

The Single Tax Review

VOL. XIX

MARCH-APRIL, 1919

No. 2

Current Comment

VERY important and very serious is the matter we desire to lay before the Single Taxers of the nation who remain alive to their responsibilities. We wish our voice could reach further to the great democratically-inclined masses of the people, and while influencing this wider audience carry its message straight to their faithless public servants.

IT will have been observed that in the last few numbers of the REVIEW we have made but casual reference to the Mexican oil land controversy. We desired to have before us the full facts in the argument between Great Britain and the United States on the one hand, and Mexico on the other hand, full details of the Mexican law in substance and practice, and the real grounds of the objections made to the land and tax legislation of the Carranza government.

WE shall at present pronounce no opinion on the merits of the controversy. We assume—and we anticipate no denial—that the first international question that has arisen in which the principle of the Single Tax, or the Taxation of Land Values, is involved, is for us a question of transcendent importance. We assume that Mexican oil as it lies in its crude state in the earth is the property and concern of the Mexican people—and of them alone. We shall assume that all the corrupt concessions of the corrupt governments of Diaz and Huerta may be righteously revoked by Carranza, acting for his people. We shall assume, too, that measures of taxation, or measures of State ownership or control, are matters of inherent State sovereignty, interference with which by any foreign government constitutes a justifiable *casus belli*.

WE shall assume, too, contrary to what certain influential American papers seem to imply, that the Mexican people are not fools; that they would not lay unnecessarily onerous burdens upon foreign capital required for the production of petroleum; that they would naturally welcome investments of such British or American capital into a country which is in need of it for the development of its latent natural resources. All this we shall assume, along with the fact, however, that there might be features in the Mexican law, or practices in the administration of the law, which could justifiably form the grounds of friendly appeal for the adjustment of differences—as, for example, if American and British properties were subject to burdens from which the same class of Mexican properties were exempt. But it does not appear that this is the case.

BUT what are the facts in the controversy? We do not know. Our government refuses to speak. It will not make public the documents and correspondence buried in the State Department in Washington. Letters addressed to Secretary of State Lansing get no reply. Visits to the State Department are equally unavailing to elicit the information desired. Application to the Mexican headquarters in Washington are met, though with customary Mexican politeness, with the intimation that they do not make application for publicity for this correspondence in face of the administration's apparent desire that it be not disclosed.

THIS is the secret diplomacy against which President Wilson has warned us. How the promise is kept to the ear but broken to the hope we now know. In the meantime we sit on a volcano. The great privileged interests that would exploit Mexico even to the extent of war with her, have the field all to themselves. The press in this country, controlled largely by these same interests, do not trouble to give Mexico's side of the controversy. Hints of intervention are in the air. William R. Hearst and his journalistic birds of prey are busy instilling into the minds of their readers distrust and hatred of a proud people—a people whose splendid efforts to build up a free and substantial republic out of the ruins wrought by centuries of autocracy, should command the sincerest admiration of all free peoples.

IN the *New York Globe*, of March 11. Dr. Frank Crane, in an article entitled "What's the Matter with Taxation," expresses his opinion in no uncertain terms regarding that popular muddle, and concludes thus:

"If members of Congress could be locked up in a boarding school for six months, and compelled to study the book called 'Progress and Poverty' six hours a day, maybe they might at the end of that time be able to produce a tax bill that would not be 'illogical' and 'a chamber of horrors.'"

HUDSON MAXIM, who once declared that the Single Tax was the most important discovery ever made, or something like that, and was himself reputed to be a Single Taxer, wants to import one million Chinese to work here. "There is need of cheap labor in this country," said Mr. Maxim. It will be observed that Mr. Maxim is as tender as Secretary Lane of the interests of employers. Mr. Lane, it will be remembered, is willing to do something to give land to the returned soldiers, but assures the employing class that not too much will be done to make a "new draft on the labor supply." This is his language. Mr. Maxim is more blunt. The country needs cheap labor and measures should be adopted to get it.

WHY should it appear to any man possessing a modicum of intelligence that a country needs cheap labor? All wealth is obtained by labor; that is the only way to get wealth unless we steal it from those who do obtain it by labor. The palpable absurdity of a country needing more Hudson Maxims who will work for less pay, will be clear to our friend on reflection. And if he extends his observations a little further he will ask himself why, if cheap labor is such a good thing for a country, China, which has the lowest paid labor, should not be wallowing in prosperity? Of course, Mr. Maxim is thinking, unconsciously, of cheap labor for some employers; it would not be to the advantage of all employers that all labor was cheap labor, for that would mean poor returns to all employers. How curious is the mental inversion! We call times in which labor is cheap—or in other words, where wages are low—bad times. Times of low wages are bad times, times of panics and depression.

Mr. Maxim will see this if he stops to think. Long ago he wrote a clever story in which the truths of economics were admirably illustrated in the form of a delightful fiction. Has he forgotten?

THE suspension of Dr. Louis Levine from the faculty of the University of Montana is interesting in connection with the subject of economic freedom and the article in this issue by Prof. Brinsmade. Prof. Levine's offence consisted in pointing out that the Anaconda Copper Mining Co. paid in taxes to the State 6 per cent. of its income derived from operations in Montana, while other property, especially farming property, paid an average of 10 to 12 per cent.

PROF. LEVINE does not appear to be a wild-eyed radical. He merely advocates a system of taxation in which these mining companies would pay their proportional quota—in other words, the General Property Tax in operation in most of the States. What the officials of the Montana University would do to a professor who advocated some really drastic tax reform measure is too horrible to contemplate.

A Conspicuous Failure.

POPULAR government is, in respect of taxation, simply the reflection of University teaching in economics. It is, therefore, interesting to record the following dictum of the National Tax Association:

"With the possible exception of municipal rule, taxation is the phase of popular government in which the United States has made its most conspicuous failure. The absence of any broad, rational, logical, uniform system of taxation for city, State and nation is not only unjust, theoretically and practically, but is absolutely destructive to intelligent voting on the merits of government, the very foundation-stone of any republic."

The Education of the Business and Industrial World.

THERE has never been greater need than that of today for establishing a practical, working understanding between capital and labor. There have never existed more cogent reasons for those capitalists who would deny to labor a just return for the service it renders, as well as proper living conditions to workers, and for those laborers who refuse to recognize the invaluable contribution made by intelligence and capital to the production of wealth, to discard their narrow-minded point of view and to appreciate the rights of each other. For there has never been a time when capital and labor have had so much in common, when each has been so dependent upon the other.—Francis H. Sisson, Vice-Pres. of the Guaranty Trust Co. of N.Y.

Under the growing menace of labor unrest, the education of the business and industrial world is proceeding rapidly.

Some years ago, the "labor question" was pooh-poohed. The topic might interest decayed old Europe, but never our free democracy, where every man might become a Carnegie or reach the President's chair. Today, matters are different. University presidents, heads of banks and great industrial corporations, governors of States, congressmen, senators—have suddenly discovered that there is such a question as an American labor problem, that the glorious continent of opportunity has become a breeding ground of real distress and ominous elements of danger.

The results of this conversion are curious. Without serious study of the subject so long ignored, the academic dignitaries, commercial leaders and captains of industry, assuming a knowledge they do not possess, have entered upon a furious campaign of words, to combat the advancing peril. From Atlantic to Pacific, an amazing flood of homilies is being poured forth. The ancient power of organized sound is evidently relied upon to repeat the miracle of Jericho, when the horns blown by the priests of Israel brought down the walls of the fortified city. The secret of the old miracle, however, lay not so much in the volume of the sound, we may be assured, as in the intensity, directness and weight of the purpose behind it. In competition with the stern voice of labor, and the real distress of the masses, the noise of the professors, bankers and captains of industry is as feeble and futile as the chirping of crickets before the thunder and blackening roar of a tempest.

The business man, awakened from the self-satisfied slumber of a few years ago, must now learn that platitudes about the beauties of harmony and democracy will not do, are indeed deplorably inadequate just now. There is a real problem, a real injustice which, unless quickly and fairly faced, means inevitable disaster. Business men have been too absorbed in their own special occupations, to bring to bear upon the underlying economic problems that keen judgment, clear analysis and steady common sense, with which they are generally and justly credited.

An assemblage of the elementary factors of the economic situation and a brief consideration of their relation and