find that it is not the fortunes in themselves that are dangerous, but their baneful influence and resistless power where great masses of the people are impoverished. But in that case the remedy can hardly be to limit acquisition. Is it not rather to limit impoverishment?

If such men as Mr. Roosevelt and Mr. Mac Veagh were as urgent to secure laws preventing, by resort to natural methods, the impoverishment of the masses who work or want to work (whether for themselves as business men or for others as hired men), as they are to secure laws preventing, by arbitrary methods, accumulations of wealth, there would be no call for checking overgrown fortunes. For one thing, overgrown fortunes would be divested of injurious power; for another, there would be no overgrown fortunes to check.

The fiscal argument advanced by Mr. Mac Veagh is as vulnerable as the social argument in which he is supported by President Roosevelt. The idea that taxation ought to be in proportion to ability to pay is quite as unsound both morally and economically as the doctrine (if there is any such doctrine) that the price of store goods ought to be in that proportion. Government either does or does not render a service to every citizen or to some citizens. If it renders no service to anybody, it has no reason for existence and nobody should be taxed. If it renders an equal service to everybody, everybody should be taxed equally. If it renders a greater service to some than to others, as is in fact the case, then those receiving the greater benefits should pay the higher taxes.

To this equitable proposition it may indeed be replied that the value of the benefits which government confers cannot be fairly apportioned. For example, that the river and harbor improvements which government provides cannot be charged for in proportion to benefits without charging each user in proportion to his use, and that this would be impracticable. But that reply counts for nothing. If there were no financial measurement of benefits operating automatically, the equitable doctrine of taxation in proportion to benefits might of course be fairly regarded as impracticable. But there is a financial measurement, a natural one, which continually operates whether the government avails itself of the measurement or not. The financial benefits of government are actually paid for by the beneficiaries.

Wherever government performs any useful service, the persons who get the benefit of that service pay for it what it is worth to them, precisely as they pay for store goods in proportion to their worth. They pay to a landowner if they are tenants in the benefitted locality; they pay as occupants to themselves as landowners if instead of renting to others they are themselves both occupants and owners. Every tenant realizes this in his own case. He knows, for instance, that rent near a well-improved harbor is higher than where the harbor is poor, other conditions being the same.

Here then is a fact of social life whereby the benefits of government are financially measured, and being financially measured, these benefits are comparable with taxation. Where the relation of landlord and tenant exists, the tenant pays the landowner the money value of the benefits he gets from the government in that locality. Where this relation does not exist, the benefits are measured by the rentable value of the premises. There is, therefore, no practical necessity for leving taxes in proportion to ability to pay instead of benefits received. Nothing is necessary but to take from landowners in taxes the added value which governmental service gives to their property.

We do not ignore the fact, in criticising Mr. Roosevelt and Mr. Mac Veigh, that statesmen are confronted by legal as well as moral and economic difficulties when they consider questions of taxation. In the present instance, Mr. Roosevelt and Mr. Mac Veagh are confronted by the Constitution of the United States, which interposes legal obstacles to the adoption of the principle of Federal taxation in proportion to Federal benefits. As a question of pure statesmanship, therefore, it may be excusable to advocate for the time a false system of Federal taxation. But surely this excuse does not extend to the advocacy of a false system as not only expedient in law and with reference to the present state of public opinion, but also as economically sound and morally right.

LOUIS F. POST.

GRAFT AND ADULTERATION.

W. J. Ghent, socialist and author of "Benevolent Feudalism," has a long article in a recent issue of the *Independent*, entitled, "The Cure of Graft." Mr. Ghent says little definitely about the cure, which is not surprising, as the article does not discuss "graft" as the word is generally understood. Here is Mr. Ghent's definition:

"There are two kinds of graft—public and private. The former is merely an outgrowth of the latter, and need not here be considered. Private graft is the gain made by misrepresenting, extorting, cheating or swindling in the ordinary processes of industry and commerce. It differs from public graft in being apart from the public service, municipal, state or federal."

What people generally mean by "graft" is some form of commission or rake-off, such as if obtained by an employe for favoring one line of goods as against another; or in the domain of higher finance such profit as comes through starting a trust company so that the directors of an insurance company can lend themselves the policyholders' money at 2 per cent. and earn 10 per cent. with it and pocket the difference. Mr. Ghent's idea of private graft is different, for his article discusses mainly the adulteration of food, although he devotes some lines to quack physicians and "fake" telegrams and editions of metropolitan newspapers.

The Socialists pride themselves upon their historical studies and deride generalizations which are not based on what they are pleased to entitle "the economic interpretation of history." It is strange, therefore to find a leading Socialist writing an article in which he not only says graft when he means adulteration, but in which he writes of adulteration as though it were a modern invention. History tells us that goods have been adulterated for centuries. Nor is Mr. Ghent in accord with the interpretation of history in the reasons he gives for the prevalence either of graft as generally understood, or of adulteration of food. He says:

"The incentive to graft is thus the individualist competitive mode of production and distribution. Men graft because they have to or perish; and having to they must needs feel that grafting is right, and by no appeal to the conscience of the individual can grafting be eliminated. It can be eliminated only by a revolutionary change in the mode by which we make and distribute goods."

But adulteration has increased, not because the struggle for existence is any fiercer, but because the change from domestic to factory preservation of foods has enormously increased the opportunities for adulteration. Nor does the real graft which is the subject of magazine exposure usually result from the severity of the struggle in making a living. The expert and colossal grafters have not been $9 a week clerks, but $10,000 or $50,000 a year managers and directors and multi-millionaires.

The reason for graft lies elsewhere. Primarily it is that government has conferred special privileges that not only makes it easy for the possessors to acquire fortunes from such privileges but to enable them also to levy a secret tribute. Witness the "grafters" of the Pennsylvania Railroad Company, who accepted presents of coal company stock in return for supplying cars. And honest manufacturers finding themselves undersold by competitors who get secret rebates have to choose between ruin and adulteration. Not the competitive system, but the legal obstacles placed in the way of competition so as to divert profits to monopolists have led to the present era of graft.

A. C. PLEYDELL.

See back page of cover for special premium offer.

ANOTHER ECONOMIC PHILOSOPHER.

Wendell Phillips used to say: "There was nothing more timid than one million dollars, except two million." The truth of this is forcibly illustrated in the leading article in the June number of the *North American Review*. This lengthy article, of over twenty pages, is a cry to millionaires to save the republic.

It appeals both to their patriotism and avarice, to make haste, while there is yet time, and save themselves and all the rest of us who own property, from the ignorant ballots of those who have nothing to sell but manual labor. Evidently the late decision of the American Federation of Labor to enter politics has alarmed the defenders of special privilege, and now they are asking monopoly: "What shall we do to be saved?"

The editor of the *North American Review* assures its readers that the author of this article, who signs himself "X," is "the most profound philosopher in the United States to-day."

That he is profoundly in earnest is evident, and wise enough to recognize the present unjust distribution of wealth as a subject of supreme importance to millionaires, as well as to the wage earners. He says, what we Single Taxers have for years been declaring, that, "by its side, all other questions under political discussion are of little or no importance."

He pleads earnestly with millionaires "to join with those who are absolutely free from envy of their wealth, and absolutely devoid of unkind feelings towards them, in trying to discover"—a remedy, before it is too late. He assures these owners of vast milions that it means something when cartoonists, magazine writers and reformers all unite in making them the "storm centre" of attack. But who is to blame if millionaires give no heed? We—the people; for says he "should have told them, that the sudden possession of unearned millions of money had always exercised a most disastrous effect upon weak minds," and then the author points to Athens, Rome and the French Revolution. Surely all these ought to frighten "our millionaires" into adopting his remedy at once.

The danger, so argues the philosopher—lies in the free ballot, in the hands of poor, ignorant men who own no property, and because of this, and of present unequal wealth, there is "*no ultimate security for a single dollar of private property.*"

Again, "No title to property, or privilege of any kind, can, to-day, have any other sufficient basis, than that named by Lord Coleridge—that such title is consonant with the general advantage, all other sources of title to property and privilege have disappeared before the growth of the modern idea of equality of rights." Shades of Jefferson and George! Enlighten the mind and heart of this friend of the republic re-