

such loan? If so, is such double taxation either just or wise?

3d. Are credits of any kind such as notes, mortgages, book accounts, etc., wealth, and should they be taxed?

4th. Do merchants and manufacturers actually pay the taxes assessed against their respective properties or do they add the taxes to the cost of the goods or products and indirectly force the consumer to pay same?

5th. Is there valid reason in justice or morals for a continuance of the poll tax? Rather should it be abolished and the revenue now derived therefrom be procured from some other and more equitable source?

6th. We place these pertinent questions before you and other members of your Association in the friendliest spirit, with the hope that frank discussion thereof at the forthcoming meeting of your Association may help to improve economic conditions for all. Mr. Black spoke before the conference on December 8th.

#### COUNT WITTE FOR A LAND TAX.

The Petrograd correspondent of Reuter's Telegram Company writes:

A meeting of prominent economists and leading representatives of Russian commerce and industry today approved of a temporary imposition of an income tax to balance the loss to the government of the revenue formerly derived from the sale of vodka, traffic in which has been prohibited. Count Sergius Witte opposed an income tax and favored instead a levy on the owners of big estates and an increase in existing taxes.

THE United States of Europe Association, the object of which is to remove the causes of war by the establishment of a European League of States and the removal of tariff barriers which are the source of national rivalries and racial hatreds, has been established with headquarters at 1160 Broadway. Its list of honorary members include men of international reputations, and we are glad to see many Single Taxers among its officers. Chas. H. Ingersoll is its president and F. C. Leubuscher and Cornelius Donovan are on the executive committee.

#### A REPLY TO HENRY H. HARDINGE.

EDITOR SINGLE TAX REVIEW:

Replying to Mr. Hardinge's queries, let me state his propositions and give categorical answers.

He says, "Land speculation inflates land values; this in turn inflates rent; if increasing and inflated rent does not increase the cost of living where is its effect registered in society?" Answer—Land speculation tends to increase or inflate rent above the normal line at those locations which are above the margin, but to increase rent only by so much as the margin itself is removed from its normal place. It is hardly likely that in this country today the normal margin is above a place which would allow land now worth \$10 per acre per year in rent to be had for nothing. It is hardly possible that land now bearing a rent of \$20 per acre a year would be available without price if all land speculation were abolished. Consequently it is unsafe to figure that land speculation affects any land values anywhere more than \$20 per acre per year. So far as land speculation forces labor and capital to poorer locations it reduces the net product—product less rent—which they can obtain, and it to that extent makes getting a living harder.

He says, "If laborers buy only wages and interest when they buy goods, from what source do merchants get their rent? Where does it come from? Answer—So far as merchants pay for the use of land—location value—they get funds from which to make this payment out of the difference between the cost of production and the total price obtained for merchandise, but they do not get it and cannot get it out of a price for merchandise made higher by reason of rent. They must sell at the same price as those merchants who pay less rent and so must merchants who pay higher rent than they do. It is quite possible for goods to be sold for lower prices at valuable locations than at those much less valuable. If prices of merchandise are neither made higher because of normal rent or by rent which is no more abnormal than is indicated by the difference of \$20 per acre per year, how can rent be said to in-

crease the cost of living in the sense of increasing prices which laborers and others must pay for goods?

He says, "If rent is not a part of price, and wages and interest are low (as they are) why is not the cost of living low? Where is the leak?" Answer—"Leak" is hardly the word. In the first place production is hindered and reduced to an extent by the abnormal depression of the margin by land speculation; next, wages and interest are to this extent reduced; next, the expenses of government draw heavily upon product and show largely in prices of goods; finally, the exactions of monopoly in several forms appear in prices. To abolish all taxes which can appear in prices and all monopolies which may affect (by raising) prices, would increase wages and real interest; a further gain would come from raising the margin to its normal place, and giving rent free to labor and capital locations of such qualities as would now command in ground rent \$10 or more per acre per year.

These answers are plain to me. The "cost of living" in a narrow sense is merely the "cost of buying things." In a wider sense it may be taken to mean the difficulty of making a living.

I think Mr. Hardinge will be able, if not through my help, in some other way, to see that it is not true that "the farmer who lives on the margin and sends to the mail order house for goods helps to pay the rent in the city and contributes his share in cash to urban land values." This can only be so if the farmer pays more for goods than if he bought at a suburban location, or if he paid a price actually increased by urban rent or any part of it. This he does not do.

I appreciate Mr. Hardinge's good humor, and in a cheerful mood myself, remain—**GEORGE WHITE**, Hackensack, N. J.

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**BEN. J. SALMON**, who ran for the legislature in Denver on a straight Single Tax issue was defeated, but received 17,508 votes and missed being elected by 1,700.

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**THE** newly elected president of the Manhattan Single Tax Club is **James R. Brown**.

## SITE RENT.

### EDITOR SINGLE TAX REVIEW:

The ground rent of factory sites, store sites, etc., is transferred to the consumer of the products, as will appear from the following illustration:

The net product of a farm upon the margin of cultivation is a horse worth one hundred dollars. The purchaser therefore pays the farmer for \$100 dollars worth of labor. An adjoining farm is by nature more productive. Its owner by the expenditure of the same amount of labor as his neighbor makes a net product of two horses, each worth a hundred dollars. The purchaser of these two horses would pay for each, \$50 for the labor and \$50 for ground rent.

If another farmer close by with a far better quality of land could, with the same expenditure of labor, secure a net annual product of four horses, the purchaser would pay for each horse \$25 for the labor done and \$75 because of the ground rent.

Just so with a store, a minute amount of ground rent goes to the owner of the land from the purchaser of each article sold.

### REPLY BY GEORGE WHITE.

The writer very clearly lays out a proposition and is entitled to credit for that. His argument, however, is not sound, and his conclusions are erroneous. Let us assume that the same man one year with a given amount of labor, raises one horse on land bearing no rent. He sells the horse for \$100. Next year he moves to a piece of land for which he agrees to pay \$100 rent. Here he raises, with the same amount of labor, two horses. Selling them for \$100 each, he gets \$200; paying his rent, he has \$100 left. The next year he moves to still another piece of land, and with no more labor than before he raises four horses. These he sells for \$400, and paying \$300 rent, he has still \$100 left for his labor. It is quite clear that of the \$200 he received for two horses, \$100 was rent; also that of the \$400 he received for four horses, \$300 was rent. It is equally true that if rent went into the whole price of the horses, a part of the whole price or value must be considered as rent. But it is not at all true