

ELASTIC OR FLUID CURRENCY—WHICH.

Various proposed solutions of the currency problem are predicated on the idea of an elastic currency; that is, a currency which is ordinarily sufficient in volume to meet the ordinary demands of trade, and will automatically shrink or stretch in harmony with variations of demand.

Forced remedies are urged, depending on humanly devised and operated checks and counter-checks to anticipate conjectured abuses. The co-operation of the Federal treasury is considered necessary to the success of these plans,—an idea no doubt fostered by the anomaly of a swollen treasury with a depleted market supply.

Confronted by a condition and not a theory, reduction in indirect taxation has been suggested as affording a ready means of relief; but no adjustment of schedules in a scheme of indirect taxation can be efficacious. Revenue from indirect taxation is uncertain, increasing as trade increases and falling as trade slackens; thus expanding prosperity is bedeviled by the fear and the certainty of a diminishing circulating currency when trade needs are most urgent, and commercial expansion produces currency contraction. If, to avoid congestion, indirect taxation should be scaled down, the danger of a deficit in revenues when trade reaction sets in would induce shrinking, timid market conditions accelerating the evil and destroying confidence. Before any other remedy is adopted, then, it is essential that a Federal tax system be instituted competent to provide sufficient revenue under all conditions, and to prevent congestion during active trade periods. For if this power of absorption be unrestrained it must impound any increase of the currency. And what is to prevent an asset or other emergency currency from being impounded in the Federal treasury, while gold, the basis of public confidence and credit money, is being withdrawn for export and hoarding. Any emergency currency must necessarily be of doubtful security, for its issue would be forced by unusual conditions.

Instead of an elastic currency let consideration be given to an elastic Federal revenue system, one that will not corral in the government vaults the currency needed in trade. The Purdy plan of apportionment for State revenues, which levies on the counties a percentage of the proportion of each county's own revenue to all the counties' revenue, can be extended in its application to Federal needs. If the Federal government levied the larger portion of its needed revenue by apportionment among the States, collecting in periodical installments, then the currency needed by the general government would remain in active circulation until actually needed, whereupon it would at once flow back, through government expenditure, into the

channels of trade. At no time would it be playing "slow coach," and block the highways of national finance.

This, too, would divorce the operations of the national treasury from the speculations of the money and security market; destroy the favoritism of the secretary of the treasury to pet banks acting as depositaries of Federal revenue; establish a correspondence between Federal "need and feed;" do away with alternating feasts and famines of revenue, and arrest the tendency to extravagant national expenditure which by our present system is encouraged in order that favored private interests may be advantaged through the unseen incidence of indirect taxation.

Before embarking upon any of the unknown seas of "elastic" currency, let us establish conditions calculated to make our currency fluid. If currency flows freely, more good currency can be pumped into the volume if it falls below the level, or out of it if it becomes redundant. What we need first is not elastic currency but unobstructed circulation.

BENJAMIN DOBLIN.

EDITORIAL CORRESPONDENCE

JAMAICA, B. W. I.

Kingston, Jam., Mar. 25.—The problem of the colonies is one of the questions of the day—a burning question. Taxation is at the root of it, of course. A great deal of talk goes on in Parliament, Council and press; a beating about the bush in many tongues; and all in the attempt to prove the impossible possible, to prove the wrong right. Starting from the premise that it is right to bleed the colonies to furnish revenue for the motherland, legislators can naturally find plenty of material for discussion as to just how the bleeding shall be done. They do not get as far back as the discussion of whether the bleeding of itself is justifiable or not. Not recognizing that their premise is false, they wonder that their carefully elaborated theories do not work as expected.

Jamaica, one of the most beautiful, fertile tropical countries, greatly favored as to climate and soil, is in a very bad way financially. The island is losing in wealth and producing power every year. Many are the theories advanced here and elsewhere as to the cause of this. The protective tariff in the important buying countries, which ruined the Jamaica sugar industry; the lack of up-to-date methods of cultivating the land; the laziness of the black population; and many more such reasons, none of which except the first, perhaps, could hold against an argument. The people themselves, the more intelligent of them, are beginning to have a dim realization of the truth, inasmuch as they see that they are over-taxed.

Their point of view was expressed to me in a clear intelligent fashion the other day by a colored man of education, who had evidently given the matter some thought. A "colored" man in Jamaica, it must be explained, is not a black man, but one of mixed race. They use the term "colored" here in contradistinction to "black" for the pure Negro, or to "white." This particular man was verger of the Cathedral in Spanish Town, the former capital, now falling slowly into decay.

After giving me a most interesting account of the

history of the Cathedral, which is one of the oldest religious sites in the West Indies, and of the town in which it stands, my friendly guide came to talk of the Island itself and its affairs, economic and political.

He deplored the gradual decline of prosperity, and acknowledged that many intelligent native Jamaicans did not hesitate to express their dissatisfaction with the English government. "We really think we would rather be Americans," he said, with a fine politeness.

I was obliged to tell him that in my opinion Jamaica would not gain much by the change, and that I didn't see why the Jamaicans should be anything but just Jamaicans. This gave him confidence to talk more freely, and he soon got on the subject of taxation. Naturally I asked about taxes on unimproved land, and on improvements.

"There is very little tax on unimproved land, but they tax every improvement, everything a man does to make his land more fertile, or his house more comfortable."

"Do you think this is a good plan?" I asked.

He looked astonished, then said it didn't exactly seem to be good.

"How does it work?"

"Why, I think it makes a man lazy," he replied promptly.

"If a planter has four acres of land, he usually cultivates one acre and lets the rest stay wild. Because when the tax collector comes round, then he only has to pay taxes for the improvements on the one cultivated acre."

"But that keeps him poor," I said. "Wouldn't he do better to cultivate the other acres?"

"What would be the good?" was the immediate answer. "He wouldn't have much more left after he'd paid his taxes on his improved acres. And then he'd be working hard. This way he takes it easy."

And yet they talk of the laziness of Jamaicans as one reason for Jamaica's decline! This was my thought, and I gave utterance to it.

My guide smiled and said that he had a special story to tell to illustrate the point. "My wife, who is a very industrious woman," he said, "went to work and cleaned all the windows in our house the other day. The next day the tax collector called, and seeing the clean windows, told me that if I could afford to have new glass in my windows, I could afford to pay a higher tax rate. He charged me this higher rate, but I went to court about it, for I am a poor man, and can't afford to pay any more taxes than I pay now. Only when they tax us for trying to keep things nice, they shouldn't talk about us being lazy."

Here was fertile ground for a little single tax propaganda, and I did not neglect it. My guide was much interested in what I said, as his complete understanding of the harmful result of wrong taxation made it all the easier for him to understand right taxation.

There is a most fertile and promising field for single tax work in the colonies, particularly among the population of mixed blood. These colored people, as they are called here, combine the initiative of the white, with the love of the soil, the simple good nature, and the immunity to climatic conditions that characterize the black of the West Indies. If a little understanding of this simple fundamental principle of taxation were spread among these people who suffer most from abuse, due to wrong taxation, they would advance a long way towards a capacity for self-government; and the knowledge must be spread among the people themselves, not dealt out to them, ration-wise, by any governmental agency.

The experimental character of all colonial government makes it just as easy to try a good experiment as a bad one. Before our present rampant spread-

eagelism grabs any more colonial territory it would be a good thing to have the ground sown with the right kind of seed. I was unpatriotic enough to tell my Jamaican friend that just at present I did not think the United States had anything better to offer Jamaica than England had, and I cited New Zealand as an example of what an English colony can do. But I told him that when the single taxers had somewhat leavened the lump of political and economic conditions, then it might be worth while for Jamaicans to become American citizens—although I still didn't see why they shouldn't be just Jamaicans.

GRACE ISABEL COLBRON.

NEWS NARRATIVE

To use the reference figures of this Department for obtaining continuous news narratives:

Observe the reference figures in any article; turn back to the page they indicate and find there the next preceding article on the same subject; observe the reference figures in that article, and turn back as before; continue until you come to the earliest article on the subject; then retrace your course through the indicated pages, reading each article in chronological order, and you will have a continuous news narrative of the subject from its historical beginnings to date.

Week ending Thursday, April 5.

Municipal Ownership in Chicago.

At the municipal election in Chicago on the 3d (vol. viii., pp. 854, 873), the one important issue was on what is locally called the "little ballot." This name comes from the fact that referendum questions in Illinois are required by law to be printed on a ballot separate from the ballot bearing the names of candidates, and as a rule this separate ballot is much smaller than the other. There were three referendum questions at this election, all of them relating to the controversy over the traction problem, which for full five years has intensely agitated public opinion in Chicago and been strongly felt throughout the country.

✽

The first of the three questions on the "little ballot" was in terms as follows:

Shall the City of Chicago proceed to operate street railways?

This question called for a popular vote on an ordinance previously adopted by the City Council (vol. viii., pp. 705, 710, 729), which authorized municipal operation. Under the State statutes, the Mueller law, such an ordinance requires, after its adoption by the City Council, an affirmative vote of 60 per cent of all the votes cast on the question at a referendum. The vote on this question, as reported by the local press of the 4th was:

Affirmative	120,911
Negative	110,260

Majority for the ordinance

10,651
As the affirmative vote was 52 1-3 per cent instead of 60, the ordinance for municipal operation does not become legally effective; but it is rightly regarded (except among the advocates of private franchises) as a popular vote in favor of municipal operation.

✽

The second of the three questions was as follows:

Shall the ordinance entitled "An ordinance authoriz-