

subject to any general law which may be hereafter enacted.

The first two amendments give the people no specific power to take the burdens from the horse's nose and legs and put them where they will be carried with least exertion and least interference with freedom of movement; but the third amendment gives that specific power to the voters of each county, without automatically making a change in the existing tax laws.

No change is made except by the action of the voters of a county, and county voters are not restricted to any particular change or plan of taxation, but are free to make experiments; and having adopted one plan, they will be free to abandon that plan and try another at the next general election. In other words, the adoption of these amendments will enlarge the "People's Power" by giving them Constitutional authority to change the laws regulating taxation and exemptions.

At present they have no such direct power except by initiating an amendment to the Constitution; and while enlarging the People's Power in that respect, they restrict the power of the Legislature to make changes in the tax and exemption laws.

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The "People's Power and Public Taxation" pamphlet of Oregon* advocates precisely that increase of People's Power by advocating the adoption of these amendments.

This is worth mentioning, because some of the friends of the land value tax system have thus far failed to see the connection between People's Power and a just system of taxation, and the relation between direct legislation and the adoption of the land value system of taxation.

This is doubtless due to the fact that they have had no experience with legislatures and legislative committees.

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Embezzlement of a red hot stove is an easy job compared with persuading a legislature to submit a tax amendment that the corporations don't want submitted. And where a State constitution lays down hard and fast regulations in regard to taxation and exemptions, the voters are powerless unless the legislature consents to submit the proposition to be voted upon. If a legislature adjourns without submitting an amendment demanded by the voters, all they can do is to wait two years and make the demand upon the next legislature.

Even in Oregon, where the people have the Initiative and Referendum, the best Direct Primary law and the power of Recall, the legislature has not yet learned to trust the people; and instead of submitting needed Constitutional amendments, it busies itself in large part with unimportant matters so as to arrive at the end of the session without offending the corporations. The Oregon legislature did submit the two tax amendments offered by the State Grange, but those amendments do not give the people power to regulate taxation and exemptions; those amendments, without the one initiated by the State Federation of Labor and the Central Labor Council of Port-

land and Vicinity, merely place restrictions upon the legislature. They give no positive power to the people.

It is the third amendment that threatens Special Privilege, and that is the one to which the corporation lawyers and agents of Oregon are opposed. It gives the people power to change their system of taxation without asking the consent of the legislature. That power means People's Power to untax industry, to put upon Privilege the burden it should bear.

What, then, is land value taxation except a phase of People's Power? What is the mass of taxation upon industry except a monument to the taxing power of Special Privilege? And why seek to make a distinction between People's Power and just taxation when the former really includes the latter?

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Benevolent despotism, in the shape of an individual or a mob, might graciously confer land value taxation upon us; but what would the gift be worth when the benevolent despot might withdraw the grant or appoint a successor who would take it away through the medium of a packed court?

In short, the People's Power movement—of which the Initiative and Referendum is an expression and the chief instrument—is the march of Man to democracy and away from delegated government. Men who obstruct the movement to People's Power obstruct the road to democracy; and what is land value taxation but democracy's method or tool for raising revenue and at the same time opening opportunity?

It is merely a democratic tool. If it be the end of human endeavor, the Ultima Thule of democracy, then Henry George did a great deal of unnecessary dreaming.

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After opportunity is opened, we shall need People's Power to keep it open; we shall need that power to enable us and our children's children to continue, unhindered, their upward march toward the full development; we shall need it to "burbank" the selfishness out of our acts, for it is by People's Power for the common good that we shall finally grow away from delegated power for private gain.

Ten thousand atoms of conflicting self-interests will fuse into the common good where the people have legislative power, while with the people ruled by delegated power ten atoms of self-interest will be welded for private profit.

W. G. EGGLESTON.

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THE CANADIAN RUSH.

Winnipeg, Sept. 20.

A pertinent commentary on the much vaunted influx of capital into Western Canada, which is to give an impetus to the "development of the country," is furnished by the conjunction of three news items in the Manitoba Free Press of the 17th inst. Here are extracts from them:

(1) During the past four days, five pieces of central (Winnipeg) property were sold for amounts aggregating half a million dollars, and it is known that several deals of equal importance are pending which will make a total well up to the million mark.

*See current volume of The Public, pages 746, 761, 843.

(2) Sir Henry Lennard of Kent, England, who has been in Winnipeg for a few days, recently purchased a block of down-town business property for investment. He is accompanied by C. A. M. Cator. They made other land investments farther west, and Sir Henry stated that he had been driven to place his money in western Canada by the policy of Lloyd George. Sir Henry is the owner of 4,500 acres in Kent.

(3) Lord Clinton arrived in the city yesterday. Rated as amongst the wealthiest of the English nobility, Lord Clinton is a heavy investor in many parts of the world. He admitted that he had already made extensive investments at several points in Western Canada. "In my belief what Canada needs is men more than money," said his Lordship. "Frankly I think you are inclined to over-estimate the value to your country of the investments of men like myself, most of whom buy only to hold what they buy for speculative increase. Of course, I suppose it means so much more capital in the country which immediately goes into active channels, but I think there is much to be said on both sides of the question, and I am not at all sure as yet that you really benefit as much as you think."

This latter is a fairly frank admission for a British landowner, and is at any rate better than the whine of Sir Henry Lennard. Lord Clinton goes on to tell the interviewer that he is interested in colonization schemes now being planned in England, and says that "naturally, the class of men that you will get through these schemes will be high. They will be placed on the land by men who are looking for returns from their investments and who will see to it that only men from whom returns are reasonably assured are sent out."

Naturally, Lord Clinton, naturally.

However, Western Canada may not remain so tranquilly acquiescent under these wonderful "developments," as some of the promoters seem to bank on. For one thing, there is an "insurgent" movement against the high tariff; and the advantage of land value taxation as a substitute is getting a remarkable amount of attention from the farmers and others who are agitating for lower duties. It is of interest to note, too, that the recent Trades and Labor Congress at Fort William, Ont., passed a resolution endorsing the Single Tax.

SEYMOUR J. FARMER.

INCIDENTAL SUGGESTIONS

THE FINANCIAL DANGER POINT.*

Indianapolis, Ind., Sept. 26.

Fortunate would it be for the other banks of the country if they were to open their eyes to the wisdom of sending money to the New York banks to be used in the promotion of bond and stock schemes and for financial gambling on Wall street. It is true that there is a difficulty in their getting away from the control of the national banks of that city. This grows largely out of the fact that so many of the "country banks," as the outside banks are called, are under the management of men who know very little about the particular effect of some provisions of the national bank law, about the financial conditions of the country, or about the essential

principles of financial economics. Such men are blindly allowing the banks under their control to be made victims of conditions that have resulted from provisions contained in the original bank law, because they are able by so doing to secure a small interest rate on what would not otherwise be an interest-bearing resource and ought not to be expected to be.

But as long as the banks outside of New York continue, under any pretext of law or business, to send so large a part of their resources of available cash to that city, any effort on the part of the West to acquire "financial freedom" must fail. The banks of Chicago could if they would start a movement for financial freedom from the control of Wall street; but instead of having done so, the thirteen central reserve banks of Chicago on June 30th last presented in the aggregate a worse condition than the thirty-nine banks in New York. The New York banks had in the aggregate a small cash surplus—less than \$275,000—but the Chicago banks had overloaned or sent their money to New York until they were short in the aggregate of their cash reserves over \$4,000,000.

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The control of the New York banks over the affairs of the country has in large degree been secured through the vicious provisions of the national bank law which permits the "country" banks to deposit three-fifths of their so-called "legal reserves" with banks of the "reserve cities," and the "reserve city" banks to deposit one-half of their "legal reserves" with banks of the "central reserve cities." The New York banks encourage such deposits by the payment of interest on them, and then laugh at the depositors for their foolishness.

No man engaged in the business of banking ought to be ignorant of the fact that in no true banking sense is it possible, by law or in any other way, for a deposit in one bank to be any part of a reserve in another bank. Though the law does permit such deposits, and does call them part of the "legal reserves," they are of no more avail to the creditor bank than any other demand obligation from the "reserve banks."

Such provisions of the national bank law were secured by the New York Association of Banks in the original enactment of the law creating national banks. The purpose was to keep the "country banks" from loaning 9 per cent, and the reserve banks from loaning 12½ per cent, of their deposits to their home customers, but at the same time permitting them to loan it, by deposit, to the New York banks. The New York banks rely upon the cupidity of outside bankers for the success of this selfish and dangerous scheme.

It results in permitting the "country banks" to reduce their reserves to 6 per cent, and the "reserve city" banks to reduce theirs to 12½ per cent, of actual cash. The real and available reserve is called a "cash reserve," and the fictitious reserve is called a "legal reserve."

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Banking experience has taught the world that a

*See a related article by the same writer in The Public of August 26, 1910, at page 798.