to put an end to the great haciendas, it is necessary to create previously the small property, otherwise our country would suffer enormous evils, and for that it would be enough, for instance, to trust to the honest operation of our taxation system.

#### BIG OWNERS PAID NO TAXES

Under former regimes the favored owners of these enormous estates paid little or no taxes. They could hold whole valleys and great stretches of tableland in idleness for years, using them as grazing grounds for scattered herds of cattle or else waiting for an increase in land values. Honest taxation will put an end to this policy of land monopoly and non-productivity. It will do one of two things—either it will force the landlord to cultivate his holdings or else it will force him to sell or at least to lease these holdings to the small farmer, who has hitherto been barred from the land.

In addition to this plan, we have several colonization schemes under way and we are in process of establishing a system of rural credits that will give the small farmer government aid along sound lines. Great irrigation projects are also being worked out and in a comparatively short time we hope to double the arable acreage of the nation.

Just as our land laws have excited the suspicion of ultra-conservatives, so has our social and industrial programme aroused lively fears in certain quarters. Even before they have been announced, our proposals have been attacked as Bolshevistic. This is nonsense. No country in the

world is less in danger of Syndicalism than Mexico, for few peoples are so intensely individualistic. A healthy reaction from Bourbonism does not mean Bolshevism by any means.

All that we hope to do is to release opportunity, to take away special privileges and restore equal rights. We want a great educational system, free grade schools, high schools and State universities, for we feel that education is the final answer to our problems. We want a social justice code that will drive the cruelty out of industry, assuring to workers every justice and proper division of rewards. We want to safeguard the weak, protect the helpless and build the health and well-being of a people upon the solid rock of equal justice.

The people of the United States will remember the fight made against their own child labor laws and their own workmen's compensation acts. As I remember it, these wise measures were also branded as anarchistic at the time. Just as your own Republic went forward regardless of standpatters, so will Mexico go forward."

## Mr. Creel's Platform

**A**NOTHER stumbling block in the way of progress is the divisive prejudices that now cut up our nationalism into classes and tribal fragments. Class consciousness in the United States is primarily and entirely a matter of money. The poor, caught in a trap of taxes, direct and indirect, are bound to be embittered by the sight of tremendous wealth, especially when it is inherited, not earned. This bitterness, expressing itself through all of the usual forms of discontent, rouses class consciousness in wealth, and there one has the battle, increasingly angry, unreasonable and unreconcilable,

May not the answer be found in giving up the income tax as a major source of revenue and putting largest emphasis on an inheritance tax, that will prevent the entailment of vast fortunes? The income tax, after all, is the penalization of industry, while the inheritance tax merely prevents the manufacture of a parasitical group.

But why is it not possible for a courageous progressivist movement to hit at the source? Why not put an end to the accumulation of that sort of wealth which is not the product of courage and energy and effort? Only comparatively few of the great fortunes have their base in trade, commerce, invention, or construction. The bulk of inherited wealth in America comes entirely from *land*—not land development, but speculation in land values; buying tracts at a low price and holding them unimproved until the expanding energies of people enforce a high price. This increase in value is not created by the owner, but by the community, and therefore belongs to the community. That is the Henry George theory long derided as the Single Tax—but nevertheless coming to have a deep and strengthening hold on the progressivist mind. GEORGE CREEL, in *Collier's Weekly*.

## Fundamental Economics

### FIRST PAPER

**P**OLITICAL Economy has been dubbed the dismal science, and so, for years, it has been. Subsidized instructors and endowed professors have so distorted a few simple, fundamental facts, that the human mind becomes hopelessly lost in the labyrinth of involved reasoning, or totally submerged under a deluge of empty, but formidable looking words.

However, when rightly understood, political economy is one of the most interesting, as well as one of the most important of the sciences. And it is a real science; a science that has to do with matters that absorb the larger part of the thoughts of all of us—the getting of a living. In few words, political economy is the science which treats of the production and the distribution of wealth. It includes within its domain nearly all the vexed questions that lie at the bottom of our politics and legislation; of the theories of society and government; even questions of philosophy and religion.

### POLITICAL ECONOMY ORGANIZED KNOWLEDGE

Political economy is rightly called a science, for it is organized knowledge, and knowledge that is based on the facts of nature. That the fundamental principles of this science have been ignored and neglected in the past is natural, for it has to do with the great questions that are bound up in the ceaseless struggle for wealth; it has to do with the theories of government and society; it has to do with tariffs and bond issues, rents and subsidies and public debts; it has to do with labor unions and socialism, and every manner of reform; it has to do with every panacea suggested as a sure cure for all our social ills. It is natural, therefore, and to be expected, that the facts upon which this science is based are seldom laid bare in their natural garb, for to do so would be to tumble to earth many an imposing structure of distorted meaning.

When the laws of any particular science are once understood, they generally throw a flood of light upon other facts that have, hitherto, been misunderstood or unintelligible. With a discovery of the law of gravitation came an understanding of the laws governing the whirling, tumbling heavens. With the enunciation of the laws of natural selection came an understanding of the living world and the abandonment of theological guesses. With a discovery of the fundamental laws of political economy will come an understanding of the social fact of why poverty dogs the feet of progress; of why hungry, starving people are always to be found in conjunction with an enervating, debauching superabundance; of why it is that in cities containing more wealth than all the wealth of the Indies, people welter in filthy slums like dogs in their kennels; of why it is that ragged men tramp the highways when opportunities for wealth producing work beckons from the open fields all around them. A proper understanding of these laws will not only solve this riddle of all the ages, but will also suggest political measures that will be necessary to