

fied cost price, the tax is 10 per cent of this increment. If the increment amounts to 30 per cent of the modified cost price, the rate is 11 per cent of the increment. For every 20 per cent increase of increment on the modified cost price, the rate rises by 1 per cent of the increment until it reaches 30 per cent of the increment. There are further complications, but this resume indicates the character of the bill.

The following example is often quoted here for illustration:

Take a piece of land measuring 2,000 square metres, bought January 1, 1885, for 200,000 marks,\* suppose that in 1903 the sum of 30,000 marks was contributed for making roads and sewers, that in 1905 400,000 marks was expended for buildings, and that the property was sold January 1, 1911, for 1,000,000 marks. Here, then, is the calculation for imposing the unearned increment tax:

Selling price .....	M.1,000,000	
Less selling expenses estimated at .....	M.20,000	
3% loss of interest on M.208,000 for 15 years before building .....	93,600	113,600
Modified selling price.....		M. 886,400
Purchase price .....	M.200,000	
Expenses connected with purchase....	8,000	
Contributions to making of roads and sewers .....	30,000	
Interest on latter.....	18,000	
Buildings erected .....	400,000	
5% added (15% in case of buidlers engaged in the trade).....	20,000	
2½% addition on M.2,000 for 25 years	1,250	
1½% annual addition for 25 years on M.206,000 .....	77,250	
1½% annual addition for 5 years on M.420,000 .....	31,500	
Modified purchase price .....	786,000	
Taxable increment .....	M. 100,400	

On the face of the table, then, the taxable increment, M.100,400, would be about 13 per cent of the modified purchase price, and the rate of taxation 11 per cent. But in this case the rate would be reduced 37½ per cent, so that the amount of tax would be M.6,902.50.

Exemptions include land owned by the Empire, the States, municipalities, certain associations for public utility, and reigning princes and princesses; also vacant land with a selling value of less than M. 5,000, and improved land of less than M.20,000, provided the seller and his wife have within the last year had an income of less than M.2,000 and are not engaged in real estate operations. There is no tax upon increments of land transferred by right of inheritance.

Of these taxes when collected, 50 per cent goes to the Empire, 10 per cent to the States, and 40 per cent to the municipalities. Municipalities which adopted increment taxation prior to April 1, 1909 (or later, but with effect prior to that date), are guaranteed for five subsequent years the average yield previously collected, provided the taxes collected in each of them respectively amount to that sum; and the municipality may levy an additional increment tax up to 100 per cent of its quota.

WILHELM SCHRAMEIER.

\*The mark is equal to about twenty-four cents.

## JOHNSON MEMORIAL IN PITTSBURGH.

Pittsburgh, Pa., May 7.

Whenever orators of Pittsburgh have wished in recent years to impress upon their audiences the need of a better and greater city, they have almost invariably pointed to Cleveland's progress under Tom L. Johnson as an example of what can be accomplished when the civic conscience of a city is once aroused. With this appreciation of Cleveland, the memorial service held here this afternoon in honor of the Mayor who "left Cleveland with a civic mind," seemed peculiarly fitting.

Ex-Mayor Guthrie, who has helped so much to make Pittsburgh a better city, presided over the meeting, which was held in the Kenyon Theater, and told of how Johnson's work as Mayor of Cleveland had served as an inspiration to him when Mayor of Pittsburgh in fighting corruption and privilege. He explained how Johnson had changed the custom of making public office an object of private gain for the few instead of a means to better the condition of the many. Mr. M. McNeal read Edmund Vance Cooke's poem, "A Man Is Passing"; and Julian Kennedy portrayed Johnson as one whose dominant characteristic was honesty—not merely the honesty that restrains a man from picking the pockets of his neighbor, but also the honesty that makes it abhorrent to take what belongs to another even though it be legalized. The Rev. Harris R. Cooley of Cleveland, the principal speaker of the occasion, told of the life and work of Mayor Johnson. An inspiring story beautifully told and easy to understand, it pictured a man who had not only seen a vision, but was guided by it. Few of us were personally acquainted with Tom L. Johnson, but as Mr. Cooley spoke we felt that we knew him well and loved him more. "The body of this great man," said Mr. Cooley, "is in a cemetery by the sea, but his spirit is in Cleveland"; and the question must have been in every heart: Who would say that it is not in all the cities of our land, a beacon for those who are striving to make their city, as he strove to make his, a better place in which to live?

BERNARD B. MCGINNIS.

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## INCIDENTAL SUGGESTIONS

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### THE ALDRICH DEBT FACTORY.

Chicago.

Senator Aldrich, of the United States Monetary Commission, has announced a plan which is likely to become the basis of the Commission's report to Congress. This plan is espoused in banking circles generally, and a campaign of education is being instituted to tell the people all about it.

Besides many details which these educators should be called upon to explain, there is a fundamental error. The kind of money or currency proposed is similar to the present national bank note, and it is to be created and loaned into circulation at interest. So it has a greater debt-making than debt-paying quality.

If the bankers create and loan into circulation \$1,000 of this currency for one year at 5 per cent,

the currency they lend has a debt-making quality of \$1,050, but a debt-paying quality of only \$1,000. Do you get this important but simple fact? If not, read the statement over until it is perfectly clear, and then try to find out where the extra \$50 in money is to come from—for it is money that the lenders will demand of borrowers.

Look the Aldrich proposition over and you find that it makes no suggestion as to how to get out of debt. This, I presume, is regarded as the debtor's business. And it is the debtor's business. For what the people and the debtor class need, must have, and may have whenever they demand it, is a dollar that will at least pay the debt it creates when it goes into circulation.

WM. W. CLAY.

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## NEWS NARRATIVE

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The figures in brackets at the ends of paragraphs refer to volumes and pages of *The Public* for earlier information on the same subject.

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Week ending Tuesday, May 9, 1911.

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### In the British Parliament.

Clause 2, the most important part of the measure under discussion in the House of Commons for restraining the veto power of the House of Lords, was adopted on the 2d in the Commons by 299 to 195. It provides that all bills except money bills, if passed by the House of Commons in three successive Parliamentary sessions and rejected by the House of Lords at each of those sessions, shall become an act of Parliament upon being signed by the King. Also by a large majority and on the same day a clause providing that the regular duration of Parliaments shall be five years instead of seven was adopted. On the 3d the entire measure passed committee stage in the Commons. A diversion occurred over the preamble, the Labor party refusing to vote for it because it approves two-chamber government, and the Tories declining for the same reason to vote against it. The vote on the preamble stood therefore at 218 to 47. On the motion, made on the 3d, that the measure as amended be reported by committee of the whole to the House, the vote stood 265 to 147. A New York World dispatch of the 6th from London is to the effect that the Lords will adopt the measure with an amendment excluding home rule from its operation; that when the bill goes back to the Commons with that amendment, the Commons will strike out the amendment and return the bill in its original shape to the Lords with an intimation that if it is not passed the King will create a sufficient number of peers to force it through; and that then the Lords will pass the bill under protest, and start a great anti-home rule agitation. Meanwhile Lord Lansdowne has introduced in the House of Lords his bill for reforming that body. It proposes a

membership of 350 peers, 100 elected by the peerage, 120 by a committee of the House of Commons, 100 appointees of the King, and the remainder to consist of princes of the royal blood, law lords, and churchmen. The bill passed first reading on the 8th. Viscount Morley, representing the Ministry, announced that the Ministry would not accept the measure. [See current volume, p. 418.]

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Following the virtual adoption of the Lords' veto measure in the Commons on the 4th, Lloyd-George introduced a Ministerial bill for state insurance against unemployment and sickness among the working classes. In explaining the measure Mr. George divided the proposition into two parts, one dealing with sickness and the other with unemployment. Every worker whose annual earnings fall below the income-tax level of \$800 will be compulsorily insured against illness, so as to assure him the receipt of \$1.20 per week during his incapacity. Toward this compulsory insurance fund the workers must contribute about one-half, deducted from their wages, while the balance is paid jointly by employers and the state. The weekly assessment would be 8 cents in the case of a man and 6 cents for a woman, representing, as Chancellor George put it, "two pints of ale or one ounce of tobacco." Every one in the class mentioned between the ages of 16 and 65 is included in the plan.

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One other important proceeding took place in the House of Commons last week. A Liberal member from Manchester introduced a bill giving votes to women having the household qualification, provided that married women shall not vote in the same constituencies with their husbands. This would exclude the wives of workingmen. A petition against votes for women, signed with 53,000 signatures, of which 31,000 are of women, was presented when the bill was introduced. The bill passed second reading by 255 to 88, and being a private bill—non-ministerial—its further progress depends upon the acquiescence of the Ministry. Another "votes for women" bill was introduced on the 7th. Its principal feature as reported gives the vote to every married woman occupying jointly with her husband premises which entitle him to vote. This would allow the wives of working men to vote in all cases in which the men themselves may vote. [See vol. xiii, p. 1140.]

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### In Congress.

After full debate, the farmers' free list tariff bill was adopted by the lower house on the 8th. It had been stubbornly fought by the regular Republicans under the leadership of Mann of Illinois; but it was carried by 236 to 109. The Democrats voted for it, without a negative; and they were