

the Soviet government. This action was going a step beyond Marx who advocated only the government confiscation of capital.

2. The devolution into the hands of the peasants and industrial workers of the personalty, land and industrial property so acquired, to be operated by them as agents for the Soviet government, to which all surplus production, over and above the necessary maintenance charges of the operators, was to belong.

3. The establishment of a government based upon the votes of the proletariat, by which is meant solely organized labor, as not only are the bourgeois excluded but the peasants also, it being frankly admitted that the peasants are too ignorant to be properly class-conscious and their admission to the polls would "throw all the fat in the fire." Substantially, then, the Soviet government is based upon that very limited part of the Russian population which prior to or since the war was or has been enrolled in the ranks of organized labor.

4. The creation of a body of secret police known as the Cheka whose function it is to suppress by "whatever means may be found necessary" all agitation against the existing Soviet government and its leaders. It displays in high degree that intolerance of criticism not to speak of opposition, which has ever been characteristic of the Socialist mind. We hold no brief for the so-called capitalist system under which we live (though we do wish that people would give its proper designation of the *privilegist* system, which it really is), but we say without hesitancy that it has never shown a tithe of the callousness and brutality in the suppression of criticism and freedom of speech, which the Russian Socialist Government habitually exemplifies.

5. The dilution of money—paper money of course—to an extent which renders it practically worthless and puts all exchange of commodities back into the primitive system of barter. It has been found impossible to dispense with money and yet it has been reduced to a condition of such impotence that it is almost valueless.

Doubtless there are people in the world who are surprised at this bankruptcy of Socialist philosophy and some who attribute the hideous pass to which it has brought things in Russia to the machination of Russia's external enemies, but Single Taxers will not share their sentiments. For forty years we have pointed out the illogicality of the Socialist programme and have tried to make clear that whether its purposes are desirable or not, in practice its machinery would not work. We could not have hoped for so complete a demonstration of the correctness of our position as the Russian Socialist State has furnished, and so horrible has been the suffering entailed upon the Russian people that we could hardly have wished for the demonstration to take so hideous a form.

Now we see the masters of Russia inviting the exploitation of Russia by foreigners, crying out to the hated capitalists to save the nation from the consequences of the

application of Socialist principles. But what sort of bargains can be made with men, who deny the natural rights of man to his product, who deny to a vast majority of their fellows participation in the government, who base on naked force all order and system. Granted that the Czarist regime had no higher moral sanction, was it worth while to wade through seas of blood to set up a system having no higher justification.

Of their work, in the long run, only one evidence will remain, the land of Russia has been restored to the peasants and no power seems likely to arise to take it back from them. But even this result has been accomplished in a manner likely to bring upon Russia, many of the evils which a similar policy pursued in France after what used to be called the "Great Revolution," entailed upon that country. Peasant proprietorship, which does not impose upon the farmer a recognition of the duty to the community which goes with possession of the land, may develop evils as menacing as our present form of landlordism. That this institution lies at the root of the dry rot which seems to have set in in France seems to be the opinion of many of the wisest French philosophers of our time.

We venture the prediction that as the Bolshevist experiment develops, it will be found that its chief contribution to human progress will be its exemplification of the policies to be avoided by nations who wish to improve their social conditions and its complete and triumphant refutation of the sophistries of Karl Marx and his followers.

A Graduated Land Tax

PROF. JOHN R. COMMONS has long enjoyed an international reputation as a practical economist and scientific student of the relations between labor and capital. He has at times experienced the fate of those, who, being too honest intellectually to gloss over the faults of either of the contending parties, become the targets of both. He has not been unaware of the Single Tax philosophy, but it occupied a minor place in his mind, and it is therefore encouraging to find him showing a larger appreciation of its importance than he has done in the past.

In the *Political Science Quarterly*, March 1922, he presents in the form of an article of about twenty pages an argument in favor of the Grimstad Bill which proposed to impose a progressive tax on bare land values in the State of Wisconsin. The bill was considered by the lower House of the Wisconsin Legislature and received the votes of eighteen farmers. It contemplated a surtax on holdings of real estate in excess of \$10,000 bare land value, which would mean that improved farm or urban property would be exempt from the surtax to the extent of \$25,000.00 for any one holding.

Clearly the purpose of such a measure is to break up those great land holdings, which so seriously menace the development of many of the States. As a move in the right direction and as a means of combatting a recognized evil, Single Taxers in Wisconsin may find the measure

worthy of their support, but we cannot see in the proposal much food for enthusiasm. Taxation of land *in personam* instead of *in rem* would be a pernicious innovation. The difficulty of obtaining a valuation of British land for purposes of taxation arose chiefly from the fact that in Great Britain *persons* are taxed and not *land*, and before a valuation list could be made under the English system, the assessors had to undertake the herculean if not impossible task of ascertaining the value of each taxable person's interest in real estate of which he was a part owner. The simplicity of our system of land value taxation, which amazes our Transatlantic friends, is due to the fact that we tax the thing and not the owner or owners and where there is more than one owner let them settle among themselves who pays the taxes.

Then the opportunities for evasion would be endless. New Zealand tried the graduated tax plan and found it unworkable because it was so easy to nominally break up holdings by transfers to relatives and subsidiary corporations.

Professor Commons devotes some space to a consideration of "ability to pay" as a canon of taxation. From one angle, ability to pay is axiomatic for the same reason that one cannot get blood out of a turnip. The taxpayer must be able to pay or there will be no taxes. But as an index of how much he must pay it is of no value at all.

We have pointed out in a previous issue that General Francis A. Walker, who was one of the earliest to stress the doctrine of "ability to pay" as the index of tax contribution, made it clear that he had in mind not merely ability to pay in the sense of actual income derived, but potential ability to pay, meaning thereby that if a man held possession of a special opportunity, which would if properly used bring him an income, he was entitled to pay on the value of his opportunity. Such an interpretation would bring the advocates of the apparently hostile systems of "taxation according to benefits received" and "taxation according to ability to pay" into close proximity, but we prefer the former statement because it makes clearer the reciprocal obligations of the State and the citizen—that the State has only the moral right to tax or charge the citizen for the services rendered and that correspondingly the citizen is only called upon to pay for what he receives. The Single Taxer holds that the value of the land exclusive of improvements affords the best index of the benefits which the citizen derives from the State and from society and hence the best index of what his contribution should be.

Professor Commons deals in a very interesting manner with the problem which would confront the assessor, especially the rural assessor, in dealing with the separation of bare land value from fertility value. We wish that we had space to go into this question, but we must content ourselves with referring our readers to the *Political Science Quarterly* for the original text. The whole subject is an interesting one. On this point it may be well to note that in the Keeler Bill now before Congress, natural soil fer-

tility is exempt as well as structural improvements. The correctness of this position cannot be taken for granted, because if one of the purposes of the Single Tax be to minimize inequalities of fortune by equalizing opportunity, it would seem more just that wherever land was abnormally fertile, the difference in value between normally and abnormally fertile lands should be a community asset. On the other hand, as a matter of expediency, the point might be waived as being one which would be adjusted in the practical working out of the policy.

For the benefit of those who may prefer the utilitarian to the ethical argument we quote the following sentence in which Professor Commons propounds what will be a new point of view to many. Pointing out that the power of taxation is now being used more or less consciously to direct private effort into certain channels and to divert it from others, he says: "Respecting the particular measure in hand, the general property tax and the land tax, we can then pass from the dogma of natural rights and Ricardo's and George's notions of the productivity of nature's resources, to the behavioristic doctrine of proportioning inducements to individuals to acquire wealth by increasing the commonwealth." Perhaps Mr. Commons' meaning would be clearer if he divided the last word into two—common wealth.

On the whole, "A Progressive Tax on Bare Land Values" is a valuable contribution to the study of how to improve the present intolerable and stupid relations of the State toward the land-holding classes. It offers an interesting suggestion as to a method of forcing the relinquishment or proper utilization of imperfectly used or totally unused land holdings of large size or value. For reasons previously suggested, we think its chief value will consist in the discussion which it arouses, because if it ever reaches enactment, it would seem that legal devices for its evasion would be of extreme simplicity, and that this is proved by the general experience in all places where the proposal has had its approximations.

Coal Royalties

Nor can anyone say how far excessive profits prevail in the mining and the handling of coal. We know that in some cases, at any rate, profits have been exceedingly high. We know that in other cases excessive royalties have been paid. According to the testimony of Mr. A. B. Jessup before the sub-committee of the Senate Committee on Interstate Commerce, the royalties of the Girard estate on some three million tons of anthracite rose with the price of coal, and have gone up to \$1.00, \$1.25, and in the case of one company to \$1.33 a ton. That is the tribute of the householder to the principle of absentee landlordism. How general this abuse is, however, nobody knows.

Coal: A Public Utility, *New Republic*.

"IN his main contention, he (Henry George) has never been answered."—PROF. RAUSCHENBUSCH.