

Words, Idle Words

TO the eminent Nicholas Murray Butler is ascribed the utterance, that much of the trouble in the world is due to the inexact use of words. For more than a generation Single Taxers have been deploring the inability of economists and people in general to attach precise meanings to the terms that they use. A most excellent example of the confusion wrought by the use of a phrase to signify things, which are in their nature conflicting, is to be found in the legal and popular use of the term real estate. The Standard Dictionary gives as its meaning, the legal definition "lands, tenements and hereditaments." This phrase may be taken as the equivalent of land and improvements attached thereto. When, however, we come to apply taxation to this composite subject, we find that the same cause operates in distinctly different directions when applied to the component parts. Applied to land it tends to diminish selling price, to limit individual holdings to such amounts as their owners can profitably use, and hence to make self-employment on cheap land a possible condition of life, for those who prefer it to industrial subjection. Fortified by easy access to near-by land from which a living can be made in case of necessity, the worker might smile at the lock-out, and need never be compelled to resort to the strike as a weapon of self-defence. Non-participation, except on terms agreeable to him, would be his sufficient answer to attempted exploitation.

How differently does the same tax operate when applied to buildings! True, once the building is erected the tax can be collected, but when it becomes unduly onerous, further production is discouraged, and high rents are forced by the artificial scarcity imposed by unwise taxation. It is this condition which makes it possible for agents of real estate interests to contend that high taxes make high rents, and that taxes on real estate can be passed on to the tenant. Again at this point we come to another illustration of the inaccurate use of terms, growing out of the former error. To speak of the rent of a building is misleading. Only that part of the payment which is paid for the use of the lot should be called rent, the rest is interest on the capital employed in the construction of the house and its appurtenances.

Whenever we come to the time when land alone is taxed on its value, until taxes have risen to a point where they absorb the entire annual value of the land, they cannot begin to affect the annual price which must be paid for the use of the lot plus the building. On the other hand, whenever and to whatever extent taxes on buildings discourage production of buildings, to the same extent is it possible to shift to the occupier some if not all of the tax, because of the partial or complete scarcity thus created.

WHEN Single Tax is suggested, "confiscation" is the yell. Yet a 2.25 per cent. tax on a building doubles its cost during its lifetime.—H. M. H., in *Cleveland Citizen*.

Incomes, Psychic, Sensational and Shedding Utility

IT is a great responsibility that rests upon the professors of fiscal and economic science. They feel this responsibility very keenly. Without the knowledge that is their special possession the legislator must "flounder" in a sea of ignorance. We have Professor Seligman's word for it, in his introduction to "The Federal Income Tax," by Robert Murray Haig.

What can the legislator know of "income," for example, by the light of his own unaided intelligence? How can he know that some incomes are purely "psychic," that some "shed utility," and some are "sensational?"

Says Prof. Seligman:

"On every side, in fact, we are confronted with problems bristling with difficulties, into which the economist has thus far put scarcely more than an entering wedge and without a successful treatment of which the legislator must necessarily flounder.*****Unless fiscal science reaches a definite conclusion on these problems the way of the legislator will be a thorny one."

Says Prof. Robert Murray Haig:

"First of all, consider what the economist means when he speaks of income. In this case, as in many others, the economist uses a term in approximately the same sense as it is used in ordinary intercourse.*****It has merely been necessary for him to be more precise as to exact limits and distinctions."

We are glad to hear that the economists have condescended for the time to speak in terms used in ordinary intercourse. This is so unusual that it is doubtful if they will understand one another. In the barbarous jargon with which they clothe their imaginary refinements they seem to find no difficulty in making themselves understood by their fellow professors if by nobody else, but when once they begin to speak in terms of "ordinary intercourse"—or like rational beings talk—it is certain that they will find the language a foreign one and very difficult to make such thoughts as they have clear to themselves. By this it is not meant to imply that their customary statements are clear to themselves. We suspect them, one and all, of indulging in elaborate tomfoolery in order to avoid saying anything that might mean something.

Prof. Taussig, of Harvard, says:

"Our food, clothing, furniture, may be said to yield psychic income. They shed utility, so to speak, as long as they last."

Prof. Ely, of Wisconsin, delivers himself of this:

"Wealth refers to the stock of goods on hand at a particular time. Real income, on the other hand, has reference to the satisfaction we derive from the use of material things or personal service during a period of time."

And finally Prof. Seligman, in his "Principles of Economics," says:

"We desire these things at bottom because of their utility. They can impart this utility only in the shape of a succession of pleasurable sensations. These sensations are our true income.*****"

Well, what do you make of it all? We have at least learned that an income is a pleasurable sensation. We can only suggest that the pleasure is in proportion to the size of the income, that the larger it is the more pleasurable the sensation. But did it need a professor of economics to tell us that?

How can one deal with this extraordinary gibberish? Are these men thinking? *Can* they think? Or do they just start their mouths going and then go away and leave them to chortle on? Is it automatic writing of a sort? Is it a phonograph going of itself, left to its own devices, so to speak, and instinct with some impish motive power undirected by any human intelligence?

And then the naive and almost impudent assumption that this clotted nonsense is needed for the guidance of the legislator lest he go astray and "flounder" in the usual way of legislators. After this we suppose there is no excuse for further floundering. Fortunate lawmakers! Their task is now made easy.

The Lesson of Prohibition

FOR many years the proposal for the suppression of the liquor traffic was anathema among Single Taxers whose philosophy made them consistent supporters of personal liberty in its most extreme form. They felt that the elimination of the drink evil, which they viewed all the more adversely because the great majority of them were total abstainers, would greatly benefit human society, but they also recognized that bad social conditions lay at the root of intemperance and they preferred to see intemperance eliminated by the curing of the bad fundamental conditions rather than by artificial legislation.

A new aspect of the case began to force itself upon many of them, twelve to fifteen years ago. They found the liquor interests lined up solidly with the monopolies in every political contest, evidently with the expectation that the monopolists would stand by them whenever an attempt was made to put them out of business by legal enactment. In this expectation the liquor people were badly deceived; they would have been wiser to have remembered the warning, "Put not your trust in princes." They were thrown to the wolves, if such a simile may be permitted when one is referring to the godly. Monopolists have such bad consciences that they are looking over their shoulders all the time, and don't want to assume the burden of other people's sins. For generations liquor dealers have been held up to public reprobation as the real causes of all the poverty and misery afflicting humanity. A large proportion of the public came to believe this legend in spite of the disturbing fact which the general public took no notice of, that poverty and misery exist among nations and races whose faith prohibits the use of alcohol in any form and who live up to their beliefs, and we think it is true that most of them concluded that while they could not consistently support a policy of repression, they would not on the other hand fight for the salvation of their enemies.

One fact, however, emerges from the Prohibition fight, assuming that the Eighteenth Amendment stands, and that is the recognized legality of an Act which confiscates, without compensation, property whose value depends upon legal rights conferred. A most weighty objection urged against the taxation of land values has been that it was confiscatory, but what is sauce for the goose is sauce for the gander, and some of our most powerful and influential property owners support prohibition on the theory that the consequences of the traffic are shocking to humanity. If the principle underlying the statement is sound, then another institution which has similar effects may be subjected to like treatment. Never in its most prosperous days did the liquor traffic exact a tithe of the tribute levied by land monopoly and all the horde of young monopolies of which it is the prolific and legitimate parent.

Blind Leaders of the Blind

ONCE more the lair of the Sacred Codfish furnishes us with an illustration of the dictum, "With how little wisdom the affairs of men are governed." Under the holy seal of the City of Boston, which bears as a motto in Latin, the stand-pat prayer "May God be as good to us as he was to our fathers!" there has been issued a "final report of the *Committee on New Sources of Revenue*," signed by nine men who doubtless incarnate the civic wisdom of the Hub. We do not print their names for we have high hopes that some day they may wish to disclaim association with their findings and we would place no obstacles in the path of their progress toward a merciful oblivion.

The fact that the City found it necessary to appoint such a committee makes it clear that present revenues are inadequate. It has made preliminary reports to the Mayor and out of its wisdom evolved a tax on cleanliness by raising the water rates, a tax on itinerant merchants, which we presume is Bostonese for peddlers, a tax on transportation in the form of a tax on special taxicab stands and motor vehicles in general.

An increase of fees in the Building Department, and finally an additional tax on intoxicating liquors sold by druggists operating under sixth-class licenses; the report sadly adds, "Nothing has come of this suggestion," probably because drink in Boston costs quite enough already. Well may Boston stand in amaze at this monument of fiscal wisdom!

But perhaps the committee is not entitled to so much blame when it is considered that the Mayor who appointed it, put in his letter: "The burden on real estate is already heavy and should be diminished rather than increased." This dictum naturally closed the gate leading to the only alley in which relief might hopefully be sought. But to do the committee justice, it finds itself in harmony with the Mayor. Hear it: "Real estate in Boston . . . pays much more than its fair share of the total burden of taxation." How the committee arrives at a computation of "real estate's fair share" is not revealed. Not only so,