for himself, doing nearly everything by hand and using very little capital, and making large wages, which he can always do when good land is plentiful, he will not work for someone else at smaller wages, nor will he employ capital which costs him more than the return it brings him. Capital will come into more general use only when the interest rate falls sufficiently to make it pay to use more capital. If there is plenty of good land, everyone can make a good living without the use of much capital, and will do so until the interest rate falls sufficiently to make the use of more capital profitable.

There is another point that Mr. Paton seems to overlook. That is the ease with which capital can be produced. Land cannot be produced. Labor is produced but slowly. But labor operating on land can produce capital at a marvelous rate. Therefore, when capital is scarce and land plenty, interest being high to furnish the motive, and wages being high furnish the ability, labor will produce capital at a rate that will soon bring interest down.

We thus are forced to conclude, that, as long as land is plentiful, wages will be high whether capital is scarce or not. And, as all that monoply of capital can do—if it cannot be used to buy and thereby monopolize land—is to make capital scarce, we must conclude that wages will be high whenever land is plentiful, even if capital is monopolized. Obviously. For why should men work for low wages, when they can make good wages working for themselves on cheap land.

I do not wish to be understood as underating the evil of monopoly of capital. It could do great harm if land was abundant and not monopolized. It does do incalculable harm when land is monopolized. And with land free, as the world fills up, and land becomes less plentiful its evil power increases. But what I wish to emphasize is the great truth that the wrongs in our industrial system are chiefly due to land monopoly, making land scarce; that everything else is of comparatively small importance. For we have seen that wages will be high if land is plentiful even if capital is scarce and monopolized. And wages will be low if land is scarce, no matter what other conditions obtain. For that which the landlord leaves to be divided between labor and capital will be small; and wages will be low, even if capital gets nothing.

REPORTS OF TWO RECENT STATE TAX COMMISSIONS.

By THE EDITOR.

Reports of the State Tax Commissions are interesting reading these days. Hardly any of them but evidence signs of advance. It would be interesting to compare these later reports with the recommendations of similar bodies, including those of governors of States, made, let us say, twenty or even ten years ago. They would bear all the resemblance which mediaeval speculations on matters of science bear to modern experimental methods and treatment.

Here is the Report of the Louisiana State Tax Commission. It condemns the general property tax as "vicious" and leading to "the grossest inequality and injustice in the distribution of the burdens of taxation." It condemns this inequality and injustice as inherent in the system itself. It buttresses its opinion with cititations from David A. Wells and other political economists and instances the abortive experiences of other States of the Union. It advocates the "Purdy System" of apportioning the State taxes to all municipalities in the State in the ratio of their own local revenues. It advocates "as large a measure of local home rule and regulation as is consistent with the public welfare." It says; "If power to exempt by popular vote certain classes of property were given to all the localities, each could develop along the line most suited to its natural condition."

It advocates the exemption of "mortgage loans, loans by life insurance companies on policies issued by them, and credits due for merchandise sold, whether upon open account or by note or bill." The Commission advocates the exemption of moneys and all forms of credit. The Commission indicate their belief that the tax on mortgages does not reach those intended, and that such a tax tends to drive capital out of the State.

The report advocates the separate assessment of land and improvements. And regarding this it says: "Sound policy might demand that improvements be encouraged by a lower tax than the one placed on land held idle for speculation. But we recognize that this reform is too radical to gain adoption at present and we do not recommend going so far. We insist, though, that the discriminations in favor of the speculator ought to be stopped, and we believe that the separate assessment of land and improvements would tend to this."

The Report is no less explicit in its declaration regarding the taxation of franchises, the justice of which it commends for the following reasons.

1st. That the franchises themselves are created and conferred by grant of the State; and

2nd. That their value is created by the community through the social and commercial activities of the people.

There is much more in this Report to praise. We have indicated how far in advance are modern official declarations on matters of taxation over reports of older commissions. This Report seems to us to mark another step in advance.

The Report of the Louisiana Tax Commission fittingly supplements that of the Ohio State Tax Commission. It is not too late to call attention to this latter report though it appeared early in the year just passed. In this Report the Commissioners say: "The members of the Commission have been deeply impressed by the inequalities and injustice in the operation of the existing tax laws of Ohio. It is impossible to account for the patience with which these evils have been borne except upon the theory that the complexity of our methods has favored the concealment of their results. A more general discussion of the subject, however, has been going on with increasing insistence for several years, and which resulted finally in the present movement for a modern and equitable system of taxation, and has brought to light certain conspicuous wrongs that are no longer either denied or defended."

The Report goes on to say: "The general property tax was adopted in Ohio in 1846, and was written into the constitution of 1851 in the language of § 2 of Art. XII, to which attention has already been called. Ever since its adoption the grand tax duplicate of the State has shown, more and more clearly, the inequality of contribution between real and personal property. In 1852 the grand duplicate of all property, real and personal, in the state, was $507,581,000; in 1907 it was $2,280,563,198. In 1852 the total value of all real estate was $354,937,000. In 1907 it was $1,544,391,318. In 1852 the total value of all personal property in the State was $152,644,000; in 1907 it was, $736,171,880. In other words the first year after the adoption of the present constitution the tax value of all real estate in Ohio was 2⅓ times that of all personal property, while at the present day, after fifty-five years of development in railroads, telegraph, telephone, electric light and other modern utilities as well as industrial interprises of every kind, with the consequent enormous growth in the issues of stocks and bonds; the tax value of all real estate in Ohio is still 2 1–10 times that of all personal property. And this is true notwithstanding the fact that corporations generally in this State are required to return as personal property all the real estate used in the operation of their business.

In 1850 real estate paid 77.8 per cent. of the taxes and personal property 22.2 per cent.; in 1870 real estate paid 60.7 per cent. of all taxes, and personal property 39.3, while in 1907 real estate paid 67.7 per cent. of all taxes and personal property but 32.3."

Commenting upon the inequalities in the assessment of real estate the Report says:

"In Adams county, of 931 pieces of real estate transferred the average tax value is 43.4 per cent. of the sale value, while 191 pieces are on tax duplicate at 11.3 per cent. and 121 at 120.7 per cent. of the real value. In Brown county 706 pieces of real estate are on the tax duplicate at an average of 53.3 per cent. of their sale value, such average ranging from 12.3 per cent. to 116.6 per cent. In Monroe county, 709 pieces are on the tax duplicate at an average of 36.7 per cent. of their sale value and this average ranges from 10.8 per cent. to 107.3 per cent. In Montgomery county 4,000 pieces are on the tax duplicate at 37.1 per cent. of their value and this average ranges from 12.2 per cent. to 106.9 per cent."

The same inequalities are shown in the assessment of cash and credits in different counties. The Report sums up its conclusions that fully 90 per cent. of all intangible property in Ohio escapes taxation. The commissioners state their belief that "false returns are made by citizens generally."

The Commissioners conclude their Report by recommending "The establishment of a state tax board; the more frequent appaisement of real estate; the abolishment of the present state levy and the separation of state and local revenues, and finally authority to the local communities to secure publicity in taxation."