

house rent, and thus amount to an assault upon the private ownership of houses. The essential idea of the single tax is that such things as building sites cannot be owned rightfully by anybody, and that such things as houses are owned rightfully by their producers or by persons deriving title from their producers. Merged in this idea is the further one that although such things as building sites cannot be rightfully owned, they can be held rightfully in perpetuity provided precautions are taken to prevent partiality. This is prevented if the holding of the sites by individuals is subject to the reserved right of the community to ground rent. For, under that reservation, whatever the holder of a superior location gained in position he would pay for in ground rent. It is upon this principle that the single tax would take the ground rent for public use and not tax house rent and the like at all.

There are two ways of describing that purpose as to land. We may say that land ownership is wrong, and that tenure should be a mere title to perpetual possession, subject to the payment to the public of ground rent as a tax; or we may say that land ownership is right, provided it be under a reservation that the public may collect the ground rent as a tax. The difference is verbal only. There is no difference in principle or substance. Yet this verbal difference makes it desirable, no doubt, to vary the form of expression according to the prejudices of one's audience. For a single taxpayer to declare in favor of land ownership before an audience accustomed to regard land as God's gift to all men, would be folly. He could not possibly secure attention, after that, to an explanation of the single tax method of securing equality of rights to the enjoyment of this gift. It would be equal folly for him to demand the abolition of land ownership before an audience accustomed to regard land as legitimate private property. Before such an audi-

ence his wise course would be to defend land ownership, with the reservation of ground rent to public use. There would be no deviation in principle, and the variation in approach would be only an exhibition of horse sense.

It is true enough that Henry George did not mean land value when he wrote against private property in land. He was singularly apt in expressing what he meant; and with him as with few others his expressions may be safely accepted as declaring his meaning. What he meant was that the institution of property in land, which treats property in land the same as property in other things, is wrong. Yet George clearly preferred individualism in land-occupancy to communism; and to secure that system he advocated a possessory title which should be as full, complete, and perfect as ownership—in every respect but one. Since ownership of anything implies ownership of its increment of value, he differentiated ownership of land from ownership of other things, by assigning the increment of its value to the public. Whether land tenure were called "ownership" or "possession" would have made no difference to him, so long as the ground rent was appropriated by the public in lieu of all other taxes.

Whenever President Roosevelt grows eloquent over the beauties of personal holiness, his enthusiasm recalls, for some reason or other, the story of the little girl who prayed: "O, Lord, make Martha Smith a good little girl, so that I may take her playthings away from her and she won't make any fuss about it."

Extremes meet when Hanna Republican papers and Grover Cleveland Democratic papers unite in abusing William J. Bryan. But they are like the extremes that meet when a dog puts his tail into his mouth. Both extremes belong to the same dog.

THE POTENTIAL CHECKMATE OF MONOPOLY.

The promise of social betterment lies in the disposition of the masses to do right. The fact that we so often do wrong is only a symptom of weakness, not of chronic disease. Given that we know what is right—know it entirely in all its aspects and interrelations with things—we will do it. The undisputed fact of human progress proves the dominant power of conscience; proves that we lean to the side of right.

The opponents of reform recognize and make use of this for the purpose of misleading society into wrong doing; for well they know that "as a man thinketh, so is he." The most heinous offenses against right principles have been perpetrated by sincere, prayerful men, who thought they were doing God service. But the disposition to do right remains, and, with the expansion of knowledge, society corrects its errors. In the light of this fact of history, how foolish to assume that the prevailing, in any field of experience, is to be the permanent.

We think our progress slow. True enough, it is slow. But why? Is it because men do not wish to do right? The psalmist exclaims: "I said, in my haste, all men are liars." So the seer, the reformer, in his impatience, makes sweeping charges against society that, in his sober moments, he knows to be unmerited. It is hard to stand upon the mountain tops, in full view of the promised land, and, beckoning society forward, realize at last that as for you, you must die where you stand!

The fact is that society changes slowly because it must be sure that it is right before departing from the customary. And it takes a long time to fire the beacon lights on all the hilltops; and a longer time still to learn to distinguish between these and the false lights kindled by the beneficiaries of prevailing conditions.

Because these latter know man's disposition to do the right thing, to be fair toward his fellowman, they never fail to denounce each newly discovered truth as false, and its practical application as involving that which is unfair.

May it not be best, after all, that this is true? Because it puts upon the reformer the burden of demonstrating the rectitude of his scheme, and so acts as a preventative of hasty, ill-advised change.

Submitting to the conditions thus imposed, let us briefly inquire as to both the potentiality, and the righteousness, from the standpoint of fair-dealing, of the single tax as the means of public defense against the hardships arising from monopoly. If the single-tax plan shall not bear this test we must not expect its adoption, and we ought not to wish it.

The maxim of commerce is: Charge all that the traffic will bear. Is this a righteous maxim? Let us see. Will a man sell his horse for less than he can get for it? Will he work for less wages than he can get? Man intuitively feels that it is right for him to accept all he can get for what he imparts. Not till men generally shall consent to sell property or service for less than this should we expect railroad companies, for instance, to sell their services for less than they can get for them.

In claiming the right to dispose of our property or services to the best advantage to ourselves, we necessarily concede the commercial validity and the ethical character of this maxim. Charge all that the traffic will bear.

How hopelessly futile, then, to plead for mercy to the public at the hands of a railroad company. Why should a railroad company be asked to do what you and I would not do, namely, to serve for a lower price than it can get? If a man, having a soul, will not do a certain thing, will a corporation, which has no soul, do it?

But, aside from this ethical aspect of the question, the undoubted fact is that the railroad companies will always charge all that the traffic will bear. And the railroads are inevitable monopolies. What then? Has the public no means of defense?

After Columbus had stood the egg on end, it was an easy matter for the spectators to do it. A successful example is a pretty good thing to follow.

Why do the railroads charge all that the traffic will bear? If we put the question in another form

it will fairly answer itself. Thus: Why do the railroads charge all they can get? Evidently because they can get it.

Let the public, then, profit by the example of the railroads, and tax all that the site will bear—the site, in this case, being the rights-of-way, terminal and other railway land values.

The single tax is, potentially, the sufficient and scientific checkmate for monopoly. Furthermore, the principle is in perfect harmony with the purest ethics—it is a righteous principle; nay, more than that, it is the righteous principle of taxation.

The process of demonstrating the efficacy of the single tax as a defense against monopoly will also manifest its unqualified agreement with moral standards.

At the outset, as an indication of its probable efficacy, we may note that the monopolists, against whom the single tax is aimed, are the most conspicuous objectors to it. And, as an indication of its moral character, the monopolist, who is the originator of that impudently defiant phrase, "The public be damned!" is the most conspicuous of those who denounce the single tax as being unfair!

Now, since the monopolist, when the righteousness of his exorbitant profits is called in question, vociferously devotes the public to damnation, why does he object to the single tax? Is it because he wishes to defend the despised public against injury? In the whole world of industry, the public has but one enemy; and that solitary enemy is Monopoly. Does the monopolist, probably, object to the single tax out of concern for the welfare of his victim, the public?

We rather incline to the opinion that his aversion to the single tax springs from the same basic sentiment that prompts him to charge all that the traffic will bear, and to express his real regard for the public in defiant imprecations when it demurs.

From every standpoint, therefore, the fact that the monopolist opposes the single tax proves that he fears its effect—not upon the object of his contempt, the public, but—upon himself.

His fears are well grounded.

Under free competitive conditions the traffic in transportation would not bear a charge in excess of that for equal service in other fields of industry; because, if the charges for transportation should rise abnormally high, additional capital and labor would flow to this more inviting field, and their competition for employment would naturally increase until the special inducement should cease to exist—that is until the profits in transportation should be no greater than in other business. Under these circumstances, to charge all that the traffic would bear would be simply to charge what the traffic was worth.

Thus, human nature, free to act under the constraining impulse of its divine law, would exemplify the perfect ideal of economic righteousness—namely, of value for value, service for service.

To charge all that the traffic will bear is precisely the right thing to do. The wrong that now prevails is in our inadequate taxation of the enormous land values of the railroad companies. Deduct economic rent from the income of the railroads, and there would remain simply wages and interest, which, under the single tax, would constitute all that the traffic would bear.

It is a mistake to suppose that the entire income of monopolies is monopolistic. Only the income from that factor that is monopolized is monopolistic. In other words, that portion of income beyond what would arise under free competition is to be credited to the monopolized factor. Now, the railroads cannot monopolize labor; neither can they monopolize capital. But they can and do monopolize land—that particular land which alone can be economically used in transportation. Therefore, the excessive return to railroad monopoly is land rent.

Now, since the railroads always charge all that the traffic will bear, any increase in taxation upon their land values would necessarily be paid from that portion of their income arising from rent. They could not advance their tariff, because they are already charging all that the traffic will bear; which means simply that any greater or less charge would result in diminished returns.

To tax all that the site would bear would have the effect to place all traffic upon an equal basis.

If the returns to general competitive industry are 100, while the returns to transportation are 200, it must be because of the greater land values of the railroads. We say it must be because of this. The reason that we know this, is, that we know that the rolling stock, rails, ties, brick and mortar, etc., etc., can be duplicated at the price paid for those now in use, and that, if these were the only things needed, capital and labor would flow to this highly profitable field until competition should have cut the returns down to the point that would render this industry no more inviting than others; and we know, furthermore, that the land cannot be duplicated at the same price.

To compete successfully, a complete duplicate of the system would be necessary, which would far exceed the demand for service, and the result would be destructive to one or both railroads. This the existing road knows, and it knows, also, that so obvious is the fact that no competition would be attempted.

It is, then, the values of the terminal points, right-of-way and other lands enjoyed by the existing road that enable it to realize its excessive returns. Under free competition, as it prevails in other business, the returns are 100; but under the monopoly made possible by its ownership of the right-of-way, the railroad gets a return of 200. The extra 100 manifestly measures the value of its land in excess of that employed in general competitive industry; and if this extra value be taxed away from it, the railroad business will still be upon an equal footing with competitive business.

The public is the potential master of the situation. The railroads will, and of right ought to, charge all that the traffic will bear, because it is a step toward equity; and, besides, human nature can do no otherwise. The state ought to tax all that the site will bear, because it is the final step in order to equity: for this would land the railroad upon an economic equality with competitive business—which would be just.

We are apt to forget that rent is something that arises independently of the land-owner's will. The owner of a valuable piece of mineral land, for instance, could not prevent its rent-value even if he wished to. The advantage is there, whether the owner makes use of it or not. Somebody is willing to pay its value for the use of his advantageous land. The owner may let the land lie idle, but that does not destroy its value. He may give away the land, but that is merely a transfer of ownership; the rent-value remains attached to the land, appropriable at any time, and if the land were to be sold at public auction the unsuccessful bidders would compel the successful one to pay for the rent-value.

Now, the rent-value accrues inevitably, whether the owner uses the land or leases it to another. If the owner does not get the rent, it will be because he refuses what is offered him. Rent-values are marketable, the same as corn and cotton are marketable, and we cannot expect men to accept less than the market price for any of them. Now, the price of industrial products, as a whole, is made up of rent, wages and interest, and is modified by supply, relative to demand, rising as demand gains on supply, and falling as the supply increases relative to demand. Labor and capital increase with great rapidity, while the supply of land, relatively, diminishes rapidly; and as labor and capital cannot exist without land, they must inevitably pay, for the use of the latter, the rising price incident to declining supply in the presence of ever-increasing demand.

The steel monopoly, by buying outright a 60 years' supply of the limited area of accessible ore lands, in effect exhausts the supply instantly, to the extent of enabling it to charge the public for rent-values that otherwise would not arise for many years.

We make no complaint against the steel company; it is simply following a natural and righteous law—accepting the highest bid for the values that it controls. But we call the attention of the public to the obvious fact that unless the public accepts the highest bid made for the privilege that it imparts, the steel company will

profit by the neglect, and the public will suffer accordingly.

The steel company ascertains how much the traffic will bear by means of advancing the price of its product as far as it can without incurring loss as the result of diminished consumption.

The public can ascertain the value of the privilege that it confers by means of raising the taxation as far as it can without incurring loss as the result of diminished use.

The steel company exerts the power that it finds itself possessed of, to the utmost limit consistent with its own interest, in total disregard of any other interest, and flings defiance in the face of the whining public, to boot.

The public should exert the power wherewith it is clothed, to the utmost limit consistent with its (everybody's) interest, and fling defiance in the baffled, beaten faces of all would-be monopolists, instead of whining in puerile impotency about "soulless corporations," while pusillanimously immolating its birthright upon the altar of archaic custom.

The single tax is the potential checkmate of monopoly, and precisely because it is so, all monopolists oppose it.

Of course, the monopolists alone cannot withstand "the onward sweep of truth and right." Their sole reliance is in dishonestly appealing to the public's sense of honor. So long as they can make the public believe that to defend itself against exploitation by the only potentially effective means to which it can possibly have recourse would be dishonorable, monopoly will thrive, for the public will not do what it believes to be dishonorable. But the public believes that no question is finally settled until it is settled right; and, furthermore, sooner or later, it solves its own problems. It will, by and by, reach the single tax problem; and then—"Attention Monopoly!—Checkmate!"

EDWARD HOWELL PUTNAM.

The old Filipino statesman spoke deliberately and in a tone of conviction. "There seems to be only one way to induce the Americans to recognize our government," he said, "but, unfortunately, it is impracticable for us to move to Panama and take arms against the Colombians." G. T. E.