

Not only is it situated entirely within the state of Pennsylvania, but it is comprised within the boundaries of five counties which form but about one-fourteenth of the area of the state. Now if there is any natural reason why these extremely useful, highly valuable, and unique deposits, should be monopolized by the people residing within the artificial boundaries of what constitute the state of Pennsylvania, then that same natural reason would apply if the Creator had placed these deposits in the soil of Rhode Island, the smallest state of the Union, having an area less than that of the five counties containing the anthracite deposits. As Rhode Island had a population of but 428,500 in 1900, if these deposits had been discovered within that state instead of Pennsylvania, then, if the state of Pennsylvania has a moral title to monopolize these great values, it follows that Rhode Island would be entitled to retain them. We should then be treated to the spectacle of a political subdivision containing about one-half of one per cent of the population of the United States, acting as ground landlords to the remaining 99 and $\frac{1}{2}$ per cent and exacting a tribute amounting to over \$200 per capita for every man woman and child in the state, a tribute be it understood twice as great as the average income of its toilers. This may seem a fanciful idea, but it is not. Supposing, and this is by no means inconceivable, that the political exigencies of the time should have required when the Union was formed, that the five counties which contain the anthracite, should be formed into a separate state (if Rhode Island, then why not an area larger in extent—these five counties) and this had been done, and supposing that the population of that state should be no larger than that of the five anthracite counties, who is there that will contend that the people who constitute its population shall derive in taxation—as I have shown they easily could do—a fund in excess of what they now receive as wages, which would be sufficient to maintain the whole population without toil, and which would be contributed by the remainder of the country. There is no doubt than when the time shall come that the people of any state, as a whole, are sufficiently intelligent to take in taxation the entire rental value of land, that intelligence in all other states will be quickened to the point of refusing to permit so small a population as half a million—merely because it constituted a state—to monopolize such great natural resources as we are considering, and would insist that this immense fund, its rental value, shall be appropriated by the nation. The same reason which would compel such a solution of the question under those conditions, is applicable and of equal force when the seven millions of the state of Pennsylvania is concerned.

Certainly no one who advocates, or approves, of internal revenue taxes on tobacco; on malt and spirituous liquors; on oleomargarine; all of which are the result of the employment of labor and capital, can object to a Federal tax upon a natural deposit, especially as that deposit is a necessity to millions of people.



THE STORY OF A MONTREAL DEPARTMENT STORE.

(Expressly for the Review.)

BY T. C. ALLUM.

There stands in the up-town business section of the City of Montreal a splendid red sandstone building with polished granite columns, which for the past twelve years has been a source of pride to the Canadian metropolis and a sight to which the eyes of practically all visitors to the city have sooner or later been directed. Its walls are very massive, yet not too much so either for appearance or utility, when the large area of plate glass and the spacious windows

are taken into consideration. It is situated on St. Catherine Street and its frontage is equal to S. Phillips Square which it faces.

Within the four walls of this building is located a department store, doing one of the largest and finest trades in the Dominion of Canada. Both building and store are owned by Messrs. Henry Morgan & Co., a firm of over half a century's standing in the community.

In a year hence, Montrealers will look in vain for the splendid building which they viewed with so much pleasure as they crossed the square on their various pursuits. Instead they will see a plain brick shell upon which not a cent more will be spent than will serve to insure its safety. This unsightly structure will be a fitting monument to the worse than stupidity of a system of taxation which fines a man for beautifying the city; yet it will nobly serve society if it but cause a few of the passers-by to seriously ask themselves if such a system of taxation is beneficial, and if there is no better method of raising revenue than by taxing buildings.

The Morgan Building, ever since its completion, and even during its erection, has been a fruitful source of revenue to the city. The property has been assessed at \$1 in every \$300 of the total assessment of Montreal, and it was partly the discovery of this which led Mr. James Morgan to investigate and make comparisons. As may be surmised he soon discovered some remarkable inconsistencies in valuation; and the result was that he appealed from his assessment.

He was offered a compromise which was too insignificant to be accepted and he is now carrying the matter to the Superior Court.

So much for the past; and now for the future.

Owing to the requirements of their business, the Morgans had meditated increasing the height of their present building by two stories, making it six in all. In seeking to avoid the \$50,000 additional assessment which this would entail, Mr. James Morgan evolved a plan by which he will secure the required space and a reduced assessment as well.

Around the present building he has decided to erect a six story, plain brick casing, the cost of which would have been considerably exceeded by the contemplated two additional stories of red sandstone and granite. He is enabled to pursue this course because of the fact that the present building stands six to ten feet back from the street lines. The additional space thus brought in will equal an extra story. Valuation being estimated from exterior appearance, Mr. Morgan expects that when the casing is completed the company will be assessed on \$200,000 less than formerly—a saving of about \$4,000 a year in taxation.

It would be difficult to find a clearer object lesson on the monumental folly and stupidity of taxing buildings and other products of industry while obstinately ignoring land, of which there are many millions of dollars worth held idle and out of use in this and every other city on the continent.

The Morgan Building, as it is and as it will be, will supply a much needed standard by which the public may gather some slight idea of the extent to which industry is being discouraged by taxes or fines; and it may perhaps dawn upon some that the world might soon become a beautiful spot were people not fined for improving it.

The city now finds itself in the absurd position of offering the Morgans \$4,000 a year to hide their handsome building behind a plain, six-story brick wall with windows in it. The handsome building will remain the same as before only hidden within the walls.

What a culmination to the centuries of experience in practical administra-

tion! Yet there are men in this as well as in other city councils who uphold this system and who give public talks upon economics—and they get audiences.

Let us form a kindergarten night school for worthy aspirants for public positions and while not expecting too much of them let us try to lead them up by easy stages to a knowledge of a better way. First, by illustrations like the above let us break down their faith in the present system of taxation, showing them that it is both objectionable and difficult, in fact impossible, to properly value buildings, stock, machinery and possessions of like nature, because they can be, and are, hidden away and misrepresented. Show that this leads to injustice, the honest man paying the higher taxes, other things being equal. When the students become capable of valuing a reason, show them that disrespect of ownership is the essence of theft; that taxation of the products of industry is disrespect of ownership and its collection is barefaced robbery. In this, avoid all ambiguous terms; they perpetuate lies. Then insist that robbery is either good or it is bad.

When you have thoroughly shaken the candidate's faith explain what taxation is for, and then give a lesson in bookkeeping. The person or thing receiving the benefit of a certain expenditure is charged with it—becomes a debtor to the extent of the benefit. Debtors should always pay their debts.

Third book. Show that good government makes the country so governed a desirable place to live in—that this is reflected in the land values of that country, state or city. That this good government in no way increases values of the products of industry. That houses do not become more valuable because of good streets, etc. Proof: it costs no more, but rather less, to build them. That all government goes to benefit land and increase its value. Repeat this many times. Then show that in proportion as streets, protection and public services improve, the value of the land immediately alongside increases. Take your ledger and charge the land, (only), with cost of government and see that the owner gets the bill and pays it. Then expatiate, ad finitum.

The Morgan matter has excited the greatest interest throughout the city and the newspapers have devoted columns to it. Among the editorials were many which hit straight out from the shoulder against the present system.

The Montreal Daily Star, by all odds the most widely circulated newspaper in Canada, contained the following:

“The Morgan assessment case will not have disturbed the city for nothing if it opens the eyes of the authorities to the monumental stupidity of the present system of levying taxation.

It is a commonplace with legislators that one of the effects of taxation is to discourage the thing taxed. We tax dogs because we do not want to be overrun with them. The temperance people favor the taxation of saloons because they wish to decrease the number.

But who wants to lessen the amount of money which may be put in shop, office and house building in the city? Who would gain if our merchants put up cheaper stores and our people erected meaner houses?

Would the building trades be more prosperous if they had less work to do? Would the owners of real estate in the city find the value of their property enhanced if less attractive looking structures were going up around it and on it? Would the many classes of workingmen, who are affected directly or indirectly by the building of fine stores and thoroughly equipped houses, be the better off if the amount of this kind of work were decreased? Would the merchants be the gainers if the working people and the architects and the sellers of building supplies earned less money and hence had fewer dollars to spend?

What class is it in the community that clamors to see less building going on? Is there one?

If there is, we confess we have never heard of it.

Yet we tax the business of building. We meet a man who has just bought a lot and we say to him—"How much money are you going to spend on that?" And when he tells us, we say to him—"Well, that will cost you just so much on the hundred dollars."

If he wants to save money in taxes he must cut down his building estimates.

Yet he will occupy just as much room on the street with his eye-sickening barn as he would with a palace of trade. He takes up just as much space of the common business area and makes the rest far less valuable. He has the same effect upon neighboring property for commercial purposes as if he had started a slaughter-house in a residence district.

Still the city pays him a cash bonus to confine himself to an ugly barn !

And if he has pride enough and civic patriotism enough to erect a splendid building which will add hundreds of dollars to the value of neighboring real estate and give work to hundreds of workingmen and attract capital to the city, we impose a fine on him, and make him pay it !

Take some concrete cases.

Did the Morgans damage the neighborhood of Phillips Square by putting up their magnificent buildings ? Are these splendid office buildings on St. James Street depressing the value of the down-town districts ? Are the building operations in Westmount ruining that suburb ?

Take another side of the question. One of the curses of poverty is that the very poor often live in unhealthy, cramped, airless and badly equipped houses. Yet every one of these hovels pays taxes ; and any effort to build better calls down on its head more taxation. Ald. Ames himself was certainly fined for his philanthropic decision to build a model tenement. We protest against privy pits, and yet we mulct the man who puts modern improvements in his little homes for the poor.

Why not have common sense ?

Why not levy all our taxation upon the land which a man uses, and thus leave him absolutely free to spend all that he will upon the buildings he proposes to put on it ? This will give the poor man a better tenement, the street better stores and office buildings, the city better homes, the workingman more work, the merchants more trade, and real estate higher value.

It will not "fine" anything but the land which cannot get away. It will make the assessment easier and more just ; for land cannot be hidden or disputed over. It lies right out doors where everybody can see it.

It will settle the Morgan question at a stroke ; for he could not then reduce his taxes by burning down his store and growing potatoes on his lot."



ECONOMICS OUT OF SCHOOL.

(Expressly for the Review).

BY JAMES LOVE, AUTHOR OF JAPANESE NOTIONS OF POLITICAL ECONOMY.

After reading Professor Clark's replies to Post, in the last number of the Review, I feel that if they are to be envied who have no teeth left to be pulled out, they are still more to be envied who have no more Economics to read. However, a society that encourages physical rather than mental excellence, and that inspires the young men of our schools to present their bare backs and shoulders to a camera in order that their muscular development may be half-toned in the newspapers, cannot be other than a thoughtless society. A society of "Economics" developed in accord with "Modern scientific methods" by Seligmans and Clarks !