

given under the land value system if it had been in operation in your county; multiply the assessed value of your land by the increased rate. The result will be almost exactly the tax you would have paid on the same property under the land value system if it had been in force in your county in 1909.

Evidently the object of our correspondent in asking for the figures as to Clackamas County, like our reason for publishing them, has to do with the fact that it is in Clackamas County that Initiative proceedings have begun, under the local option amendment adopted last fall, for establishing local land value taxation.*

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The Blight of Landlordism.

To all who think of great capitalists as mere capitalists, and not as landlords—whether those thinkers be business men, farmers or workingmen, and whether they get the notion from their own superficial observations, or from Socialist speakers and writers, or from University professors,—we commend the following official report on the Steel trust. The report is by Herbert Knox Smith, United States Commissioner of Corporations, and it is true. After stating the facts in detail Commissioner Smith says: "Thus the industry itself rests physically on the ore; the corporation based one-half its capitalization on the ore; its profits on ore, as will later be shown are large, and in the ore is its highest degree of concentration and control. The ore therefore is of primary significance in the corporation's dominance, and in that resource chiefly are involved the industry's problems of ultimate public interest." And there are others! Think it over. That is to say, *think it over*.

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TWO FISCAL FALLACIES.

It is no gracious job to criticise so genuinely progressive a newspaper as the Rocky Mountain News of Denver, of which ex-Senator Patterson is the owner and editor. But the daily editorial grind of a heated term sometimes turns out inferior products from unexpected quarters.

As a rule the editorials of the News, be they right or wrong from other points of view, give evidence not only of sincerity, but also of thought with knowledge. This rule has been broken in part. The News editorial to which we here call attention, while it is evidently sincere, is as evidently without knowledge or careful thought.

The editor was moved to criticise the Singletax,

*See Public of August 11, page 824.

and kindly; but he did not weigh his reasons. The result is an unfounded admonition to Singletaxers that their cause would progress faster if it were not frequently tied to two unnecessary fallacies.

The first of these supposed fallacies is the notion that the Singletax would exempt industry and thrift from taxation; the second is an assumption that all men have co-operated in substantially equal measure to produce land values. Let us consider them.

I.

First, then, the "fallacy" that the Singletax (which would derive public revenue exclusively from land values) "exempts industry, thrift, and capital from taxation."

Henry George knew much about the Singletax, and he was at great pains to prove that it would do precisely what the News editorial is at no great pains to prove that it would not do. On this point, John Stuart Mill stood like adamant behind Henry George. And while some political economists try to draw fine distinctions, none have ever seriously disputed, but many have deliberately confirmed, this doctrine of Mill's which George carefully considered and adopted and which the News lightly and inconsiderately repudiates. It is the well-recognized doctrine that the burden of taxes on economic rent (land values) is not borne by industry or thrift, nor by capital in the economic sense of that term.

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The News tries to prove its case against Mill, George and the other economists—without referring to them, however,—by an inference from its statement that "taxes are and always must be paid in values." As "idleness produces no values, waste accumulates none" and poverty "has none," it infers that "taxes must finally come from those who produce, save, and have." That is as perfect a statement of fact and as logical an inference as could be desired. But what has the source from which taxes finally come, to do with the question of how they are borne? It is the *burden*, not the *source*, of public revenues that determines the bearing of exemptions.

While the News is correct in the facts it states, and sound in the conclusion it expresses, it is far afield in the conclusion it implies.

For it implies that inasmuch as "taxes must finally come from those who produce, save, and have," therefore taxes must finally lower the incomes of those who produce. Without this conclusion, the News editorial has no point. But its mere statement exposes its fallacy.

If those persons who "save" and "have" were the persons who "produce" what they "save" and "have," then indeed must any tax be paid and its burden be borne by those who produce. But inasmuch as the masses who produce could not keep what inequitable institutions enable others to extort from them,—could not keep it though there were no taxation at all,—any tax that weakens the power of institutional extortion must finally rest, not upon the victims of that extortion, but upon its beneficiaries. This is, at any rate, the effect of land value taxation.

Land rentals do not go to the producers (as producers) of the commodities with which they are paid; they do go to owners of the planet, merely as its owners. It follows that taxes on land rentals do not reduce the supply of commodities which the producers of commodities would otherwise keep. They reduce the supply of commodities which owners of the planet would otherwise get.

II.

Now let's look into the second Singletax fallacy to which the News calls attention. It "is the tacit assumption that all men have co-operated in substantially equal measure to produce the land values which are taxed." Is the News so sure that this assumption is not true, even mathematically? And whether mathematically true or not, isn't it true for practical purposes?



How shall we determine, practically, whether some men add more than others to land values; and if so, how much more? It is impossible. Land values are an overflow from social production, attaching as differential premiums to particular sites on the planet. You can no more appraise each individual's contribution than you can compare the productive utility of the first rain drop with the tenth at the end of a drought.

Did Columbus make all the land values of the American continent? Certainly not. Yet there would have been none without its discovery, and he discovered it. But if as discoverer he did make those values, hadn't his crew a part in the service? And wasn't the last necessary man of that crew as much a contributor as the first—or as Columbus himself, if he could not have made the discovery without the crew? And where would those Columbian land values have been if nobody had settled here after the discovery? They wouldn't have been at all. Shall we say, then, that Columbus, and his crew, and all the people of this country of generations prior to our own, did more than our own generation to

make land values here? Why, there wouldn't be any land values to-morrow if the continent were abandoned to-day. Land values are not accumulated savings of the past. They are only capitalized location premiums of the present. Past generations and particular individuals of our own, may promote opportunities for land values to come and to increase, but it is society as a whole that makes them come and gives the increase.

Nor can those premiums come at all—no matter how useful the discovery nor how great the population—until the most desirable land is taken up. In ordinary course it is not the pioneer, be he never so useful, who gives premium value to the best land. It is the last one to appropriate land of that desirability—and this though he be the laziest and meanest and most useless of the whole population. Has the last-comer, then, contributed more to land values than his predecessors or his contemporaries?

And as with the first land values of any community, so with higher land values as the community grows. Not until sites of given desirability in a community are wholly monopolized, do they rise in value. Is it then the last man, through whose monopolization the higher value appears; or the first man, without whose coming the last man's coming would have had no visible effect upon values; or the intermediate comers, whose coming was not enough to bring out the value yet whose going would dissipate it—which of these is it that adds most to enhanced land values? The Rocky Mountain News cannot tell. But until it can tell, its criticism has no standing in the forum of common sense.



The truth about it all is that it is wages for individual work, and not shares in land values, that measure individual usefulness. Given freedom of employment on all hands, and the most valuable man would get the biggest pay for his work. If we had this freedom, no one would be ought to be, or could be seriously concerned as to who had done most as an individual in producing the purely social phenomenon of land values. As all would then be fairly paid for individual exertion, no one would think of claiming more than an equal share of premiums coming from monopolization of places of superior opportunity, whether the superiority were due to natural fertility or to social concentrations.

It is the idea of the News, however, that James J. Hill has probably "done more to create land values in Seattle than any 1,000 residents of that city." This means, of course, that Hill has con-

nected Seattle by transportation facilities with the rest of the world.

But has he?

Without the millions of railway builders and operators, from miners and wood choppers to engineers, Hill would have been as helpless to create land values in Seattle as a general without an army to conquer a nation. It was not Hill alone, but also the workers whom he marshaled and directed, and the millions back of them in the processes of production. Nor would Seattle land values have come at the call of Hill-marshaled railroad builders and operators by the thousand, if other thousands had not settled at Seattle to live and do business. Nor then, if all the land at and about Seattle had continued to be so plentiful as not to have grown scarce, and so uniformly desirable as to have developed within it no relatively advantageous sites for business or residence. Land values mean scarcity of the kind of land to which they attach.

We may concede that James J. Hill—all the other factors being granted—did more than any other one man, or thousand men possibly, to afford opportunity for land values to come and grow at Seattle instead of somewhere else; but didn't he get a high salary for all this work? If he didn't get pay enough for this as a worker relatively to the other workers, then the question is one of wages and not of land values.

III.

All that we have said above is intended only to warn the News away from a quagmire of its own creation in fiscal discussion. It must *read up* before it flies into the face of opinions that have been carefully worked out; it must *think* before setting up fallacies that have long since been exploded, and buttressing them with reasons that won't wash. John Stuart Mill and Henry George and all the rest may be wrong; but the News doesn't show it. It hasn't considered their reasoning well enough to be competent to show it.

With its position, however, on the Singletax as far as that reform has practically gone, we have no quarrel. On the contrary, we are glad to welcome into the preliminary work of establishing the Singletax so sincere and able and courageous a daily paper as the Rocky Mountain News. Refinements of fiscal discussion may be left to that proof of the pudding which is in the eating thereof, if once we get what the News calls for when it says, in closing the editorial criticised above, that—

the Singletax may be the most just, equitable, and

economical method yet found for raising the money which civilized communities must raise for common purposes. This claim for it is made by men whose sober intelligence and careful study give their words a deal of weight with all open-minded thinkers. The land value tax is entitled to thoughtful, sober investigation. It is being tried out in Vancouver. If it works well it should be tried in other places, and perhaps generally adopted.

EDITORIAL CORRESPONDENCE

THE UNIQUE LABOR INJUNCTION AT DES MOINES.*

Des Moines, Iowa, Aug. 7.

Here is an outline of the whole affair:

On July 20 Car-Inspector Killam, before 16 passengers, charged Benj. L. Hiatt with being two fares short, and in insolent terms demanded that he ring them up. Hiatt denied the charge, and was corroborated by Fireman Dwyer. Hotly and profanely he refused to ring. He was discharged by Manager J. R. Harrigan, acting for the N. W. Harris Street Railway Company, which recently bought out the old control.

As this was the second time a man had been discharged in this manner, the Carman's Union took the matter up, and demanded, not a reinstatement of Hiatt, but investigation according to the terms of their contract. They received a most arrogant refusal. After due deliberation, by an almost unanimous vote, the union, 449 men, decided the night of the 4th, to walk out Saturday at 1:15 a. m., August 5th, and the decision was obeyed to the minute. Meanwhile Manager Harrigan had by August 1st, 150 professional strike-breakers from Chicago under the leadership of big Louis J. Christianson.

Before the strike the City Council and various prominent men sought some kind of agreement. Harrigan was adamant. Then the Mayor wired N. W. Harris asking his intervention. He also was adamant. One last effort at reconciliation by intermediaries was made at the eleventh hour; a proposition was sent from the union not only to arbitrate the question at issue, but to arbitrate the meaning of the section which they claimed gave them the right to demand arbitration. The street railway manager replied, Yes, if they would eliminate Hiatt. They, in turn, accepted the amendment if the management would eliminate Killam—let one discharge offset the other. Harrigan positively refused. This seemed so manifestly unfair that when the strike was declared, there was a surprising popular sentiment for the car-men.

The hired strike breakers could scarcely get places to eat. The help at the Iowa hotel all walked out. Many cafes refused to serve them. Rumors of another 100 men from Omaha did not smooth matters. "I'll run the cars," reiterated Harrigan. But when Saturday morning dawned and his new men tried to get the cars out of the barn, a crowd of some 3,000 citizens were on hand to prevent. These were sym-

*See current volume, page 829.