

Congressional Serial Set

By United States. Commission on Industrial Relations, Francis Patrick Walsh, Basil Maxwell Manly

INDUSTRIAL RELATIONS  
FINAL REPORT AND TESTIMONY  
SUBMITTED TO CONGRESS BY THE  
MA COMMISSION ON INDUSTRIAL RELATIONS  
CREATED BY THE ACT OF AUGUST 23, 1912

COMMISSION ON INDUSTRIAL RELATIONS.

NEW YORK CITY, *January 15, 191h*

Met pursuant to notice at 10 a. m.

Present: Hon. John B. Lennon (chairman), Mrs. J. Borden Harriman, Mr. S. Thruston Ballard, James O'Connell, commissioners.

The CHAIRMAN. Gentlemen, the Commission on Industrial Relations recently created by act of Congress, on appointment of the President, was organized but a short time since. We are authorized under the law to investigate as to the underlying causes of industrial unrest, and to report them to the Congress of the United States. That is the chief fundamental object of the commission. It is, however, specifically authorized and directed to investigate ns to the effect upon the relations between employers and employees of collective bargaining of industrial agreements and arbitration and conciliation, and those matters that have entered into the question of solving the differences either temporarily or for a considerable period of time, between employers and employees throughout the country. The commission early decided that it would be necessary to investigate, by the visit of a subcommittee or the full commission, when that was possible, those sections of the country where such joint agreements existed. The one in this city, having to do with the relations between the employers in the ladies' garment industry and the workers in that industry, has probably attracted more attention than any other such agreement that has existed in our country during the past quarter of a century, or possibly, at any time in its history; and it seemed as though, in order to start our duties in these investigations, the proper place to begin was in New York, and in what is known as the protocol in the ladies' garment trade in this city.

I want to say to you now, so that there shall be no misunderstanding, and I want to say it at this time, because this is the first investigation the commission has undertaken, that under the law the Commission on Industrial Relations is neither a conciliation nor an arbitration commission, and we are not here for the prime object of bringing about or attempting to bring about, in so far as we are actually concerned, a settlement of anything that may be at the present time existing in connection with this protocol and the relations between the employers and the employees. I want to say to you, however, in behalf of the members of the commission who are here, that while we are members of the commission, we are also citizens of the United States, and if we can render any assistance to the men and women of this city, or of any other city, where we may be, that will help toward the right kind of industrial peace, as citizens, we are ready to do so, and will be glad if the hearing of this matter in this city shall result in better understanding than has now perhaps existed, and will result in better conditions in the industry generally, not only with the employees in whose interest and behalf I am particularly interested, of course, but in behalf of the entire industry—the men who have their money invested ns well ns those who only invest their labor.

The members of the commission that are here—Mrs. Harriman, who lives in your city; Mr. Ballard, on the left, from Louisville, Ky., who is on the commission as a representative of the employers' organization—Mrs. Harriman, I should say, is a representative of the public—and

Mr. James O'Connell, who is a labor representative, and myself—I think I need no introduction to an audience in New York. My name is Lennon.

May I say before I call any witnesses that we do not propose to be technical as to relevancy or irrelevancy of evidence. We want the people to tell their story as they know it and as they see it, and if they have to say something— whether it be large or small—that perhaps is not directly relevant to the subject, that will make no difference, and they will not be shut off at the cost of doing so.

We ask that the people who have been requested to appear do so from time to time and from meeting to meeting until they have all been heard. We do not wish to issue any subpoenas; we believe that it is not best, nor to the best interest of hearings of this character; we are going to start out with the idea of issuing no subpoenas, but the commission has the power of a court to issue them, and if those that are wanted do not come without them, they will have to come after a summons has been served upon them.

I think, to open the matter, that I will call on Mr. Rosenberg, the president of the ladies' garment workers. Mr. Rosenberg, I think if the witnesses sit up here at the desk the reporters will probably hear better. You can sit down. Mr. Rosenberg, and speak up.

Mr. JULIUS HENRY COHEN. Mr. Chairman, before you proceed, may I state that the representatives of the Dress and Waist Manufacturers' Association are ready to respond to your call, but as they are business men they would like to be relieved from attendance on the commission as much as possible. I am their counsel. May I ask you if any of them will be needed this morning?

The CHAIRMAN. They will not be needed this morning.

Mr. Rosenberg, this subcommittee desires to know from you not only the conditions as they exist under this protocol, but as they existed a year or a year and a half beginning in, say, 1908 and 1909; tell us the conditions in the ladies' garment trade, and we want you to furnish us with a copy of the protocol, and identify it as being a copy, or have some one do it for you. You won't have to do it now necessarily, but tell us this story in your own way.

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Chairman WALSH. We have another witness here, and I would like to go through with you without interruption. That would be perfectly convenient, will it? Mr. Lynch is absent and can not be here until to-morrow.

Mr. RICHARDS. Yes.

Chairman WALSH. Will you call Mr. Howe?

#### TESTIMONY OF MR. FREDERIC C. HOWE.

Chairman WALSH. What is your name, please?

Mr. HOWE. Frederic C. Howe.

Chairman WALSH. And what is your business or profession?

Mr. HOWE. At the present time I am director of the People's Institute.

Chairman WALSH. Where do you reside?

Mr. HOWE. New York City.

Chairman WALSH. How long have you resided in New York City?

Mr. HOWE. Four years.

Chairman WALSH. Prior to that time where did you reside, say, for the past 10 years?

Mr. HOWE. Cleveland, Ohio.

Chairman WALSH. And what was your occupation prior to becoming connected with the People's Institute?

Mr. HOWE. Immediately prior to that I was a professor in politics at the University of Wisconsin. Then prior to that I was a member of the tax commission of the city of Cleveland. Prior to that I was in the State Senate of Ohio for three years. Prior to that I was in the city council and chairman of the finance commission of Cleveland, and during that time I was practicing law in the city of Cleveland.

Chairman WALSH. How long did you practice law, Mr. Howe?

Mr. HOWE. Fifteen years.

Chairman WALSH. Have you in these various positions which you have held, been brought in contact with the industrial problem as a whole?

Mr. HOWE. Yes; in a great variety of ways. I was president of a manufacturing concern, secretary of another manufacturing concern that did a very large business. For 15 years I was secretary and treasurer of another large industry. So that I had actual contact with labor conditions in Cleveland, which is a highly organized industrial center. On several occasions I have been abroad, making a study of social, economic, and industrial questions.

Chairman WALSH. Have you or have you not written upon governmental and industrial subjects?

Mr. HOWE. Yes; I have written several books.

Chairman WALSH. What are they, please?

Mr. HOWE. The first book was on Taxation and Taxes in the United States; the second was on The City, the Hope of Democracy; the third was The British City; the fourth was Privilege and Democracy in the United States; the next was European Cities at Work; and another, rather obscure book, was The Confessions of a Monopolist, which was written from my own experience as a practitioner.

Chairman WALSH. As you are aware, the law which creates this commission, requires that we shall attempt to seek and discover the underlying cause of dissatisfaction in the industrial situation, and also the effect of industrial conditions on public welfare and the rights and powers of the communities to deal therewith.

Now, directing your attention to this particular provision of the law, Mr. Howe, I would like to ask you, if you can state in a broad way, what you deem to be the significant or large cause for an industrial unrest that exists? If so, please state it, your opinion, from your observation and your work?

Mr. HOWE. Mr. Chairman, as I have followed the testimony given before the commission, it would seem to me to take two general lines: One, an attempt to deal with the situation as it exists, not as though that were a permanent condition, subject to such amelioration and improvement as is possible from amelioratory legislation. It was an acceptance of the capitalistic system and the division of society into employers and employees as a permanent and necessary and remediable condition. That seemed to be one assumption and the line of testimony of certain groups.

And the other line of testimony and assumption was that this system should be abolished and in its place a system of socialism should be introduced, and so far as I know those are

the two general lines of assumption which have prevailed in the testimony before the commission. At any rate, I will assume that that is true, because I am quite clear that there is another alternative which tens of thousands of people, probably hundreds of thousands of people in the United States and in other countries, accept as just as complete a social program as socialism itself, but which avoids all of the possible evils of a socialistic society which is highly organized and regimented and ruled from above, for both of those proposals involve a large degree of action by the Government.

Socialism, of course, involves the ownership by the State and the control by the State of the means of production; and the other system of amelioratory legislation means that we will have a lot of things like labor exchanges, like minimum wage, like shorter hours of labor, to improve the condition which everybody accepts is bad, but which in its essence will remain unchanged.

Now, I don't believe in either of those philosophies, but I do believe in the philosophy which, for 25 years, has gone under the name of the single tax in this country, or the taxation of land values in the British colonies. And that philosophy is an industrial philosophy. It is a social philosophy, just as much as it is a financial philosophy. By many people it has been assumed that that was merely a means of getting a revenue under a more just system than that which now prevails; but to those who belong to the school of which Henry George was, of course, the father, it is a complete social philosophy based on industrial liberty, industrial freedom, rather than industrial socialism. And it appeals—those who believe in that philosophy feel that under it all kinds of remedial legislation mentioned would not be necessary; that the wageworkers' position would be so completely changed in the school of contest that he would be well able to take care of himself, for he would no longer be a dependent; he would no longer have only one alternative. He would be a freeman, a freeman industrially. And the trouble with the labor problem, according to the single taxer, is that there are always, and of necessity must be always, more men hunting jobs than there are jobs to go around, and that low wages are the result of 10 men chasing 9 jobs; in which the man out of employment always keeps down the wages of the man in employment. And it is the knowledge on the part of the employing classes that there is a big residuum of men that can always be relied on, can always be called in, that enables them to keep wages at the competitive point. Or, to state it in another way, labor is always competing with itself, and its competition with itself is the thing that keeps down wages.

Now, we believe that the taxation of land values would completely reverse that position, and that then capital would compete for labor; employers would be chasing men; and that that reversal of the situation would tend to a constant increase in wages until the wage earner secured the full product of his toil.

Twenty-five years ago, when **Progress and Poverty** first appeared, the college professors and students of the subject laughed at it, and protested against it, and assailed it as a wild theory. Within the last five years men like Prof. Adolph Wagner, in the University of Berlin, the most eminent financier in that country, has accepted the underlying principles of the single tax, and has advocated it in a modified way throughout Prussia. There has been an imperial law passed, which accepts its essentials. The Lloyd George budget in 1909, the discussion of it, was opened up. Lloyd George himself said: "This is not a finance measure; this is the beginning of a war on poverty by which we will break up the large estates in England and reverse the industrial situation and create jobs."

In western Canada for rather different reasons, but for the same philosophy, the single tax has been applied in part as it has in Australia; and in Australia and western Canada, so far as I know, there is a substantial unanimity of approval of this change in the taxing system from all classes, unless it be the land speculators.

Definitely what that proposal is is very simple. It is the simplest of all proposals, and it is the simplest of all social philosophies. Its very simplicity makes people incredulous about its

efficiency, but most big social remedies are simple, and if they were not simple they would not be good for much; they would not be effective. And the single tax is simple.

In a State like New York it could be inaugurated in part by a law of about an inch, three or four lines, which would provide "All taxes on houses, improvements of all kinds, personal property, shall be abolished." And with that law taxes for local purposes and for State purposes would settle down to the land. For national purposes the single taxers insist that all Federal taxes on consumption, on internal revenue, on the customs and tariffs should also be abolished, for they carry that philosophy and freedom to its natural consequences, and say a man should have a right to trade where he will. They are free traders, and their two axioms are free trade and free land. Cobden was both; he was a great free trader and a great free lander. The great philosophers prior to the French Revolution, Turgot and De Nemours—the men who laid the foundation for the French Revolution—believed in this system in part; and Adam Smith also laid some foundations for it.

The single taxer would have all taxes off every other conceivable thing and put on the land. Not the land either, but on land values, for they differentiate between land and land values. A very important distinction. And they point to the city of New York, in which the land values have increased from what the Dutch paid for it, \$24, to \$4,500,000,000, just the value of the land around this little spot that you can hardly find on a map is \$4,500,000,000. It is very much more than that if you take all the land into consideration.

That is the biggest individual trust in the world. It is three times as big as the total capitalization of the United States Steel Corporation, against

which there is so much legislation; but here in New York is a valuation three times, but which has come from the growth of population, the concentration of industry; the fact that this is the clearing house of the world has made the land values of this little spot worth the colossal sum, worth four times the total value of all railroads in this State.

If the people moved away there would not be any value here. And to such an extent is it recognized as social value that we know now that every baby that is born adds \$800 to the value of the land. Every emigrant who comes to this port adds \$500 to the value of the land. It is reflected in the census returns, just as people come here land values shoot up. And single taxers base their philosophy on the essential justice of society, getting what belongs to society; on society assuming for its own revenue that which society produces; on first taking the social values before we take individual labor values; on land values or social values. You will find that in the German reports, you will find it in the imperial discussion in the Reichstag, that practically everybody treated the unearned increment as a social value properly to be taxed.

We found in Cleveland on the tax board that whereas the population had increased 190,000 in 10 years the land values had increased \$190,000,000, or almost identical with that in New York, almost \$1,000 per capita.

Now, what is true of land values in this city is also true all over the country. The United States Steel Corporation is capitalized at \$1,500,000,000, and Mr. Charles Schwab, when he was on the stand at Washington in the Industrial Commission, I think it was 1903 or 1803, said that the capitalized value of their iron-ore lands in their capitalization was \$800,000,000. That was just a few years after that great stretch of land in northern Michigan and Minnesota was not worth more than \$1 an acre. It was a scrub-room space; it was nature's deposit that took hundreds of millions of years to make the Bessemer ores there, and yet men were permitted to own it, and because it had a practical monopoly of the iron ore of the United States it put the capitalization on it that it saw fit, and they said men will have to use iron ore for generations- and generations, and we will capitalize the use of ore for fifty years at \$800,000,000. They capitalized the coke fields of Connellsville in the same way.

Other resources like oil and gold and silver, the coal fields of Colorado, the anthracite coal fields of Pennsylvania, have all been capitalized in the same way at any figure that the owner saw fit to put upon them.

It has been computed that out of the total wealth valuation in the United States of \$125,000,000,000, 60 per cent of it is not wealth at all, but land values, socially created land values. And the single taxers would assert that that belongs to all of us. and that it should be used by all of us. It should be done by taxation, which is the easy way to approach it, and the natural way to approach it, and then use this colossal revenue for social purposes.

As an indication of the value of ground rent, the Osage Indians in the Indian Territory, according to the report of the Secretary of the Interior, that tribe of several thousand get an income of \$600 apiece, or about \$3,000 per family, merely on the royalties of their lands. The Government adopts a qualified single tax and levies a royalty on that land, as it might have done for all the lands in the United States, and puts all those Indians in a condition of affluence by keeping the products of nature for all the people.

We made that partially impossible by the system of land laws—we have made that particular policy impossible by the land laws, but we have not made it impossible to do the same thing by taxation.

Now, we are not very much interested here in that philosophy as a tax philosophy, but the adequacy of it as a fiscal measure is represented by the fact that the ground rents in New York alone are \$2,000,000,000 a year, and that is a burden on labor and, reduced down to a family basis, it means that every family of five in Greater New York has to pay every year about \$200 to \$250 just in ground rent, and that is a cause of poverty. They pay rent on the one hand, ground rent, and taxes on the other; and if we take that burden off the backs of labor all over the United States, running into the billions of dollars, in taxes alone, collected from labor and put it on ground rent you would relieve industry and labor and business, merchants of all classes of all that tax on industry and labor. And we would start out with a tremendous gain from that source alone.

But the single taxers are not very much interested in the money that would be gotten. That is so secondary that it is a different question altogether from the social philosophy of the single tax.

The mere money that would be gotten, the hundreds of millions of dollars that would come from the land-value taxation, from the taxation of ground rent, is, to my mind, inconsequential in comparison with the great gains that would come to our life, to our society, to industry, and that is what I will try to direct my testimony to now, and I want to state just what would happen if we abolish all taxes on houses and improvements and things which are created by labor and wealth of that kind and putting that tax on land values. And I will take New York City here as a concrete example.

Now, there are three classes in the division of wealth. There is the landlord class, the capitalist, and the laborer; and I am going to discuss that philosophy from the point of view of each. First, what would happen by the taxing of land values to the landowner.

Well, he would have to pay much more taxes, that is quite obvious, for the tax on land values, like the tax on incomes, is the one tax which can not be shifted; it has to be paid by the landlord. John Stuart Mill admits that. All of the economists admit that the tax on land stays where it is put and can not be put upon the tenant. So, first, there will be a very great shifting of the burden of taxation from business and wealth and the products of labor to the landlord. Second, the tax on land would check speculation. And land speculation is one of the greatest industrial curses in the country. Here in the city of New York there are at the present time, according to the figures as to taxes and assessments, where we think all the land is used, there are 200,000 pieces and parcels of land with nothing on them. They are bare and naked. Those, for the large part, are over in Queens and Kings Boroughs. That land a few years ago was worth two or three hundred dollars an acre. To-day it is held from

\$20,000 down to \$5,000 an acre. Practically nothing has been done to increase the value of that land, except that babies have been born and people and transit lines have been built. Now, those 200,000 pieces of land would house 2,000,000 people; and I can not admit with some people that people are housed when they are living two, three, and four in a two-roomed tenement. That is not housing and homing people; that is herding people worse than cattle. And there is room in this great city to house half of our population in decent homes if they merely use the land, and the only way you can bring that land into use is to make it impossible for men to hold it idle. It seems to me to be obvious that nature or society, a properly ordered society, should not permit men to hold land out of use; should not permit it—God's first gift to everybody—and allow anyone to put a fence around it and say nobody shall use it, for all our wealth comes from that, our food, our clothes; and to permit the absolute ownership of land and to say it shall not be used, is like saying to mankind you shall not live. That statement, in effect, means that the people in New York must live in tenements, as they do, because the land is being held out of use, which should be used. If we tax that land and increase the burden on the speculators and those who hold it, one of two things must happen, and both good. Either the owner must use it or he must sell it to some one who will use it. I think Lloyd George says in one of his budgets: "This budget means building a fire behind land speculators," and that is what the land tax does, it builds a fire, behind the men who, like dogs in mangers, sit on the land and do not use it.

Now, if men use it, or sell it to some one who can use it, it must be used either for building houses or for gardening, and probably for a long time to come for building houses. And that brings the discussion down to the wageworker. What is going to happen to him? Why, he is going to be given jobs and going to begin to reverse that situation which prevails at the present time by which there are more men than jobs, by creating more jobs, than men; and if we tax land so that each individual piece and parcel begins to call for men, to advertise for men, to call aloud for men, there would be work in abundance right here in New York for hundreds of thousands of men for a long time to come. But, of course, it would not stop there. It would be applied to suburban lots and agricultural lands and mines and resources.

Just as there is a lot of land in New York that is not used—so with this country, with greater resources than all of Europe combined. The population in this country at the present time, or at the last census, was 30 per square mile. There are countries of Europe where people live 300 to the square mile. It has been computed by Dr. Franz Oppenheimer, who was over here, and who is a professor in the University of Berlin, that people could live comfortably 600 to the square mile, instead of 300. We know that all the population of Germany could be put in the State of Texas—65,000,000 people, and still leave room for Switzerland. That shows the sparsity with which America is peopled, and shows the untouched resources here, waiting for labor to get busy on them; and that is only agricultural land. All through the West are coal fields which are held out of use. In Pennsylvania the anthracite coal fields are owned, but are not permitted to be used.

There are all kinds of minerals all over the country which are just owned; and we could apply this same land tax to agricultural land, taking the tax off the buildings on the farms, and off the farm products and off the cattle, and placing it upon the farm land in the same way. We assume that America is a country of home owners, and yet about half our people are tenants, even in the great State of Texas, to such an extent has tenancy come in, that they are organizing in that great State a revolt against landlordism—in Texas! The census shows that less than 50,000 men own estates aggregating 200,000,000 acres; that is a fourth of the cultivated area of the United States, owned by a population of less than a small town. That 200,000,000 of acres is divided into larger estates than those of Great Britain. One-fourth of all our agricultural land or property is owned by just a handful of people, and we are going to have a state of density of population and unfavorable agricultural conditions like those of Ireland and England.

Now, if we tax those great estates—if we tax agricultural land and not merely 1 per cent or 1½ or 2 per cent but 3, or 3½, or 4 per cent, or whatever is necessary, it will make the owners

use it. There would be a suction of men out of the cities, and there would be the creating of jobs nil over this country. I think the newspapers would be filled with advertisements calling for men to work, because men would either have to work their estates, or give them up to those who would work them. It would be like discovering not only a new continent, but half a dozen new continents, to bring all of the land of America into real use by the people.

Now, as to the effect of that on labor, I think it is quite obvious.

Chairman WALSH. I will say for your information that there is an abundance of time. Doctor, because we do not adjourn until 12.30.

Mr. HOWE. Well, to complete my statement relative to the landlord, why, as an element in the distribution of wealth and industrial lines, his share in the produce would gradually tend to diminish under the land tax, until ultimately it would disappear altogether. Ultimately, the ground landlord would get nothing. The share he now takes—which has been estimated at two thousand million dollars to three thousand million dollars in the United States, would go to society itself; would go to our cities and States and Nation; and he would disappear, and the only elements, the only claimants in the wealth produced would be capital on the one hand and labor on the other. And then we would have a relatively simple, easily seen problem of the employer and the employee struggling for all the wealth that was produced.

Now, what would happen as between those two contestants? The share either of them would get would depend altogether on the relative strength in the struggle, his relative power in the contest. If capital still retained its present power, if the employer still retains his present position of ascendancy in which he would also have a residuum of the products of labor, if he could always whistle and a hundred men would come to his establishment, if he was sure that outside of the packing houses, outside of the mines, outside of the mills, outside of the factories, there was always a lot of men clamoring to get in under that new system, then capital would still continue to be the dominant factor in industry.

If that position was reversed and labor became free—and, frankly, I hope for a society in which labor will be absolutely free, in which we will not look upon this cast-like division between employer, and employee as a necessary distinction, in which men and women and children will have hope before their eyes all the time, in which a man can live through life without the necessity of accumulating great wealth, because of the fear for his children, in which every human being will know that there will be an amplitude of jobs, of employments, of wealth, not only for him in his old age but for his children and for his children's children. And that seems to be the ideal state of society, not only for the workers but for the employers; not only for employers but for capital and for every class; and they would be willing, if they only saw that, even to give up the privileges they now enjoy because of the greater happiness that would come to the privileged classes.

And that vision was just as clear to Heary George, and to Tom Johnson, and to Sam Jones, and to thousands and thousands of men who see that kind of society. I heard Tom Johnson, who had accumulated \$3,000,000, say that he would willingly give away all of his wealth, as, in fact, he did and sacrificed it in his fight in Cleveland—willingly give it all away if he only felt his children would enter the world with a free field and no favors.

And after we had gotten rid of this one element in distribution and production—land—we would have a struggle between capital and labor. Which would be the strongest? I think labor would inevitably. Inevitably it would be the ascendant factor in the situation, because there will always and forever, so long as the tax continued and increased, as the social wealth was increased, and as births increased and population increased, there would always and forever be more jobs than men, and we would find that we could take care of a thousand million people in America with ease under a condition which opened all our resources all the time to the man who is best fitted to use them. And certainly for a century to come, under such a system that forced the men to use the land and employ men upon it, there would be this alternative to the working classes which would enable them to assert their independence, to be free, to take or to leave any job that was offered to them.

We have some examples of that situation; nothing like an approach to the condition which would result from this tax reform, but we have some suggestions of it. We know that in the thirteenth century, when the black plague had reduced the working population in Great Britain one-third, Parliament enacted a law which made it a penal offence for a man to demand more than a few cents a day for his labor, and imposed penalties among which were cutting "Off their hands, and imprisoning, and others, but they could not keep down wages, and wages shot up, and shot up, and shot up in that society.

Another example at the present day is Denmark, which has constantly, for the last 50 years, been trying to open up the land for use for the people; and the State provides so that a man can borrow \$9 out of every \$10 to buy a little farm, and every workingman in Copenhagen and other cities knows that he can either go out to a farm and get employment or he can get a farm of his own at any time he wants to. And men tell me, and the same is confirmed by my own observation, that there is practically no poverty in Copenhagen, a city of something like a half million inhabitants; practically no misery; certainly not as we understand it. There is none of that ignorance, depraved misery in the countryside. I have never been in any country in which the rich and the poor appeared to enjoy life so much. Where business men' knock off as many hours a day to go to a restaurant or to their homes to play, because they felt that there was not any fear of poverty in that country.

And the workingmen on the streets have the same appearance of self-respect in their faces, the same sense of freedom, because of the official action which has been going on for a generation by the State to abolish poverty on the one hand and ignorance on the other.

Raymond Robb, who went to Alaska some years ago, described in miniature a single-tax condition, although he was not conscious of it. He said that before a decree of court turned over the gold mines to private ownership men in the town where he was were earning \$15 a day, because they had access to the mines and went down and dug \$15 worth of wealth out of the soil. And on a certain day the decree of the Federal court transferred the ownership of all that land to a private corporation, and the next week wages went down to \$5 a day. Instead of being free men they became employees. Not only were wages prior to that decree \$15 a day in the mines, but wages idl over that section for clerks, for waiters, for cooks, for employees of every kind, were \$15 a day. These men could always go out and earn about that much by their own individual exertion. And nfter the mineral resources were made private property wages in the mines went down to \$4 or \$5 a day and, also, they went down all over the rest of that territory, because free access to nature was closed.

I think that is as good a test of what would follow under single tax as could be found.

I want to distinguish this philosophy, which is a social philosophy like socialism from socialism, and also from the kind of society which prevails at the present time.

Socialism, as I understand it, is a philosophy which distrusts competition, which is hostile to competition, which feels that competition is one of the curses of the present day. I believe in competition, I believe in liberty, I believe in freedom ; and while I admit that there are wastes in competition I think the gains so far outweigh the wastes that we can gladly pay for the wastes. And there is a philosophy of single tax, industrial liberty, rather than industrial paternalism of any kind—a liberty born of free land and free resources on the one hand and freedom to trade on the other; a liberty which involves taking all the taxes now borne by labor off of labor. For up to the recent tariff bill enacted, including the income tax, the United States collected six hundred million dollars from internal-revenue system and the customs; and almost every dollar of that six hundred millions was paid by labor. It was paid, for the most part, by the poor. It was a tax upon the breakfast table. Sugar was a large contributor and wool. Indirect taxes are always a burden on the poor and a burden on labor, and since the Civil War we have collected, all told, probably three thousand million dollars, for the most part collected from the poor, \$3,000,000,000 of revenue. That is the cause of poverty, for it comes out of the poor; and we would shift that burden onto the land values just as we

shift the other taxes on labor. I don't know, Mr. Chairman, that I have any further statement to make.

Chairman WALSH. Just one thought, now, that grows out of the adoption of a simple law, as you say, about an inch long, that would take all taxes off personal property. Do you believe that a public sentiment could be obtained to back such a philosophy in our time—to back the philosophy which would support such a law in our time, considering the present institutions of property in law, as well as property in personalty?

Mr. HOWE. Well, I remember when a man who believed in woman's suffrage was a unique man, and a man who advocated municipal ownership was likely to be stoned, and a man who talked of the initiative, referendum, and recall— when it was talked about as a new drink. Yet in 5 or 10 years that has all passed, and these problems are now receiving our earnest and general and respectful attention, and I sincerely believe that it will only be a few years until people will be talking about the taxation of land values, much as they are now talking about woman's suffrage and about these other measures.

Chairman WALSH. You think it is coming?

Mr. HOWE. Yes; I think it is coming.

Chairman WALSH. I hear much said upon the witness stand here as to what might be called the collision between property and personal rights, between property and human rights. Doesn't that meet that acute phenomena? Isn't that the acute phenomena right there that this would have to deal with— present property rights—would have to deal with property individuals already have us distinct from a philosophy that would extend democracy, for instance, in those departments you have mentioned, like the initiative, referendum, and recall, and the extension of suffrage to women, etc.?

Mr. HOWE. Yes; but it is simply a means of approaching that question.

Chairman WALSH. Observing, as you doubtless have, the outbreaks in the different States in the Union as typified in western Virginia, Michigan, and Colorado, what would your observation be, if you made any, as to the more acute industrial unrest where the laborers have to primarily deal with natural resources, like taking the mines and coals and metals from the earth and lumber from the forests, etc.? Have you noticed that that seems to have an effect that makes the unrest more marked and the outbreak more savage, as it were?

Mr. HOWE. I think there is no doubt but what our worst industrial wars are mining wars. I have no doubt, either, that that is due to the fact that the men who own the resources have a more complete dominion over the men that they employ than the men who are merely engaged in industry.

Chairman WALSH. Have you some questions, Mr. Garretson?

Commissioner GARRETSON. Yes; I would like to ask him one or two.

Chairman WALSH. Mr. Garretson would like to ask you some questions.

Commissioner GARRETSON. Doctor, how long and how completely have single tax theories been effective in portions of Australasia; that is, either Australia or New Zealand?

Mr. HOWE. They have not been operative there at all at any time; I mean as single taxers understand them. What has happened, they have taken the tax off of houses and improvements and placed it on land. Now, single taxers say that that is not single tax; that is merely an approach to it. That has been in operation, I should say, for 12 or 15 years.

Commissioner GARRETSON. Has it gone any further than that in any of the western Provinces of Canada?

Mr. HOWE. Vancouver, I think it was, about 10 years ago conceived the idea— I don't know why or how—of reducing the assessed value of houses and improvements by 25 per cent, so

that the land was assumed to be assessed at full value and improvements at 75 per cent. Then people observed that reduction in the assessed value of the improvements and said: "This looks pretty good; let's cut the assessment of the improvements down to 50 per cent of the value."

And each time they reduced the assessment of the improvements—I have been there, but I am quoting the reports of the tax commissioner of Minnesota and other bureaux—immediately there was a stimulus to business. More houses were built, capital coming even from America, and then they liked that, and they reduced it again 25 per cent; and that resulted in a great stimulus to building. Then they took the taxes off of improvements and buildings altogether, and each change was followed by a very great stimulus in building. It is said that wages increased, that the hours of labor were shortened, that home ownership was promoted because land speculation was broken up and men could buy land very much more easily than they could theretofore. And, so far as I know, there is no suggestion on the part of any of those cities of any desire to change. For Vancouver's action was followed by Alberta and Victoria and Westminster and almost all the western Canadian cities, and more recently whole Provinces have adopted it. And those results followed in those towns where they have reduced the taxes on improvements or increased the taxes on land.

Commissioner GARRETSON. What class of labor in that territory has either been increased in wages or reduced in hours on account of this phase?

Mr. HOWE. I qualified that statement by saying that that is what I have heard. I have heard through a man up there that they increased the wages and reduced the hours of work.

Commissioner GARRETSON. It is Alberta that has put it in as a Province?

Mr. HOWE. Yes, sir.

Commissioner GARRETSON. Is there a greater paradise on earth for the land speculator than in Alberta?

Mr. HOWE. I expect that is true; and the single tnxer would say that what has happened is just exactly what was expected to happen; that there would be a similar self-building and speculation; there will be so much prosperity in those towns that they will stock and create a kind of a labor vacuum, and they will draw people from the western towns—western American towns—and so many people will come in there that the additions to the population and the additions to business will continue to increase land values faster than the small imposition of a tax would reduce speculation. I think that is obvious, that if you can get more people to come than we had before, that you will have a continual increase in land values.

Commissioner GARRETSON. In other words, your saving clause is, then, that if it was universal there would be no place to draw from?

Mr. HOWE. That is part of it.

Commissioner GARRETSON. That is, then you would have no vacuum?

Mr. HOWE. Yes, sir. Two per cent of land values of a town like New York, or possibly 21 per cent, would not affect the land speculator much, because it would affect all industry and all labor so much that prosperity would contribute more and more money to the landlord. The tax would have to be very much heavier than that to kill the land speculator.

Commissioner GARRETSON. Does history show an instance where, after the tendency to urban congestion, which is exhibited to-day in this country as well as in other countries, had commenced, that any means, legislative or otherwise, was ever devised that checked it?

Mr. HOWE. YOU are asking my historic opinion?

Commissioner GARRETSON. Your opinion as an economist?

Mr. HOWE. I don't know of any case except the Dark Ages after the fall of Rome.

Commissioner GARRETSON. Barbarism has always again disseminated the people?

Mr. HOWE. Yes, sir.

Commissioner GARRETSON. HOW long a time did Rome—the western Empire— give to the question of driving the populace back to the land?

Mr. HOWE. Well, it gave about three centuries.

Commissioner GARRETSON. Of continuous edict or legislation in one form or another?

Mr. HOWE. Yes, sir. But it never succeeded. They assassinated every man who tried to enact it very long.

Commissioner GARRETSON. Isn't the same true, in greater or less degree according to the completeness of our records, of each case?

Mr. HOWE. Yes, sir; I think so.

Commissioner GARRETSON. It always preceded the downward decline of a nation?

Mr. HOWE. Well, I should say that land monopoly was the cause of the fall of Rome, the decay of Greece, and that it was privy to the cause of the decay— the cause of the French Revolution.

Commissioner GARRETKON. But one of two or three effects, whatever the cause was, always was urban concentration?

Mr. HOWE. Land monopoly.

Commissioner GARRETSON. That was always one of the effects preceding decline, wasn't it?

Mr. HOWE. I think so; up to recent times.

Commissioner GARRETSON. We have not had any fall of nations in comparatively recent times?

Mr. HOWE. No, sir.

Commissioner GARRETSON. That is all, Mr. Chairman.

Mr. HOWE. I would like to say a word about that.

I believe in the city. I think the city has always been the center of civilization. I think it always will be. Civilization would begin to relatively decay if we went back to an agrarian life. I am not interested in the single tax as a philosophy of farming. Far from it. I am not interested in an agrarian policy of petty land owners, not at all. This is a philosophy of industry. I think there are a lot of people who would like to go to the land and work it if the land were free. A great many of them would go to the land if they could make more money on the land than they could in the shop. But I believe in the city, and I do not want people to live in the country, because I think the country has always been a backward rather than a progressive form of life, and always will be, because society exists by cooperation, by the division of labor; it differentiates; and the city is what I should encourage rather than the country.

Commissioner GARRETSON. Can the city live without the country?

Mr. HOWE. No; of course it can't. But I think agriculture is a most backward industry, and I think it is absurd for a farmer to raise chickens and pigs and horses and cows and potatoes and corn and all on one farm. I can not think of any greater waste.

Commissioner GARRETSON. I don't understand.

Mr. HOWE. It is the greatest sort of waste for an individual farmer to produce 20 different things on his farm and spend the whole 12 months of the year at it. The farm is what it was 50 years ago, and industry is ahead of what it was five years ago. That is in the East.

Commissioner GARRETSON. It would be a question purely of the value of the bucolic life, and possibly that would not enter into this.

Mr. HOWE. I think this is aside

Commissioner GARRETSON (interrupting). And unless the chickens and cattle and grain are raised, what becomes of the city?

Mr. HOWE. Well, I suppose that is part of this same discussion.

Commissioner GARRETSON. Unless we come to the tabloid life, at any rate?

Mr. HOWE. I think the taxation of land values, which, of course, involves destroying land values, so that the only value land has is its annual rent, that the necessary result of that would be the intelligent and economic use of land. Under those conditions, if land were suited for raising butter and eggs, for a great city, instead of each family raising a dozen eggs a day, we would have a dairy farm; we would have a chicken farm; we would increase the efficiency of an individual worker three or four fold, just as in going down to Philadelphia you pass a great dairy farm down there. What is the name of it?

Commissioner HARRIMAN. Walker Gordon.

Mr. HOWE. Walker Gordon? There is a type of up-to-date agricultural industry where that is enjoyed, and under that title. And that suggests to me an up-to-date twentieth century farm, while this petty farming of the old type, I think, will have to go, and ought to go.

Commissioner GARRETSON. Have you ever lived on the farm?

Mr. HOWE. No; but I have worked on a farm.

Commissioner GARRETSON. How about the byproducts?

Mr. HOWE. You mean the manure and fertilizer?

Commissioner GARRETSON. Every quality of it, the utilization of it for the product of just what you have derided—the dozen eggs.

Mr. HOWE. I should say that that was best conserved by this kind of intelligent farming.

Commissioner GARRETSON. And what disposition is made of the byproducts that would produce the dozen eggs and dozen chickens?

Mr. HOWE. That would be left on the farm itself.

Commissioner HARRIMAN. I want to ask you one question, which may sound very unintelligent, but I would like to know, if it were possible to insert that clause in a State law, "all taxes upon houses and improvements of all kinds and personal property should be abolished," how long after that would a change for the better in industrial conditions be noticed, do you suppose?

Mr. HOWE. Almost immediately. In Ohio, it is always stated in Ohio as a fact that every time—they used to assess property every 10 years in Ohio, but now they assess it every four years, and it is a common statement in Ohio that there is a great building boom in Ohio with every revaluation for the purposes of taxation. In other words, after values are put upon the tax books duplicate the taxes are increased, and immediately men get busy to use their land which they previously speculated in. So I think it would be immediate. Just as a great rebuilding of New York followed a change in the assessment in 1903.

In that year we put land on the tax duplicate at a hundred cents of its value. We put it clear up in the new assessments. And New York has been rebuilt since 1903 because it was more

costly to keep land idle and speculate in it than it was before, and that is just a suggestion of what would follow.

Commissioner LENNON. The opponents of the philosophy of the single tax make a great deal of the claim that its application would destroy the individual home owning, especially in the cities and larger towns because of the rental value making it more costly to own homes. What do you think about that?

Mr. HOWE. I think the reverse would be true. As a matter of fact we have hardly any home owners now. There are only four people out of a hundred in Manhattan who live in their own homes. In other manufacturing cities about 20 per cent of the people are home owners. , Under the single tax, a man would not have to buy his land; he would only have to build his house, and he can go to the community and say " I want this piece of land," and all he would have to pay would be \$20 or \$30 or \$50 a year as ground rent.

Commissioner LENNON. How would he be protected in the continuity of the holding of that?

Mr. HOWE. Just as he is at the present time.

Commissioner GARRETSON. By paying his tax?

Mr. HOWE. In the taxes on that land. For instance, if a man wanted to live » in a house on the corner here where land values are \$10,000 a front foot or \$20,000 a front foot, I think single tax in that particular situation, just at the present time, would push him off, and something else would grow up. There would not be any difference so far as that is concerned.

Commissioner LENNON. It would not be taken away from him, though, if he continued to pay the rental value of the land?

Mr. HOWE. No.

Commissioner LENNON. That argument is used very strongly.

Commissioner O'CONNELL. What becomes of the improvements, the amount he has put on the land?

Mr. HOWE. Well, now, let me see. If a piece of land becomes so valuable under the present system that a man has to move off it, he, of course, moves off; and I think that under a properly organized system in which society took all of the ground rents society would say when the values increase and the economic use of a site change, society would say to the tenant, now, you have been a good citizen, you have improved your site, but economic uses have changed for which you are not responsible. Now, whoever takes your corner must pay you for your improvement. If you are crowded out somebody else must pay for your improvements.

Commissioner O'CONNELL. But in the case of the small man with his home, he has a small home. Circumstances of being out of employment or a thousand and one things, may make it so that he can not pay the rent. Now, what becomes of him?

Mr. HOWE. Well, if he can not pay the rent at all, do you mean?

Commissioner O'CONNELL. Yes.

Mr. HOWE. Why he would forfeit his home just as he does at the present time.

Commissioner O'CONNELL. No protection at all on that system?

Mr. HOWE. I think that society would probably under those circumstances, when they say, "We are the sole ground land owners" if the man were unable to pay his rent, society would say to the tenant who came in, here, you must buy that improvement or must pay rent for that improvement.

Commissioner O'CONNELL. Well, his protection is in a sympathetic society.

Mr. HOWE. His protection is in the law, just as it is at the present time; yes; only all men at that time would be in the same boat. And it is probable all men would pass a law for the protection of all of them.

Commissioner O'CONNELL. YOU think human nature would be better under those conditions and more sympathetic?

Mr. HOWE. I think when men all have the same economic interest there isn't any difficulty in getting a law to protect all men under those circumstances.

Commissioner O'CONNELL. It would be a case not of being the thief and stealing the goose from the common, but being the thief and stealing the common from the goose?

Mr. HOWE. I don't know as

Commissioner O'CONNELL (interrupting). As the single-tax theory to-day, we consider the man who steals from the land, steals the goose off the land, as being the thief.

Mr. HOWE. YOU mean the man who takes the ground rent is the thief?

Commissioner O'CONNELL. Yes; but in your theory it is the thief who steals the land from the goose?

Mr. HOWE. Not at all; no, sir. You come to New York to live, and immediately you come here you create a thousand dollars of value, which under the present system is contributed to some one else. Under the single tax, when you come to New York, instead of paying an annual ground rent—or instead of contributing value to somebody else, you would contribute it to yourself. It is the present system that is confiscation. I am charged \$50 or I am charged \$250 for my family just for coming to New York. The value which I create is taken by somebody else. Under the single tax it would be taken by society and used for my benefit. The present system is confiscatory. The new system is justice.

Commissioner O'CONNELL. Speaking of the possibilities of improved conditions of the workingman, the laborer, the one idea being brought out is that his wages would be increased, and from his increased wage he would be able to live under better conditions, better homes, and better surroundings.

Mr. HOWE. Yes.

Commissioner O'CONNELL. Under the theory of single tax, the ports are thrown open to the workers altogether all over the world, free port, free entry, and everything free?

Mr. HOWE. Free trade; yes.

Commissioner O'CONNELL. Free trade absolutely?

Mr. HOWE. Yes.

Commissioner O'CONNELL. With increased wages, with doubled wages, or tripled wages under the single tax?

Mr. HOWE. Yes.

Commissioner O'CONNELL. That is held out to the men all over the world to come to America, because we have doubled and tripled wages, and the ports are open to you, and anyone can come in. What effect is that going to have on the nine men who you say are looking for the eight jobs?

Mr. HOWE. You mean from immigration? There is going to be the effect of more immigration?

Commissioner O'CONNELL. Yes.

Mr. HOWE. I have no doubt that increased prosperity means an increased birth rate and probably an increased immigration. Of course, the immigration question is entirely aside from this question, and always will be dealt with. If you work frankly and courageously go

the limit and completely tax land values until land had no value except for use, why, I would not fear immigration at all. Immigration to my mind is only to be feared under the present restrictive system, in which all opportunities for work are owned, and the increasing immigration merely increases the competition of labor for jobs which do not exist. But I think under

Commissioner O'CONNELL (interrupting). The theory does not make any different arrangement as to ownership of the tools of production the workman must work with.

Mr. HOWE. No; it does not attempt to have society own the tools.

Commissioner O'CONNELL. So then they must be owned privately?

Mr. HOWE. Yes.

Commissioner O'CONNELL. And privately, the man who owns them privately can say as to the wage and hours that he will work, if he is in a position to do so?

Mr. HOWE. Yes.

Commissioner O'CONNELL. And labor gets the free markets of labor of the world, and labor comes in because of this improved condition

Mr. HOWE. Yes.

Commissioner O'CONNELL. There is no means, under your theory, to check that at all?

Mr. HOWE. Well, of course, America will always have that independent of this. The immigration question is just as—I think it just as much aside from the question of single tax as is eugenics. If America wants to close its doors it can do so, but I don't think it would be necessary to do so if we opened all the resources of America and invited the world to come in, because I think every individual produces more wealth than he consumes; otherwise we never would have any progress.

And if each individual is working at the thing he is most fitted to work at, he will consume, say, \$700 and will produce \$1,500 worth of wealth. The trouble is at the present time a large number of men are working at a thing that they are not fitted to work at.

Chairman WALSH. Professor, I believe you stated that the single tax ultimate proposal is that the workers shall have the full product of the toil of his own hands?

Mr. HOWE. Yes.

Chairman WALSH. I noted that exact statement was made here as a basis of the socialistic philosophy?

Mr. HOWE. Yes.

Chairman WALSH. They are at one in their ultimate objects, then, in certain essentials?

Mr. HOWE. They are at one in the ultimate objects, yes; they are both social philosophies.

Chairman WALSH. The commission will now stand adjourned until 2 o'clock, to meet at 2 o'clock sharp in this room.

(Whereupon, at 12.50 a recess was taken until 2 p. m.)