

Where Were the Single Taxers?

FOR the past six months the great national issue has been that of "tax reduction" by the Congress, and the country has been deluged with appeals by the great financial, industrial, and commercial interests for the Mellon "gold brick" plan of reducing the surtax on incomes of a small number of persons receiving great incomes. In support of this flagrant attempt to reduce the taxes on the wealthy few, while leaving the oppressive burden of tariff taxation on the 110,000,000 American consumers untouched, there have been arrayed all the forces of the privileged interests, allied with a corrupt press that has surpassed all previous records of subserviency to financial influences. That the conspiracy to revise the tax laws for the benefit of a wealthy few failed ignominiously, shows how little weight have the ponderous editorials and cooked-up news articles with which a degraded press undertakes to promote its master's interests.

While the tax reduction bill was pending in the Congress would seem to have been an excellent opportunity for the Single Taxers to show the absurdity of taxing capital—wealth devoted to production,—and at the same time to point out the true sources from which public revenues should be derived. So far as an examination of newspapers published in all regions of the country have shown, there is no evidence that they took advantage of their opportunity, nor do the pages of the *Congressional Record* devoted to petitions and memorials for or against pending legislation show that there was any concerted movement by representative Single Taxers to enlighten their Senators and Representatives as to the correct principles of taxation.

There is something radically wrong when forty-five years after the publication of *Progress and Poverty*, there is so little evidence of a militant movement for the adoption of the great truths laid down in that book. Neither in all the newspaper discussion of the tax question, nor in the debates in Congress on the subject, has there been any indication that public sentiment is more enlightened than it was thirty years ago, when half-a-dozen Representatives in Congress voted for Single Tax amendment to the Wilson tariff law.

The defeat of the Mellon tax swindle was chiefly due to the protests of the farmers, and in particular to the opposition of the leading farm organization, the National Grange. It should also be stated that the American Federation of Labor, and various state and labor bodies, did good work against the Administration scheme. This was, however, purely negative work, as neither the farmers nor labor had any better method of taxation to propose as a substitute for the Mellon plan.

The shouting and the tumult over the efforts of a few rich men to escape paying taxes will now subside. When the tax question again becomes a burning issue in the Con-

gress will the Single Taxers be any better prepared to put forward their reasons why they are opposed to both income and tariff taxes, and favor the one equitable tax that will establish justice and industrial freedom?

Overheard at the Moron Club

"WHAT'S this levy on capital that these labor fellows over in England are talking about?"

"Outrageous Bolshevist-Communist scheme for taxing the rich to pay off 25 per cent. of the British war debt. Just plain robbery of the few for the benefit of the taxpayers."

"The scoundrels! Why don't they adopt the 100 per cent. American plan of a high protective tariff that taxes the consumers 50 per cent. for the benefit of the manufacturers?"

"They tried that idea at the last election, but the English are a stupid people, and couldn't see how raising prices was going to help them sell more goods. Takes Yankee gumption to work out the right kind of a tax system."

That Alleged Scarcity of Capital

FLOODS of crocodile tears have recently inundated the country because of the pitiful plea of the privileged interests that industry and trade are languishing because of a scarcity of capital. This lack of capital is, of course, due to the fact that recipients of great incomes are heavily taxed, and so there is no increase of capital to further industrial development. According to the self-constituted promoters of prosperity the country's supply of capital is being injuriously checked by the high surtax on incomes, and if the taxes were only put on the consuming masses in the shape of a sales tax we should escape the industrial depression that is looming up in the not distant future.

The funny part of this solemn nonsense about more capital being needed for production is that most of our great productive industries are running at only a part of their capacity because of diminished demand for goods. Steel and textile mills, and factories of all kinds, are reported as running on part time, workers are being discharged, and wage reductions are being made, because of decreased sales. The professional tipsters to the Wall Street gamblers are predicting a general decline in demand for all kinds of goods; the export trade in many lines is falling off, and the captains of industry and their masters, the financiers and bankers who control them, are wondering how they can increase consumption. With these conditions of apparent overproduction (of course the real trouble is underconsumption) the utter nonsense of all this talk of "capital scarcity" can readily be seen. There is not now, nor has there been at any time during the past decade, any scar-

city of real capital. The truth is that there is a great overabundance of capital, whether we use that word in its proper sense as meaning wealth devoted to production, or in the erroneous sense that money or currency is called capital by the professional economists, bankers, and newspaper editors. Our mills, factories, mines, and farms can produce far more than the people are able to buy. This state of affairs is due to the simple fact that by legalized forms of theft and crooked methods of taxation the wealth producers are robbed of so large a share of their product that they are unable to buy all the things they need. It is not lack of capital, but of purchasing power on the part of the 110,000,000 American consumers, that is bringing about the coming business depression. With a productive capacity in practically every line of industry far greater than present effective demand for goods, our editorial, professional, and political owls blink, and say: "We need more capital." What we really need is freedom of production and exchange of goods, including freedom from the exactions by the hordes of parasites, pap eaters, and privileged interests. Then the "capital" bugaboo will be found to be merely the invention of fools or scoundrels who are interested in maintaining the present system of economic injustice.

Letters to a Socialist Friend

III.

My Dear Bob:

IN my last letter I dwelt upon the law of property, arising from the natural instinct that impels a man to say of a thing, "that is mine," and the social and individual well-being that obedience to this law conserves. I indicated that to ignore this law is to face inevitable social disintegration, that no scheme of economic reconstruction that is not based upon a just conception of property rights can hope to establish itself as a working system. This idea of property does not include all of the things regarded as property. Man and land must at the outset be excluded from the category, though both have been considered property at certain periods of the world's history.

There are certain laws of economics which are to be conserved along with the true law of property. These, it so happens, are the very ones against which socialists inveigh. I have heard you condemn what you call the "cruel" law of competition, and plead very earnestly that this law be substituted for a law of cooperation.

It seems to me that this involves a certain confusion, a lack of exact definition. If competition is a natural law its consequences are not to be got rid of. And the presumption is that if it is a natural law its consequences must be beneficial.

What blinds some of our socialist friends is the working of a onesided competition. It is a little curious to hear socialists fulminate against both monopoly and competi-

tion. These two economic laws are in conflict. But socialists say that competition leads inevitably to monopoly. But how can one law that is in conflict with another tend to results that represent the exact tendency of the opposite? Something is wrong with the process of reasoning by which this consequence is predicated.

The explanation is simple. Competition, full and free, has obtained at no time in history where economic factors can be reckoned with. Competition for employment where natural opportunities are held out of use, is only one kind of competition—and because of the withholding of land from use, an utterly unfair competition. For the owners of natural opportunities do not compete; here monopoly, almost unrelieved, prevails. Under such circumstances it is blindness to actual economic phenomena to call the system a competitive one.

The advantages of cooperation and combination are conceded. But because we have some degree of competition we have cooperation. If we had full and free competition the door would be open for the widest cooperation. It is only when the element of artificial monopoly is created that cooperation becomes impossible.

In the Single Tax Year Book I have devoted a chapter to this subject, and I cannot perhaps do better than to quote:

"Competition is often a painful but really a merciful process; it weeds out the useless and inefficient; selects unerringly its business leaders; destroys, but where it destroys builds up; rescues from the mass the individuals and processes most fitted to survive, and out of the chaos brings order. It replaces obsolete with more perfect organization, and where such organization becomes unwieldy it replaces organization with individuals, reverting to the earlier type of industry. Thus the country store is succeeded by the store in which is sold but one line of goods, and this is succeeded by the mammoth type of country store, the great city's department store; and the development of the last named seems again to revert to the second—viz., a congeries of stores in which each is distinct from the other, each attaining a reputation for competitive excellence in one line of goods, thus illustrating in the retail trade the interplay of the forces of competition and combination, or cooperation.

Just as there is a limit fixed to the bounds of competition, so there is a limit to the bounds of combination. The maximum of combination and the maximum of efficiency are not the same. There is a point in the progress of combination beyond which it does not, or would not naturally advance—and that is when it reaches the maximum of efficiency. It seems very likely that the element of monopoly in society today forces combination far beyond the point of the most efficient cooperation.

We hear much superficial talk about the "wastes of competition." Beyond the fact that competition has never yet been fully tried, that it has never yet been wholly free, and that such waste as it entails is inseparable from the natural process which weeds out the incompetent, the antiquated and the unskilled—a process of which the waste is but incidental to the conservation—is that these combinations do not seek primarily to escape the waste of competition so much as to avail themselves of those