away from lawless anarchy, poverty and war, to the sure and certain knowledge of how to expand and cultivate our community of interests, so that soon, very soon, there must dawn a new age of lasting peace and universal prosperity.

One object of this paper is to dispel the prevailing opinion that the Single Tax is merely a treatment of the land question. On the contrary it deals with the laws of rent and wages; reveals the distinction between capital and privilege, and shows how the latter can be diverted from its present monopolistic channel, to its natural flowing for the enrichment of all.

The word picture aims to show the Single Tax as a whole, because, not until it is thus broadly seen and understood,—not until some glimpse is caught of its soul—the harmony of its co-operative Fraternity, the beauty of its Justice and inspiration of its Liberty can one live to work for its achievement.

However, let no one infer from this, that its end can be attained at once. Practically, it can come only by degrees, by gradually lessening all taxes upon labor and capital and correspondingly increasing them upon ground-rent privilege.

TAXING PUBLIC UTILITY CORPORATIONS

(For the Review)

By GEORGE WHITE

The subject of more thorough taxation of public utility corporations is an issue in New Jersey and other States this year, and proposals for heavier taxation of such corporations are not only receiving much popular support, but also are pushed to the front by many radicals who feel at liberty to be even in advance of public opinion. Among these are prominent advocates of the concentration of taxation upon land values, to the exclusion of taxes upon forms of personal property or products of labor—able and intelligent men, who have studied political economy and have sound ideas on the incidence of taxation. It may be considered certain, public utilities will be owned and operated by public authorities, and taxation of them will necessarily be abandoned, but in the meantime there should be clear thinking on the subject of the terms on which these corporations are or may be allowed to exist and do business, and some consideration of the facts may be thought timely.

The primary and natural attitude of the people toward public utility corporations would seem to be one which would seek to give them, as nearly as may be, the opportunity of serving the people as well at as low a cost as would be the case if the service were publicly owned and operated. To place in the way of this any obstacle would appear unwise, and to lay upon these corporations any burden unnecessarily would, to an extent, defeat the objects desired. The quality or extent of service, and the charge or rate for it, must be affected more or less seriously by every restriction require-

ment and every financial contribution demanded from the companies. Manifestly, and beyond argument almost, it must be perceived that any taxes upon the property, franchises or earnings of utility corporations must tend to increase the cost of operation and thus, adversely to the interest of consumers or patrons, tend to increase rates or charges. The experiments so far made in the regulating of charges by public authority have demonstrated this. Wherever there is a "show down" between the regulators and a utility corporation the situation has to be met with a decision as to the taxes currently levied, and it is found necessary either to allow a higher rate of "profit" to cover taxation, or to allow a deduction of taxes as operating costs, just as much as the items of cost of labor and materials. In the arrangements made in New York City regarding the dual ownership of subways, it was expressly stipulated by agreement of the city with the parties who should build and operate, that taxes should be so deducted. In the case of a company which has tunneled the Hudson River, it was openly proposed that the fare would be reduced if no taxes were levied upon the tunnel. Thus any taxation of public utility companies must be considered as finally payable by patrons, and to continue to tax the companies or to propose to tax them more heavily simply means for a burden to be continued or increased not on the companies, but upon the people they serve.

So far as the tangible property of utility corporations is concerned there should be little question among Single Taxers but that it should be absolutely free from taxation, whether or not all products of labor are exempted from general taxation. Such exemption can be advocated upon the same grounds as the exemption of any personal property, with the added claims that this utility personal property is in the first place dedicated to a public use, and in the second place can only be taxed with the result of increasing the fares or rates necessary to be charged to the public.

As regards the franchises of these corporations a different line of thought is necessary. If taxes are to be levied upon the companies because of the value of their franchise, or because of the special rights they have to occupy to some extent the public highways, and if even this taxation, in the final analysis, must be considered as a cost of operation, to be met by receipts from patrons, that first inquiry must be a reason, not for taxing the companies, but for taxing indirectly the patrons of the companies. It is all very well, on the stump or otherwise, for orators to propose boldly to tax utility companies upon their franchises to the sky limit, but such proposals or protestations would have altogether a different flavor if it were frankly acknowledged that such taxation, no matter how drastic, not only must be paid by those who patronize the companies, but also should be so paid. It would be a curious thing to hear an audience of the common people vociferously applaud proposals to tax them for the franchises they have

given or for a use of the streets made as they use gas or electricity or ride on trolleys.

Must the conclusion then be that no taxes of whatever kind shall be levied upon public utility corporations directly and upon their patrons indirectly? Not necessarily. An argument may be made that there is a more or less wide distinction between walking upon the streets or riding in ordinary wagons and riding in trolley cars, or making use of a valuable easement in the public streets represented by the privilege of having wires or pipes laid for the receipt of gas or electricity. Such special use of public property, it may be said, is a real estate "occupation or use," a special privilege to be paid for by those who avail themselves of it, and thus properly enough to be collected from the users by any representative of public authority or from any who stand in the relation of lessees from such public authority. Such payments by utility company patrons would be, it may be claimed, simply rent for a special use of the streets, to be collected in the first place from the companies and finally recouped by the companies in the rates or charges to patrons. It is by no means sure that, if this situation was freely and frankly made clear to the people, there would be popular objection to the levying of some kind of tax upon utility companies. It seems reasonable to believe that the ordinary citizen would be willing to have a tax levied upon a trolley company, for instance, with the full knowledge that such a tax was a payment for the use of the streets and finally payable by those who in riding in the cars actually make the special use of the streets for which the tax has been levied.

Furthermore, this proposal is not at variance with the idea that public utility companies should have the same opportunity of giving good service at as low a cost as would be possible under municipal ownership and operation. Even under municipal ownership it might easily come to be considered proper to make the rates or fares high enough to include a payment by patrons for a special use of the public streets, this "rent" forming a surplus from which in part general municipal expenses could be met.

Thus there would, in either case, come to the community an income from public street easements, as calculated by Thomas G. Shearman in "Natural Taxation."

As to the form of taxation on the companies, a definite tax upon gross receipts would seem to be the simplest manner in which to collect what is due. Then all would know that a definite portion—say five per cent—of all payments to utility corporations would represent a contribution to the public treasury, and no question would arise as to net earnings or the problematical value of franchises.

Under this rule matters would be much simplified, and a way would be clear for public rate-regulating authorities to insist on the lowest rates and fares for public utility service.