

rank injustice of this institution of the Dead Hand? Do they wish to end it?

There is one rich man who does, who wishes it mightily, who wishes it to the extent of his income, which happens to be large, an income from the very source, too, that he is trying to dry up in the spending of it. Joseph Fels, who makes most of his money from land monopoly, is spending most of it to destroy land monopoly.

To end that institutional injustice in the United States, Mr. Fels is doubling every dollar that others give for the purpose. He has named five men as trustees, every one of whom is in earnest, every one of whom knows this country and its people from ocean to ocean and from north to south, every one of whom has won a responsible and recognized place in his own calling. The chairman of those trustees is Daniel Kiefer, from whom detailed information may be got.* He gives to the work half his time, nominally, and more actually, and he refuses pay. His work is his contribution, in addition to the money he contributes. The other trustees are Lincoln Steffens, Frederic C. Howe, Jackson H. Ralston and George A. Briggs. To magazine readers, the names of Steffens and Howe are familiar and justly respected; wherever the personnel of independent telephone manufacturers is known, Mr. Briggs can be vouched for; and Jackson H. Ralston, at the forefront of the Washington bar, is also among the leaders, professionally and sympathetically, in international arbitration. To those trustees Mr. Fels has not only pledged to double every dollar that others give, but has in fact already contributed to the work thousands of dollars more than has yet come from other sources.

The trustees are doing work for the object Mr. Fels has in view—the abolition of land monopoly in the United States. Good work, as we believe; effective work; in its main features, the best possible work. He who reads this, may doubt if their work is the best, and the doubter may be right. But let him find out about it first, and then think twice, for it is he that may be wrong. At any rate, if work is to be done at all, somebody must decide what it shall be and how it shall be done; and we question if there are five other men in the United States as well qualified in all respects for such a work as those five.

Not only have they the qualities of personal probity and thorough sympathy with their object, which could doubtless be duplicated again and again, but they also have the scarcer qualities of acquaintance with the whole country and its peo-

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ple in the respects which are most important for passing judgment upon the merits of methods and plans. Large amounts of money are not especially solicited by the trustees, although no large sums would be rejected we suppose; but every dollar counts, not only in the doubling but also in the uses of the fund.

We commend those trustees and their work to the confidence of all persons who, being desirous of abolishing land monopoly, not by merely wishing it away but by practical and progressive methods, are willing to assist financially in proportion to the extent of their means and the intensity of their desire for the result aimed at.

There will be no lack of financial support for the opposition work of maintaining land monopoly. There should be no lack of support for this the most hopeful attack upon land monopoly in the United States since Henry George pointed the way. What Henry George advised as the first practical step for the abolition of land monopoly, the Fels Fund Commission is trying to do.

EDITORIAL CORRESPONDENCE

TAXATION OF THE UNEARNED INCREMENT OF LAND IN GERMANY.*

Berlin.

The increment taxation bill, which passed the Reichstag and the Federal Council, after protracted debate, was carried by the votes of the Conservatives, the Centre, National Liberals, and Radicals, against the votes of the Socialists and some Radicals. Hardly anyone is satisfied with it. It represents a compromise in the worst sense of the word. Very little of the bill as originally submitted remains, and it must have required great faith on the part of the Secretary of the Treasury not to have thrown it over at its final reading. The land reformers also are sadly disappointed.

Hot discussions on principles were caused by section 1, which originally provided for the taxation of the unearned increment in general, but was ultimately confined in terms to such as is not caused by the property owner; and by alterations of section 16, owners of agricultural lands are practically exempt.

Passing over the details, which cannot be stated briefly and might not be understood very readily in another country, let me try to generalize. In order to find the taxable increment, the cost price (modified in an intricate manner) is deducted from the selling price after deduction of expenses of sale and other allowances. In cases where the purchaser undertakes to pay the increment tax, its amount is added to the selling price. If the taxable increment so ascertained amounts to 10 per cent of the modi-

*See current volume, page 132.

fied cost price, the tax is 10 per cent of this increment. If the increment amounts to 30 per cent of the modified cost price, the rate is 11 per cent of the increment. For every 20 per cent increase of increment on the modified cost price, the rate rises by 1 per cent of the increment until it reaches 30 per cent of the increment. There are further complications, but this resume indicates the character of the bill.

The following example is often quoted here for illustration:

Take a piece of land measuring 2,000 square metres, bought January 1, 1885, for 200,000 marks,* suppose that in 1903 the sum of 30,000 marks was contributed for making roads and sewers, that in 1905 400,000 marks was expended for buildings, and that the property was sold January 1, 1911, for 1,000,000 marks. Here, then, is the calculation for imposing the unearned increment tax:

Selling price	M.1,000,000	
Less selling expenses estimated at	M.20,000	
3% loss of interest on M.208,000 for 15 years before building	93,600	113,600
Modified selling price.....		M. 886,400
Purchase price	M.200,000	
Expenses connected with purchase....	8,000	
Contributions to making of roads and sewers	30,000	
Interest on latter.....	18,000	
Buildings erected	400,000	
5% added (15% in case of buidlers engaged in the trade).....	20,000	
2½% addition on M.2,000 for 25 years	1,250	
1½% annual addition for 25 years on M.206,000	77,250	
1½% annual addition for 5 years on M.420,000	31,500	
Modified purchase price		786,000
Taxable increment	M. 100,400	

On the face of the table, then, the taxable increment, M.100,400, would be about 13 per cent of the modified purchase price, and the rate of taxation 11 per cent. But in this case the rate would be reduced 37½ per cent, so that the amount of tax would be M.6,902.50.

Exemptions include land owned by the Empire, the States, municipalities, certain associations for public utility, and reigning princes and princesses; also vacant land with a selling value of less than M. 5,000, and improved land of less than M.20,000, provided the seller and his wife have within the last year had an income of less than M.2,000 and are not engaged in real estate operations. There is no tax upon increments of land transferred by right of inheritance.

Of these taxes when collected, 50 per cent goes to the Empire, 10 per cent to the States, and 40 per cent to the municipalities. Municipalities which adopted increment taxation prior to April 1, 1909 (or later, but with effect prior to that date), are guaranteed for five subsequent years the average yield previously collected, provided the taxes collected in each of them respectively amount to that sum; and the municipality may levy an additional increment tax up to 100 per cent of its quota.

WILHELM SCHRAMEIER.

*The mark is equal to about twenty-four cents.

JOHNSON MEMORIAL IN PITTSBURGH.

Pittsburgh, Pa., May 7.

Whenever orators of Pittsburgh have wished in recent years to impress upon their audiences the need of a better and greater city, they have almost invariably pointed to Cleveland's progress under Tom L. Johnson as an example of what can be accomplished when the civic conscience of a city is once aroused. With this appreciation of Cleveland, the memorial service held here this afternoon in honor of the Mayor who "left Cleveland with a civic mind," seemed peculiarly fitting.

Ex-Mayor Guthrie, who has helped so much to make Pittsburgh a better city, presided over the meeting, which was held in the Kenyon Theater, and told of how Johnson's work as Mayor of Cleveland had served as an inspiration to him when Mayor of Pittsburgh in fighting corruption and privilege. He explained how Johnson had changed the custom of making public office an object of private gain for the few instead of a means to better the condition of the many. Mr. M. McNeal read Edmund Vance Cooke's poem, "A Man Is Passing"; and Julian Kennedy portrayed Johnson as one whose dominant characteristic was honesty—not merely the honesty that restrains a man from picking the pockets of his neighbor, but also the honesty that makes it abhorrent to take what belongs to another even though it be legalized. The Rev. Harris R. Cooley of Cleveland, the principal speaker of the occasion, told of the life and work of Mayor Johnson. An inspiring story beautifully told and easy to understand, it pictured a man who had not only seen a vision, but was guided by it. Few of us were personally acquainted with Tom L. Johnson, but as Mr. Cooley spoke we felt that we knew him well and loved him more. "The body of this great man," said Mr. Cooley, "is in a cemetery by the sea, but his spirit is in Cleveland"; and the question must have been in every heart: Who would say that it is not in all the cities of our land, a beacon for those who are striving to make their city, as he strove to make his, a better place in which to live?

BERNARD B. MCGINNIS.

INCIDENTAL SUGGESTIONS

THE ALDRICH DEBT FACTORY.

Chicago.

Senator Aldrich, of the United States Monetary Commission, has announced a plan which is likely to become the basis of the Commission's report to Congress. This plan is espoused in banking circles generally, and a campaign of education is being instituted to tell the people all about it.

Besides many details which these educators should be called upon to explain, there is a fundamental error. The kind of money or currency proposed is similar to the present national bank note, and it is to be created and loaned into circulation at interest. So it has a greater debt-making than debt-paying quality.

If the bankers create and loan into circulation \$1,000 of this currency for one year at 5 per cent,