

Otherwise, would not the phrase "inequitable taxation" be meaningless? And does not this argument apply to franchises with equal force?

Mr. Simons says further: "So long as the tools of production are so complex that it takes thousands of men to use them, private ownership of those tools gives a 'special privilege' to the owners as opposed to those who must use them and cannot own them.

"This is the 'special privilege' at which the socialist is striking. He sees that it can be abolished only by making the ownership correspond with the use, that is, by making the ownership of the collectively used tools also collective."

But what advantage attaches to collective ownership above collective use, when (as would be the case under just taxation and free competition), the public can have the use at its own figure, besides getting the managerial services of the ablest man under circumstances that will compel him to exert all his powers to maintain his position and save his "tools" from going into the scrap pile?

On whichever side the reader may array himself upon these questions, one thing is certain, that, as Prof. Ely says, the alternative of either socialism or social reform confronts us. The socialists are enthusiastically aggressive; and unless the believers in the competitive system bestir themselves, and perfect the system, the forces making for socialism will triumph, for a time, at least; for society is in the midst of a storm, and unless the officers run the ship into the safe haven, the seamen will in the effort at self-preservation, undertake the navigation, when we need not be surprised if we run upon the rocks.



A FEW ECONOMIC QUERIES.

(For the Review.)

BY ERNEST CROSBY.

I wish to call attention to one or two terms and phrases which we often hear, even from the mouths of Single Taxers, and which seem to me to be of doubtful import. It can do no harm to suggest the objections which occur to me, so that the readers of the Review may consider them for themselves.

(1) It is frequently said that the community is entitled to land-value because it creates them. Is this a sound economic statement?* Is that person or are those persons entitled to the value which he or they create? Let us suppose that you have a house in a remote district, far from any neighbor. I come and buy the land all around yours and build a handsome house for myself and lay out a beautiful park which entirely encloses your land. Let us suppose for the sake of the argument that no one else ever settles near by because the rest of the available land is swampy and uninhabitable. Yet the value of your house has been greatly increased by me. Before, you could not rent it, but now you have many applications from tenants, and they run the price up, bidding against

* We think, when certain considerations are borne in mind, that it is a sound economic statement, and that the objections made to it arise from confusions regarding the genesis of values. All values, of course, arise, in a sense, as Mr. Crosby says further on, from the presence of the community, since where no community is there can be no exchange, and where there is no exchange there can be no value. The value of a house, however, is as much as the same can be duplicated for, and this duplication depends, not upon the community, but upon a few individuals working in co-operation. The site-value of land is not due to the labor of individuals, but arises from the presence and growth of the community; so it seems to us a perfectly sound economic statement to say that the community is entitled to land values because it creates them.—THE EDITOR.

each other, as they all wish to live in the midst of my park. Now I alone have caused the increase in value of your house. Does that increase belong to me for that reason? Clearly not. Suppose again that twenty hunters occupy cabins in the inaccessible heart of a forest, supporting themselves with what they shoot. A railway comes to the settlement and opens the market for game in the nearest city two hundred miles away. The value of the land increases at once, but the owners hold it so high that there is no increase in the size of the community. The increased value was created by the railway. Can it make a just claim to collect it from the inhabitants as a direct tax? In this latter case it may be said that the distant city is the community which creates the increased value, but it could not do it without the railway, and the railway was the immediate and effective cause. And would you permit the city to tax the hunting settlement at a distance of two hundred miles on the ground that it had caused the unearned increment?

It seems to me that by admitting the principle that values belong to those who cause them we are opening the door to untenable deductions. In one sense all values are caused by the community, for value depends upon supply and demand. The object itself is produced by supply, and its value is produced by demand, and demand is always the act of the community. Hence all values, of manufactured articles as well as of land, are caused by the community, and we may find that we are proving too much by asserting such a principle. As a matter of fact opponents of the Single Tax often attack this weak spot in our armor, and they do not have much difficulty in piercing it.

The fact is that this argument is not in the least necessary to the Single Tax position. I am entitled to an equal right in the earth, because no one else can prove a better title than mine. The question of value does not arise until it becomes necessary to determine my share of the earth, and then we have no other measure but that of the value of the different parts of the surface. But the question of how that value arises is altogether immaterial. It is sufficient that it is not directly the result of the "owner's" labor.

(2) The terms "land-value" and "ground-rent" seem to me imperfect, for both of them contain a reference to the material which the premises contain. "Land" and "ground" both suggest the idea of earth, sand, clay, stone, or other material. Now, if I am not mistaken, the distinguishing peculiarity of land-holding is that it involves the possession of space. The material contained in the space is a mere incident which happens to confer exclusive access to and control of that material, but that material can be taken away and made the proper subject of ownership, and yet the true "land" (that is the space), remains. A real "land-value" consists altogether, I should say, of "access,"—that is of access to raw material, to the forces of nature, to water-fronts, to the community itself in streets, and so on. It is unjust that one person should have a superior unearned "access" of this kind to another. We all ought to have an equal chance to take the minerals, to use the fecundity of nature, to reach the water-ways, and to come into contact with the community and its market. Hence the justice of taxing away the privileges of the monopolizers of these rights. If I am correct, some such term as "space-value," or "site-value," or even "access-value," would be better than "land-value." Probably "site-value" is on the whole the best.

(3) Economists who ought to know better often contend that a rich man costs the community only what he consumes. If his annual income is a hundred thousand dollars and he only spends fifty thousand upon himself and his family, they claim that, as the other fifty thousand comes back to the community in investments, the community loses nothing by its passage through the rich man's bank account, and that it comes to the same thing as if he had never drawn the fifty thousand dollars at all. No less an authority than Mr. Edward Atkin-

son has recently maintained this position, and his action has shaken my faith in the reasoning powers of economists generally. Let us suppose that our rich friend has drawn his fifty thousand dollars, which he cannot spend on himself, but intends to devote to new investments. In drawing up a balance sheet between him and the community we must evidently charge him with fifty thousand dollars. Now if one thing is more certain than another, it is that he will not let a dollar of that sum go, (for we are not considering charity) without exacting an equivalent or more for it from the community. In other words, his accounts in the future with the community are going to balance exactly, or else to show a surplus in his favor. How then can such an account ever cancel the charge of fifty thousand dollars which stands against him? As far as rectifying his accounts with the community is concerned, he might as well throw the fifty thousand dollars into the sea. He has taken it from the community and he can only balance the account by giving it back.

Look at it from the point of view of a workman. You are a large landed proprietor, you employ a hundred men to work on your farms, and I am one of them. You are able to shave down our wages so that every man does two dollars work in a day for one dollar of pay. I complain to you that you are taking a dollar a day from me. "Oh, never mind," you say. "I will spend that part of my money in new investments and you will be employed on them." Your dollar will surely come back to you. The next year you build a great macadamized road for your farms, and I am set to work at it, and at the end of the week when I go for my dollar-a-day pay, you say, "Now you see, don't you, that you are getting your dollar after all?" And it is true. But, alas! it is a dollar that I worked for once last year and am working for again this year. It has been earned twice and paid but once, and as I am again receiving but one dollar for two dollars work, my present credit ought to absorb it twice, and leave nothing over to be credited on last year.

No. A man costs a community all that he takes from it, and it makes no difference in his relations with the community what he does with it, unless indeed he gives it back. It may be said that a community is as rich after a burglary as before, and so it is, if you count the burglar in. But in drawing a true balance sheet between a man and the community in which he lives, you must keep him separate from the rest of the community, and if you do this, you will see that he costs all that he draws from it. To be sure it is better for a community to have money spent in it than to have it thrown away, but it does not alter the debit and credit account. If a thief empties my till, I may be obliged to him if he spends the money in my shop. But I will hardly allow him to square his accounts with me in that way.

(4) Not altogether disconnected from this idea that it makes no difference how much a rich man draws from a community, so long as he invests his money there, is the idea that it is good for a country to have its wealth gathered into a few hands. Mr. Carnegie once wrote that great fortunes were a blessing to a country, and that the poor man was better off in England than in France, because there were more millionaires there, and still more so in America, because we have more millionaires than England. The fact is that it is better economically to live in a rich country both for poor men and rich men. Where there is most wealth, there is a better chance to get a bare living and also to accumulate millions under unjust laws. Parasites thrive best on a healthy full-blooded animal, and a monopolist's graft works best in a wealthy country. But if the wealth of the country were honestly distributed it would be far better for the poor man, for he would then have the assurance that there would be no rake-off from his earnings. If there were such a thing as a country without monopolies, we would see in it the best place for the poor man, and for the honest man, but it would contain no multi-millionaires.

(5) The last fallacy which I have to consider is the trite saying that "the interests of capital and labor are one," meaning that the interests of employer and employed are one. This aphorism is repeated again and again when strikes arise for the purpose of allaying the dissatisfaction of the men, and often by public men of apparent common-sense in the honest belief that they mean something. But they have really no meaning. It is true that in a Utopia in which the laborer owned the capital, the interests of capital and labor would be identical. It is also true that to-day in so far as the outside world is concerned they have the same interests, viz. to buy their raw material cheap, to sell their product dear, and to pay as low a rent as possible. But when it comes to a question of dividing the earnings, (and this is almost always the question at issue in a strike,) their interests are diametrically opposed, and nothing is gained by shutting our eyes to it. For every cent paid in wages diminishes profits and every cent paid in profits diminishes wages. Capital and labor are in fact partners up to a certain point. Partners' interests are identical in their relations to all the rest of the world, but when they sit down to divide their profits, their interests are absolutely hostile, and every dollar added to the pile of one is subtracted from the pile of the other. Let us then cease to use this meaningless phrase when employers and employees fall out, and try to look deeper into the causes of their disputes.



THE RELIGION OF THE LABOR PROBLEM.

Address by *W. A. DOUGLASS, B. A. in Buffalo, on Sunday, December 13th, 1903.

The labor problem is essential a religious problem. It calls on every man to obey the apostolic injunction: Render to every man his due. It calls on every man to throw himself with heroic zeal into the crusade, not to wrest an empty tomb from the hands of the infidels; but to rescue a living humanity from the enthrallment in which it has been engulfed by bad social adjustments. It calls on men everywhere to endeavor by every legitimate means to effect a glorious realization of the dream of the poet:

Then let us pray that come it may
As come it will for a' that,
When man to man the world o'er
Shall brother be for a' that.

The religion of the past has been marked by most serious defects, and even at the present day certain truths are over emphasized, while certain other truths, equally important, are passed by in silence. We are often taught to look for an ecstatic sublimation and to sing of the sweet bye and bye, and too little are we instructed how to bring the good here and now.

We want a religion that will never be satisfied till it has secured for every man an honest day's work; the full benefits of civilization to every man who bears his fair share of the burden of civilization. We want a religion which when it repeats the sublimest of all confessionals: I believe in God the Father maker of heaven and earth, will give to that declaration its proper application in the correlative declaration: I believe in man the brother the heir to that

* W. A. Douglass, of Toronto, is one of the best known single taxers in the Canadian dominion. He has a remarkable faculty of putting our great economic truth in strong and strikingly novel fashion.—THE EDITOR.