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The Singletax in Relation to Forestry

Being a Preliminary Report of the Forestry Resolution Committee Authorized by the 1914 Joseph Fels Fund Conference.

The following resolution was offered for adoption at the Joseph Fels Fund Conference, held in Washington, D. C., January 15-17, 1914, by Mr. Louis S. Murphy, and was seconded by Mr. Thomas G. Shearman, both of Washington, D. C.

WHEREAS, The conservation of our forests is vital to the prosperity of every citizen and every industry and to the continued welfare of the nation; and

WHEREAS, The taxing annually, as a land value, of the value of standing timber is unjust, encourages the premature cutting of the forests and discourages the practice of forestry by which a new forest crop may most surely be secured; and

WHEREAS, The Singletax movement stands for conservation in its most fundamental and comprehensive form;

BE IT RESOLVED, That it is the sense of this conference that the Singletax as applied to forest lands should provide for:

(1) *An annual tax on the value of the bare land for that purpose to which it is best adapted by its location and physical character; and*

(2) *a "cutting" or "yield" tax on all timber matured in the virgin forests, the tax to be collected from the timberland owner when said timber is actually cut; the stumpage value at the time of cutting being taken as the basis for the tax; and*

(3) *the exemption from taxation of all planted or other forms of "second growth" forests grown and matured under man's supervision.*

Mr. Murphy's remarks in support of his resolution were as follows:

"With the constantly widening circle of interest which the Singletax is commanding in the United States as well as in other countries, I believe we owe it to ourselves as well as to those whom we invite to join with us not only to make the principle clear, but to devote some little attention to pointing out its general application. For various reasons attention has thus far centered on making clear the application of the tax to land—that is, land surface apart from the natural resources in water, minerals and forests. The fundamental idea there is to tax away the rental each year as it is produced, thereby forcing the land to its highest use. When we go beyond the mere surface considerations of land and say that the values of all natural opportunities are land values, without making it clear that we nevertheless recognize a difference in the form of the land value requiring a modified application of the tax, we lay ourselves open to being misunderstood.*

The difference between timber and soil in the virgin forest is not alone that of external appearance. They differ in their form of value and they differ as to the kind of rental each is capable of yielding. If we had been trained to think of all values which attach to land as "rent," the first of these differences would need no explanation. Instead, our conception of land value is firmly linked with a capitalized value, and it is because we allow ourselves to generalize from that point that a misconception arises.

When we deal in a timberland transaction involving the virgin forest we are dealing with two

classes of values. The first of these, the value of the land surface, is a capitalized value; the second, that of the timber, is rent, uncapitalized. When we purchase land we purchase, among other things, the privilege of collecting the "soil rent," but when we purchase the standing timber we purchase the "timber rent" itself. In other words, *the stumpage price of timber in the virgin forest is the premium (or "rent") which the lumberman pays to the landowner for the privilege of logging a particular piece of timber in place of another, less accessible or of poorer quality, where the same expenditure of labor force would produce less wealth.*

But why, it may be asked, is not the stumpage value of virgin timber simply the accumulated soil rent? If the timber was the produce of labor it would be that and more. But therein lies the difference between the stumpage value of virgin timber which is "timber rent" and the stumpage value of timber grown by man's exertion, which is "wealth," and comprises accumulated "soil rent" and "wages" (or capital). The timber rent of a virgin forest is directly comparable to the mineral rent of a mine. The land is scarcely more than a storage place for the standing virgin timber and has a rental value entirely apart from it.

There are, of course, other elements in the stumpage value of most virgin timber which has been in private ownership for any considerable time, for the owner may have contributed protection, have built roads and railroads and improved the driving qualities of the stream, each of which would enhance the value of his particular piece of timber. But certainly the net stumpage value, after the human elements have been deducted, is properly "timber rent."



Besides this difference in denominational values of land and timber we have different forms of rental: Strictly speaking, land devoted to the production of timber yields the same kind of rental that the timber does, namely, a periodic one, but as in most forms of production land is capable of yielding up its rental annually, I shall not press the point of making an exception of forested land. With timber, however, we must, it seems to me, recognize and make allowance for this periodicity.

*Land in its broadest, economic sense comprises the four great divisions of our natural resources, namely, land in the narrower sense of surface area or soil; water, in its relation to water power, irrigation, etc.; minerals, including all mines, quarries, oils, natural gas, etc., and primeval forests. Collectively these comprise land values and the economic use of each involves land rent. But it will be clearer if we recognize the four as yielding each a distinctive kind of rent, namely, soil rent, water rent, mineral rent and timber rent, respectively. Accordingly, this discussion concerns solely soil rent and timber rent.

The forest tree actually yields up its store but once in a generation—and that is when it is mature and is cut. We may trade in the rental which it represents standing in the virgin forest, but the fact remains that the actual rental can only be collected once and by that process the tree is destroyed. Now if the rental is yielded once, is it not logical to tax it once, when it is yielded, as we do the rental of the land itself? Is it not, in fact, quite illogical to collect the rental by fractional annual installments, making it possible for the landowner who cuts his timber now to escape paying the full amount of rental of such timber, while making another owner who may actually be performing a public service by conserving his timber for several years bear an unjust burden of taxation in excess of the full rental which his timber finally yields him?

If we are concerned primarily in forcing the timber into use, then the method of applying the tax annually is the more effective way to go about it. If, however, it is fundamental justice which we seek, the idea of "one rental, one tax" is, in my judgment, the proper one. The timberland owner is by this method being exempted from nothing but an injustice, of which he is as much entitled to be relieved as anyone else. Nor is the public losing anything by this method, for it will get all the advantages of an appreciation in value that the owner would get. Only let it be known that the soil rental will be collected annually and that the timber rental will be collected whenever it is yielded, and I venture to say that the speculative holding of land out of its best and most productive use, in order to collect the rise in value of the virgin timber, will soon cease. At any rate, it is as far as I feel that we should go in attempting to force such timber to be cut. It is, in fact, an entirely parallel procedure to that where the land alone is to be taxed since we would apply the tax in each case when the owner would naturally receive the rental.



There seems to be little occasion for a discussion in detail of the propriety of exempting planted or cultivated forests from taxation under the Singletax plan. Almost without exception every Singletaxer with whom I have talked on this subject accepts the "forest crop" idea at once and admits the reasonableness of exempting it as any other crop would be exempted. Beyond the exemption of this class of forest, however, there exists a difference of opinion, some Singletaxers standing out for a tax on all natural growth. Perhaps, however, we would not find ourselves so far apart after all if each were willing to concede to the other a not too literal definition of the terms "planted or cultivated forest" and "natural growth." I am free to admit that as between the

virgin forest at one end and the strictly artificial forest at the other, it is hard to draw the line exactly if we would go after every last unit of value which smacks of an unearned increment.

It is in the right turning of a phrase defining what is and what is not "planted or cultivated forest" and "natural growth" that the effect of the Singletax on the future practice of forestry in the United States will be measured. I might almost venture to say that we could better afford to keep planted forests on the taxable list than to draw a too fine line on the so-called "second growth."

Market conditions are not such in this country today as to permit our employing methods of artificial regeneration on our forested lands as is done in Germany and other countries abroad. It has consequently been found necessary to develop an independent system of American silviculture to fit our virgin forest conditions. There are two principal objects which this system seeks to attain in the conversion of the virgin forest into the second growth forest. These are to so harvest the virgin crop that the large, mature and highly valuable timber will be released for present use and that the under developed trees below middle size will be conserved uninjured. These latter trees will at best barely cover the cost of their logging and manufacture, because producing a very low grade of material, and they also involve a high percentage of waste. It is upon these trees, too—which we hope to bring to maturity within the next twenty-five or thirty years—that we depend to produce the seed to establish the new crop and to help to extend our diminishing virgin supply. You can see, therefore, why it is essential that we extend the crop idea to include more than merely the planted forests. If we are to recognize the artificially regenerated forest—the planted forest—as the only form of forest to be exempted from taxation and thus place at a disadvantage the development of the vastly more important forms of "second growth" with which our system of American silviculture is chiefly concerned, we shall find ourselves in a very backward and discouraging plight when we come to account to future generations for our stewardship."



Mr. Murphy later presented to this committee the following additional argument:

At first glance the subject seems a rather complicated one, but in reality it is most simple. Since land, according to Henry George, embraces all nature exterior to man himself, we may very properly substitute for "land" in this sense "nature" itself. The Singletax is then a tax which concerns itself solely with natural values, values which labor has had no part in creating, values which arise solely from the competitive demands of population to put the natural elements to productive use.

Certainly the forests the Pilgrim Fathers found

growing on the shores of Massachusetts Bay and extending westward for hundreds of miles in an almost unbroken expanse of wilderness were an element of nature undefiled. There is consequently no question but that the value which resides in what remains of those forests today is clearly a taxable value under the Singletax. There is no valid reason why the user of forest resources should not render to the public a fair return for the privilege. It matters not whether a use of nature involves applying the hoe or other implements, or improvements to the soil in the production of a crop, or the construction of a building; the axe and the saw to the natural forest in the production of logs; the pick to the vein of mineral in the production of ore; or concrete and steel to running water in harnessing its power. In each case there is a value which flows to the owner of these natural opportunities by virtue of the demand for such use and which is irrespective of the labor necessary to be expended in their development.

The justice of the principle which seeks to recover by means of a tax such part at least of these community created values as are needed to support the machinery of government cannot reasonably be called into question. But can we say as much for the justice of applying the Singletax *annually* to natural timber values, as many Singletaxers imply when they advocate taxing the combined value of the timber and the land on which it stands as a land value?

A just principle may too readily be unjustly applied, either through ignorance or design, and the principle thereby becomes discredited. For example, the inheritance tax as at present applied is an entirely legitimate application of the general property tax principle. But supposing instead of a 10 per cent tax for instance being levied at the time an estate passes to the heirs-at-law, the law should provide for the annual taxing of the heirs-at-law on their inheritance-to-be at the general property tax rate on the assumption that they will receive their several portions sometime in the future and on the principle that in the meantime the government must have money to pay its annual running expenses, and consequently can not wait till the present owner of the estate dies and the heirs actually receive their inheritance. Could a law possibly be devised which would put a greater premium on homicide? Would not the son and the daughter feel like making way with the father at the earliest opportunity so that they might be relieved from the further payment of any such unreasonable and burdensome tax?

Absurd and unjust as such a law would be, it is an almost exact parallel to the unenlightened and unjust method by which the timberland owner and the mine owner, for that matter as well, are now taxed, and as many would have them continue to be taxed under the Singletax. The timberland owner bears a similar relation to the growing timber which he owns as the heir does to the estate he is to inherit. The timberland owner receives no more benefit from his timber than does any other member of the community so long as it remains uncut. Yet we tax him as though he profited by it annually. The timber may appreciate in value from year to year through growth or a general rise in value, but such increased value remains an inseparable part of the standing timber as the increased value of a father's estate remains a

part of that estate. Ultimately both the timberland owner and the son will profit from such increases, but when that time comes the State steps in and takes its share of the profit, too, if it has the good sense to tax its timber property as it taxes its inheritances. Nor could the timberland owner under such a regime sell his standing timber and collect the full value for it while shifting his taxes to another, for the value of the tax to be levied in the future would constitute a lien and would be deducted from the stumpage value of the timber in the same way that the value of a mortgage would. It must be evident that to tax timber values annually, even under the general property tax principle, is at least as morally indefensible as to tax inheritances annually. To perpetuate this method under a Singletax regime, therefore, would be to discredit a principle which above all things else seeks to establish justice where now there is injustice.

Morally defensible as is the yield or stumpage tax method of taxing timber under the Singletax, we may well inquire whether such a procedure is justified in economics. Since economic rent is at the foundation of the Singletax principle, this brings us to a consideration of the relationship of the stumpage value of nature-grown timber to economic rent.

Rent is merely a value which flows at his pleasure to anyone possessing natural opportunities that are in demand for use by labor and capital. As one writer has put it, rent is "what the land is worth for use." Applying this separately to the several distinct elements comprising land, we may say that rent is what the land surface or soil, what the forest of nature, what the mineral in the ground and what the waters are "worth for use." Rent is the sole, the fundamental, value which attaches to land—to nature—in an unimproved state.

Both timber and soil, or land surface, are a part of land in the larger economic sense—a part of nature, that is—yet each is a separate and distinct part which functions in its own particular way. The surface part of land, which overshadows all the other natural elements in extent, importance and value, is capable of being used year after year and consequently of yielding to labor an annual return to almost whatever use it may be put. Hence labor is willing to pay annually as rent what each particular acre or square foot of surface is "worth for use." The idea of economic rent as an annual value is thus a most natural one to fall into. But there is absolutely nothing limiting rent exclusively to such an annual value albeit it is the most common. For if the natural state is such that to use is to destroy utterly its state of nature, as is the case when standing timber or an ore deposit is used by being cut or mined, these particular elements of nature are "worth for use" merely the stumpage value per thousand board feet in case of the timber or the royalty value per ton in the case of ore. In other words, both the stumpage value of nature-grown timber and the royalty value of a mineral deposit are rent. But the owner can collect such value from the user of these natural elements but once for each unit used since each particular thousand feet of standing timber can be cut (i. e., used) only once, and the same is true of each ton of ore mined.

With these fundamental differences in rental val-

ues clearly in mind, let us see where the plan of taxing both timber and soil, or site, values in the same uniform manner will lead us. Take, for instance, the effect of a 1 per cent tax on a tract of bare land and on a body of timber each valued at \$500. The \$500 value as applied to the land would be a capitalized value based on an annual rental, let us assume, of \$25. A 1 per cent tax on the land value consequently would amount to \$5, taking one-fifth or 20 per cent of the rental. A similar tax on the timber value—that is, its stumpage value—which is entirely a rental value, while it would take exactly the same amount, namely \$5, would take in reality but one one-hundredth of the rental. Is it not clear that such a method of applying the Singletax, which aims to take rental values solely, is extremely inequitable as between different natural elements, such as lands and forests? Is it not clear that in applying the Singletax to the timber value in the example under consideration, the timber value would either have to be taxed twenty successive years at the 1 per cent rate or be subjected to one 20 per cent yield tax in order that the two classes of rentals might be equally taxed?

The annual tax plan would involve administrative complications too obvious and too numerous to mention. With the yield tax plan in operation, however, it must be evident that a community in which a body of timber is situated would lose nothing ultimately by waiting to tax the timber when it was cut, except possibly the present use of or the interest on the amount a 20 per cent tax would yield now if levied on the present stumpage value. This loss, however, should be more than offset by the greater taxable value ten or twenty years hence, or whenever the yield tax is collected, due to a rise in stumpage prices, when the community would take its share of the profits with the timber owner.

There is yet to be considered the matter of expediency. Is it good policy to let the timber owner hold his timber as long as he pleases? Will it not retard development in the community and encourage timber speculation and monopoly? Should we not tax the timber annually to force it into use on the same principle that we tax land? Increasing the tax on the value of an immovable and indestructible element such as the land tends unquestionably to force it to its highest use. It is self-evident, however, that the reverse must be true as regards a movable and destructible element like timber.

From the purely silvicultural standpoint of the forester it can not be denied that to cut off all the virgin forest growth as rapidly as possible would be desirable. Wood produced by such growth as takes place in the virgin forest scarcely more than offsets the loss through death and decay. Replaced by a young and vigorous forest on the other hand, there would not only be more wood produced, but there would be little or no waste and decay. Yet we have scarcely made a beginning in the growing of these new forests. The reforestation of denuded lands in government ownership alone will take several decades and on top of that many more decades will be required before these new forests begin to yield a supply of usable products. This is equally true of forest land in private ownership.

In the meantime, we must have a supply of timber

and our virgin forests with what saving we can effect by conservative utilization and the substitution of other materials for wood wherever possible must be made to furnish that supply. The government timber supply can not begin to handle this situation. We must look to the private timber holdings in large measure to bridge the gap. The hoarding of timber consequently for the next twenty to fifty years under certain circumstances will be far from a thing for a man to be cried down and punished for. Henry George himself in one instance went so far as to say, "Where public policy forbids anything that would hasten the cutting of timber, natural timber might be considered an improvement, like planted timber, which would not add to taxable value." Public policy undoubtedly at the present time demands that we use every means to encourage conservative measures in handling our present timber supply, though we need not go so far in the matter of taxation as to exempt it from taxes ultimately and entirely.

It must be remembered, too, that the local community has no such direct influence in creating the value of natural timber and mineral resources as it has in creating soil or site values. Both of the first named natural resources may have a value where there is no local community at all. The standard of value is more nearly a world standard, and the chief consideration in any particular instance is the cost of transporting the products of these natural resources to the markets of the world. The local community though is a factor, and often an important one, in giving to a forest its full value, and this is particularly true of the virgin forest wherein are mixed indiscriminately woods of considerable value and those of little or no value.

As it is now only a little more than half the wood in the tree is utilized in American logging operations as against a utilization of 90 to 95 per cent in countries like Germany. Nor is this entirely the fault of our lumbermen. I heard one say not so long ago that the lumbermen would be glad to bring out of the woods the branches, the roots and even the holes in the ground where the roots had been if they could find anyone who would buy them at a price that would cover merely their labor cost. The nearer the selling value of a forest product approaches the labor cost of marketing such product the nearer the market must be, due to the cost of transportation. The lumber industry in the United States today is periodically embarrassed by overproduction in the lower grades of lumber. They can dispose of all and more than they are now cutting of first quality stock, but the local market in and near our principal lumbering regions is distinctly limited. Here then is where the local community comes in; it provides a market for cheap lumber, cordwood, fence posts, poles and a variety of other similar commodities made from low grade material which must otherwise be left in the woods and be wasted. The presence of local communities in close proximity to the forests is the secret of Germany's high utilization.

The first result of attempting to tax a forest into use would be to force the cutting of the most valuable woods and products since the owner could thereby salvage the bulk of the value subjected to taxation. This would, however, profit the local com-

munity scarcely at all. They could not buy any cheaper, for such grades of products, which bring a price independent of the local market, would be profitably shipped to the populous centers, and even abroad. Nor would they gain much from an increased demand for labor, for the mills would cut but little more in quantity, but would merely substitute a larger cut of high grade logs for an equal amount of low grade which they now cut. Then, too, in the haste to realize the maximum of value the logging would be carried on at top speed and recklessly. Only the choicest parts of the trees which were cut would be taken out of the woods. The inferior and worthless species would be left standing or be broken down by the felling of the trees of the better sort. Thus the ground would be so encumbered as to be a constant and serious menace from fire, as well as to be almost useless for the carrying on of either forestry or agriculture. By such a penny-wise-pound-foolish policy the community would suffer a reduction in taxable value and would inherit as well a condition causing a tremendous drain on its resources in the prevention of fire and the bringing of the area back into productive condition.

Some doubtless might suggest legislation to prevent such conditions developing, the establishment of a forestry board or commission, for instance, to regulate cutting and enforce protection and reforestation. But such a proposition would hardly appeal to any considerable number of Singletaxers, particularly on second thought. It would be too much on the order of anti-trust legislation, with the workings of which as a regulator of monopoly we are all too familiar. We must not allow ourselves to be misled into thinking we can apply the Singletax in a manner to encourage the owners of timber to practice destructive lumbering and then counteract that tendency by regulative measures to force them to practice constructive forestry.*

It may not even now be clear that the policy of leaving the timber owner to decide when he shall cut his timber will not retard the development of a community. While there may not be any pressure exerted directly on the timber to force its cutting, there is this to be remembered, that the land on which the timber stands is subject to an annual tax upon its own independent value. In the absence of a local community, the land will have little or no value and will consequently go practically untaxed. A growing community, however, will cause the land to have an increasing value accompanied by a proportionately increased tax. It will finally reach a point where the pressure of the community will be great enough so that the owner can no longer afford to hold the land itself idle, a mere storage place for his timber, but will be compelled to put it to a higher and more productive use. He will then cut his timber as a first step, for even though the soil is true forest soil, he will want to secure the productive value it is capable of yielding under a thrifty forest growth.

*It must not be assumed from this that the writer does not believe that any regulative legislation in the interests of the public welfare is needed, for there is grave need of it. Taxation, just or unjust, is a small factor in promoting present wasteful methods of timber exploitation.

On the other hand, it is hardly conceivable that any such contingency could arise as to occasion the land tax to work a hardship on an owner by compelling him to sacrifice on his timber before it would pay to cut it. Virgin timber invariably becomes valuable sooner and appreciates in value faster than the land does on which it is growing.

There were some at the Fels Fund Conference who raised the objection to the proposed method of taxing the stumpage value of virgin and other forms of exclusively nature-grown timber that it would constitute a tax on industry. That this is not so can perhaps best be shown by an explanation of how the stumpage value of such timber is at present determined. The price which manufactured lumber of a given quality brings per thousand feet board measure at the nearest market is first ascertained, and from this is deducted what it will cost to convert and deliver to that market an equivalent unit of timber. The amount remaining after deducting such necessary labor and capital costs, including a reasonable operating profit, will constitute the stumpage price per thousand board feet for the timber. It would matter not at all how little or how much the owner had paid for his timber he could get only so much for it. Any tax on that value, therefore, would be borne solely by the owner of the standing timber. And whether or not such a tax would constitute a tax on industry would depend on how much labor and capital had been expended in producing the timber which he had for sale. In the case of virgin timber this would be very little, chiefly represented by carrying costs such as protection from fire, trespass and the like, which could be deducted from the gross amount before applying the tax.

As to the stumpage value of timber produced by man's efforts through the practice of forestry, such a value would constitute true forest capital arising from the application of labor to the soil. It would, therefore, be no more subject to taxation under the Singletax than a crop of wheat. It will be some years, yet, however, before any such forest crop will represent as complete a capital value as does the wheat crop at present. So long as a sufficient supply of virgin and natural second growth forests remain to set the standard of timber values with which the cultivated forest must compete, so long, in most instances, will it be unprofitable for a man to practice forestry with the same degree of intensity that he can agriculture now. If, however, he practices as intensive forestry as conditions will permit, he should not, in my judgment, be taxed if he cannot show a full 100 per cent labor value in his crop.

It must also be borne in mind that the element of time is a most important factor in the practice of forestry, whereas in agriculture it is almost negligible. The farmer sows and plants in April, cultivates in May, June, July and August, and harvests in September. Such obligations as he contracts for seed, fertilizer, wages, taxes and general running expenses in the spring and through the summer are liquidated in the fall or early winter by the sale of his crop, paid off within the year at least, so that his interest account is a compara-

tively small item. But how about the timber farmer, the silviculturist? He plants an acre of new forest today at a cost of \$10 in labor and young trees, which he or his successors will harvest, let us say, fifty years hence. Do you realize what that single day's investment of \$10 would amount to if it were to be invested at 5 per cent interest and forgotten for fifty years? It would be worth the tidy sum of \$114.67! And so it would be with every dollar in labor or capital invested throughout the time the crop was maturing. Thus the simple matter of taxes on the land alone at, say 10 cents a year, would accumulate with interest to \$20.93. It is thus readily seen that the agriculturist can afford to invest in labor and capital a much larger amount than the silviculturist can, even though the forest crop may yield a much greater gross return than the field crop. The point to all of which is that even in the case of second growth forests, upon which the owner has apparently bestowed but slight attention, we can not now draw too fine a line in deciding to tax his return from its sale.

There remains only to be added that the proposal to relieve standing timber from an annual tax, substituting therefor a cutting or yield tax, is no new and untried proposition. The method has been advocated for many years by technical foresters and students of forest taxation in the United States. And as a result of this campaign the principle has been enacted into law under varying degrees of restriction as to operation in such progressive forestry states as Vermont, Massachusetts, Connecticut, New York, Pennsylvania and Michigan. All the author has done, or claims to have done, therefore, is to translate this advanced forest taxation principle into Singletax terms, thus bringing the Singletax movement into the van of progress in the effort to conserve one of our most valuable natural resources. Under the General Property tax application of this forest tax plan, all forests would be taxed as indicated in proposition 2 of the resolution. The Singletax similarly applied, while safeguarding the forests of nature from unjust taxation to a like degree, offers even greater encouragement to forestry, as it does to all industry, by exempting from taxation values arising from the expenditure of labor or capital in production. Hence it exempts from taxation forests grown under man's supervision, proposition 3.

The resolution then proposes expressly to tax when cut the timber which has grown and matured in the virgin forest because clearly this represents to a large extent a natural value, which under the Singletax should be taxed. The resolution further proposes to untax or exempt from taxation planted and all other forms of second growth forests grown and matured under man's supervision, since their labor value is largely a capital value. The further question as to whether or not, and to what extent to tax second growth forests matured largely or entirely under natural conditions and with little or no aid or attendance from man is a matter solely of administrative detail in carrying out the general principles as formulated above, and was purposely left out of consideration in the resolution therefore as not being within its scope and purpose to define.

APPENDIX.

The urgent necessity of crystallizing the views of Singletaxers regarding the rational application of the Singletax to forest lands is emphasized by the following extract from the report of the Fifth National Conservation Congress referred to in the first paper of this supplement:

"Singletax" a Danger to Forestry.*

The single tax, applied to forests, forces cutting regardless of demand. This means the utter waste of all but the choicest part of the tree; the export to foreign countries, hence the loss to us, of the surplus above our present wants; and the early destruction of a source of tax revenue which should be stable and enduring. It also means the wrecking of the great-majority class of lumberman—the small independent men who have no great financial backing—and placing the control of lumber prices with those who are in position to take advantage of the situation without the slightest benefit to the consumer or any desirable effect of distributing forests among small hands, such as is argued by single-taxers in the case of farm lands. It means only over-cutting and, to accomplish this as economically as possible, only by the largest and perfectly organized operations such as require great capital. With respect to the growing of new forests, to supply the future consumer, continue a tax revenue, and preserve streamflow, the result would be even more suicidal, for destruction of the project would be attended with no salvage whatever. The forests simply would not be grown.

The only alternative to these evils, under single tax, would be to separate forests from land absolutely, regarding the former as improvements, a distinction impossible to arrive at justly and practically

(*) Fifth National Conservation Congress, Forestry Committee. Advance Copy of Paper on The Present State of Forest Tax Legislation; Basic Principles of Wise Forest Taxation, with Definite Suggestions for Legislation; The Taxation of Forests in Europe; and Bibliography of Forest Taxation, by the Sub-Committee on Forest Taxation. Chairman, Gifford Pinchot, Washington, D. C. Acting Chairman, F. R. Fairchild, New Haven, Conn.; H. S. Drinker, South Bethlehem, Pa.; E. T. Allen, Portland, Ore.; E. M. Griffith, Madison, Wis., Washington, D. C., November 18, 19 and 20, 1913.

(**) May doubtless be obtained gratis from the association at its offices, Yeon Building, Portland, Oregon.

FOREST TAXATION AND THE SINGLETAX *

By Louis S. Murphy.

The report of the sub-committee on taxation of the Fifth National Conservation Congress last November would lead one to believe that the adoption of the Singletax would not leave a tree standing or even permit one to grow; in other words, would force the destruction of the forests and absolutely discourage anyone from attempting the

*Read at the Annual Meeting of the Society for the Protection of New Hampshire Forests, Gorham, N. H., July, 1914.

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ever be considered seriously in any forest community, it will be highly necessary to exempt forest lands wholly from its application, either by continuing them under the old general property tax or preferably placing them under a yield tax system which, in under conditions grading from virgin forests to purely man-grown reproduction with even the former existant to a certain but unmeasurable degree because of fire protection afforded by the owner. It is wholly unlikely that the public would seriously consider exempting all speculatively owned forests from taxation. To continue regarding them as land, under single tax, would have the destructive effect described. To exempt them but compensate by increasing the tax on the land which bears them would require over-taxing identical land, now denuded but which should be reforested, so that reforestation would be impossible. Consequently, should single tax effect, applies the income-tax principle to this class of property.

The significance of the above indictment of Singletax is manifest when one considers the standing throughout the country of the National Conservation Congress and remembers that it is organized for the serious purpose of promoting the interest of the country at large in the right use and conservation of our great natural resources. Another instance of the same sort is a circular of some thirty odd pages recently published by the Western Forestry and Conservation Association entitled "The Case Against the Singletax."**

Aside from quoting the most telling parts of the report of the Conservation Congress reprinted above, the publication is largely devoted to the recitation of arguments directed against the whole Singletax movement as the only means available for saving the forestry situation. It is an able publication and brings together the best that the opposition has to offer against Singletax. It presents no new material, no new arguments which could not be readily met by any one versed in Singletax, yet with the reputation and the publicity facilities of this association behind it, its effect on the progress of the Singletax movement in the Pacific Northwest can not but be severely felt.

practice of forestry. This conclusion doubtless has as a basis the general statement of Singletax propagandists to the effect that "virgin forests are a part of land, a free gift of nature, and should consequently be taxed as land or as a land value." On the strength of such a statement this assumption follows that the value of the land and the value of the timber are to be added together and taxed on an annual basis.

But the assumption is in error in at least two fundamental particulars. The assumption first of all ignores the fact that the term "land" has an economic as well as a common meaning. It is patent that if interpreted in its economic sense the above statement is perfectly intelligible and clear: otherwise it is not. Land in the economic sense