

However, everything the legislature did was not without its value. You will recall probably all too vividly that last year by an artificial construction of the subtitle of our petitions for the initiative ("captious and hypercritical," said the dissenting judge), the Supreme Court prevented our measure for the relief of the people from remaining on the ballot. This cannot again occur. An act which passed the legislature and was signed by the Governor provided that, instead of a subtitle in twenty words supplied at their peril by the advocates of a measure, every page bearing signatures shall have at its head only a repetition of the summary made by the Attorney General and which appears on the first page. This was the simple and natural thing to do and should have been that required by law in the first place.

In addition by another act if the proponents of a measure are not satisfied with the Attorney General's summary, they can at once appeal to one of the district courts of appeal and have his action corrected. It is therefore to be expected that the Attorney General will at all times play fair.

Thus the ground work has been laid for the future. Now as to the amendment for which we are mainly indebted to Clarence E. Todd, of San Francisco. For several months a good sized group has been meeting usually once a week to thrash over the form the new amendment shall take and to guard it at every point. In addition we have carried on very considerable correspondence over this subject-matter with people all over the state and in other states. We have now reached a point where we can speak of the approximate results, although much we have done will have to be reviewed by various legislative counsel and others whose advice will be sought.

We may say that the essentials of the prior proposition will be preserved. All budgets and appropriations in California are arranged according to the biennium period, and the sales tax will be abolished at the end of the biennium which will close about eight months after the election or June 30, 1939.

Bearing in mind again the biennium, all taxes on improvements and tangible personal property will be abolished as to state taxation at the end of eight years or four bienniums, and all such local taxation within a year later. The progression will be made by a reduced rate on improvements and tangible personal property of 20 per cent per biennium or 10 per cent per annum as compared with the rate on land values if taxes are levied annually, as they are locally.

There are a number of other provisions, as for instance, forbidding assessing officers from raising the value placed on improvements, preventing tax moratoriums except as to homesteads, granting immediate exemption of \$1,000 in value for homesteads, permitting continuance of taxa-

tion as now when required by contract obligations, expressly not interfering with any taxation not directly involved in our proposal, etc.

Of course we cannot speak of the impression which the new initiative will make upon the public mind. My own feeling is that we have more than a splendid chance for success. The sales tax is as much of a nuisance or even more than it has been in the past. People are inquiring how it happens that with advancing wages the costs of living grow more rapidly, and we can furnish the plain answer.—JACKSON H. RALSTON.

BOOK REVIEWS

HOW SHALL BUSINESS BE TAXED?

(Published by the Tax Policy League, N. Y. City. 12mo. 175 pages. Cloth, price \$2.50)

This is the title of a work in the making of which have gone many hands, eminent professors from the universities and teachers of economics, all "experts" on the subject.

We have made little progress in the theory of taxation since Hobbes—(we think it was Hobbes) who advocated heavy taxation on production because it would spur the "victim" to greater effort and thus increase the sum total of wealth. Little importance would be laid on this theory of Hobbes by any of the present day authorities on taxation. It seems to be accepted generally today that taxation is an evil, but a necessary evil and inescapable.

Throughout these discussions there are no principles which have obtained or are likely to obtain any general agreement. It is all a hideous mess. We quote from one of the contributors to this volume, Noel Sargent, Secretary of the National Association of Manufacturers, who says, "When the imposition of a relatively inequitable tax is necessary (?) the inequities may be corrected by a proper balancing of the tax system as a whole."

That is to say: The whole can be made by some legerdemain more equitable than its parts!

Mr. Sargent says: "It is our belief that both income and sales taxes can be combined in a sound taxing system." And he advocates a general manufacturing sales tax. This should be welcome news to those engaged in manufacturing. A special tax of this sort adding to the cost of manufacture and reducing the sales of the articles will hardly find favor in the organization which Mr. Sargent misrepresents.

In the contribution of Prof. Groves of the Economics Department of the University of Wisconsin, we come to the following gem: "Ability to pay, however, is mainly a personal idea which cannot very plausibly be associated with a distinctly impersonal association like a corporation."

Here we have another instance of a combination resulting in a strange modification of its associated parts, where the less is greater than the whole, or when you take from two or three or a thousand you somehow avoid the mulcting of the individual. Can you beat it?

This confusion is inevitable in defending a process of "taxation by seizure." The moral objection to taxation in accordance with ability to pay, which is accepted by these writers—the John Dillinger method—leads to more than one difficulty. If there are no principles to be considered the way is open for a variety of blundering into a number of holes.

Professor Groves says: "It is probably impossible and perhaps inadvisable to use taxation as a means of preventing monopoly, but it may be used to recapture monopoly gains. This is the reason why

we should seek to develop genuine excess profits tax in our taxing system."

What are excess profits and who and what should determine them is a problem which we prefer to leave to Prof. Groves.

Through some of these contributions there runs the notion that big business is detrimental. Ray Blougham, Associate Professor of Economics in the University of Cincinnati, says: "Much evidence exists of the danger of the economic power of large corporations."

May we inquire if it is the largeness of these corporations that constitutes their influence for evil, or the possession of monopolistic powers shared by big and little? And just at what point does the small business become possessed of the evils of big business? In other words, how big is big?

That we are involved in strange mathematical contortions that make the less equal to the greater follows from the abandonment of principles.

Ellsworth C. Alvord, lawyer, says: "I also readily admit that given principles agreed upon today might be inapplicable tomorrow." Suppose a chemist or astronomer should reason this way—where would they arrive? Nowhere, the reader will agree. The only science that according to its teachers has no principles is political economy. Yet we pay its professors for expert advice. Is it any wonder we get nowhere. Yet after denying that there is any principle which may not be changed from one year to the next, Mr. Alvord has the temerity to suggest certain principles. But he does show rather successfully the conflicting nature of taxing practices. The article by Mr. Alvord, the longest in the book, is for this reason worth reading.

But why go further? There is little in the book that is contributory to our knowledge. This is because the subject treated is unscientific in itself. You cannot take a subject which has no scientific base and discuss it in terms of science. There is no justification for taxation. It is taking by seizure, and every method of doing this is objectionable. Some methods seem more objectionable than others, some a trifle more brutal, but all are inequitable. For there is a provision in society for all social needs. None of these writers seems to be conscious of the fact. So none of them offers an alternative to taxation. Has any one of them ever read "Progress and Poverty?"

It is, as we have said, an unconscionable mess. Alfred G. Buehler, Professor of Economics in the University of Vermont, has summed it up. He says, "There is no real system of business taxation; there is only a hodge podge of taxes imposed by independent jurisdictions without regard for the practice of other governments." (Divisional jurisdictions.)

A useful bibliography of books on business taxation is an appendix to the work.

JOSEPH DANA MILLER.

PAMPHLETS RECEIVED

WE have received from Arthur Madsen of *Land and Liberty* of London the Report of the United Committee for 1936. This covers the activities of the Henry George Foundation of Great Britain, the International Union for Land Value Taxation and Free Trade and the Henry George School of Great Britain and Ireland. It lists a large number of periodicals in which advertisements of our principles have appeared. These publications comprise a total circulation of over 5,000,000.

ANOTHER welcome booklet published at one shilling is the *Social Science Manual* used by the Henry George School of Great Britain and prepared by F. C. R. Douglass, M.A. It follows the general plan and scope of the *Teachers Manual* of the New York School but contains considerable new matter written with the thoroughness and scholarship that characterize everything that comes from the pen

of Mr. Douglass. A short biography of Henry George with mention of the books he wrote comprises part of the British manual as does also a separate chapter on Interest which indicates the divergent views of the followers of Henry George on the Interest question. In this connection Mr. Douglass says: "Whatever views on these points may be they cannot affect the main argument by which Henry George discovers the causes of poverty and plenty." This British Manual fitly supplements the teachers training course followed in the New York School to which acknowledgment is made, though the British Manual is based, as we have indicated, on a wholly independent elucidation of the text book, which of course is "Progress and Poverty."

Correspondence

THE OPPORTUNE TIME

EDITOR LAND AND FREEDOM:

The socio-economic outlook of the whole world has radically changed during the last few years. The people are in a more receptive mood than they used to be. They are developing a keener attitude toward the really important things of life.

I believe that the next year, or the next few years, will witness many important changes,—perhaps, for the better. Even now there is marked evidence that the people are beginning to think constructively and independently. The many significant facts, both in our own country and in Europe, indicate that the people the world over are at least striving for something better. But they must be educated in Henry George's philosophy before they can make any real and permanent progress.

Now is the opportune time for Single Taxers, or Georgeists, to get together and launch a real campaign of education.

It would be better, of course, if we could all unite upon some one programme or course of action. But the main thing is action. Whether we teach school, or write letters, or deliver radio addresses, let us do something.

To paraphrase Henry George:

"Let no (Single Taxer) whoever he may be and wherever he may be placed, imagine that he has no influence.

"The (Single Taxer) who thinks (and does something) becomes a light and a power!"

Pittsburgh, Pa.

JOHN C. ROSE.

DIFFERS WITH C. H. KENDAL

EDITOR LAND AND FREEDOM:

Mr. C. H. Kendal's letter on interest in your May-June issue appears to me to have been the result of some sort of a telepathic divination on his part, for he has presented an excellent example of just the thing I warned against in my article. Mere assertions and appeals to ethics do not prove interest. This fact must first be realized before we can hope to solve such a problem. Mr. Kendal's position on this question is typical of the confusion that invariably attends discussions on interest, for he has offered two entirely different theories to account for the phenomenon of interest—the Productivity theory and the Use theory.

He gives us an illustration in which five men with capital, group A, can produce 40x per man, and five men without capital, group B, can produce only 10x per man. The excess of 30x he declares is interest, but not the slightest proof is offered to support this assertion. In the absence of such proof, it may be stated with equal assurance that the entire 40x is wages. Failing to perceive the relationship between value and interest, he overlooks the fact that in order to prove interest, it must be shown that the 40x less the replacement value of the capital possesses more value than the 10x. We must keep in mind that interest, in the economic sense, is considered to be the increase that accrues, not to any particular capital, but to generic capital. In this matter, we are not concerned with capital