

WHAT LAWS CAN DO TO BUILDING

If you do not believe that law affects business and building consider this. Building permits issued in Greater New York in March totaled \$104,598,548 in estimated valuation. Permits in the same city in April totaled \$39,776,475 in estimated valuation—a diminution in returns so great that it outweighed comfortable advances made in April throughout the United States.

More than to anything else, this fluctuation can be laid to the fact that New York's tax exemption law was due to expire at the end of March, and it was doubtful if the Lockwood Committee could get an extension. Consequently, anyone who thought he might want to build within quite a wide range of time hastened to obtain his permit. This explains why March was so fat a month and why April was so lean a month in New York City, and it is conclusive proof that the certain tax exemption law in question was mighty influential. *American Contractor.*

THE NATURAL SOLUTION OF THE HOUSING PROBLEM

Followers of Henry George, who have some background at least for the belief that the apportionment of all taxes upon land contains the natural solution of not only the housing problem but all our other economic problems, must be laughing up their sleeves—if not in the public places—these days over the attempts being made to encourage home building by the passage of special tax exemption laws in legislative halls where the "Single Tax" would not be given a moment's serious consideration. And yet the only difference between Single Tax and Tax Exemption is that the former aims to be equitable and the other admittedly does not.

But there is a constitutional danger in going too far in this tax exemption idea—unless we are willing to give the "Single Taxer" an inning!

North Jersey Guide, Bogota, N. J.

VALUES CREATED BY THE WHOLE PEOPLE

The Marshall Field Store, standing on two and a half acres of ground in Chicago, the center of business for the agricultural west, occupies land assessed, on a 70 per cent. valuation, at \$11,723,474. Nor is this little spot of land the most valuable in the United States, either. Perhaps not the most valuable in Chicago, and certainly New York can show values exceeding this. In fact this small plot of land is just as valuable as 1,000 average farms in Wisconsin, and Wisconsin is a pretty good farming State. Its farms are worth more than those of Texas. Even the buildings must be included on the 1,000 farms to bring the figures up to the Chicago two and a half acres.

Going a bit further, the assessed value of the land alone of the boroughs of Manhattan and Brooklyn, in New York City, is as great as all the 1,051,600 farms of Kentucky, Alabama, Tennessee and Mississippi, including all buildings and improvements. In fact the land values

alone of 25 largest cities is greater by a few hundred million dollars than all the farms, including buildings, 3, 519,301, in 34 States.

Very evident, then, is it not, that land values are not in the country, but in the cities, where they have been created, not by the owners of the land, but by the whole people of the country whose created wealth moves through such cities? *Southern Farmer, Houston, Texas.*

WHAT HIGH TAXATION DOES

The banker, Jacob H. Schiff, left an estate valued at nearly \$35,000,000. The net taxable income from the whole of it worked out scarcely 1½ per cent. per year. The bulk of his estate was in tax-exempt bonds because the surtaxes on other investments would have left him a lower rate of return than did the bonds. Schiff was a business man. Tax schedules did not tax him but only forced his money out of business uses into governmental uses. He had to invest his money not with those who build up industry but with those who spend the proceeds of city, State and national bond issues. The information contained in such wills as that of Jacob H. Schiff is disquieting to those who want to "make the rich pay all the taxes."

—Collier's Weekly.

BOOK NOTICES

*POLITICAL ECONOMY IN THE MIDDLE AGES

*An Essay on Mediaeval Economic Teaching, by George O'Brien. 12 mo. cloth, 242 pp. Price \$4.75. Longmans, Green & Co., London and New York.

This work is an attempt to supply the need of a better knowledge of mediæval politico-economic teaching which Ingram, Harvey and Ashley have dealt with but partially.

It is not surprising to find the economic teachings of the middle ages based on the theology of the time. The authority of church was unquestioned, and most of those who laid down the formulas of the science were theologians. Those who might be disposed to form independent judgment were few, and most of those who wrote on the subject sought to find a theological basis for the principles expounded.

While this circumstance had its disadvantages, it also had its advantages. "They (that is, the mediæval economic authorities) insisted that all production and gain which did not lead to the good of man was not alone wasteful, but positively evil; and man was infinitely more important than wealth."

It is easy to see that this method of regarding economic phenomena conduced to a higher code of morality. The economic life of the people was simple—the relationships of trade and commerce were closer. The church was almost the sole teacher, and its lessons in political economy were based upon its theological tenets.

The biblical condemnation of usury thus finds its echo in the ban placed upon it by the decrees of the religious councils. Usury had been condemned by Aristotle, and the theologians of the time were ardent admirers and disciples, philosophically, of the great Greek thinker.

All mediæval economic teaching proceeded from the writings of St. Thomas Aquinas; succeeding writers contented themselves with what were to a large degree elaborations of thoughts contained in his writings.

The so-called communism among the early Christians is referred to. It is shown that the assumption made by modern socialists rests upon

those counsels of charity and benevolence with which the New Testament is full, and which were echoed by the early fathers. Only one or two questionable phrases support the claim of communism made for the teachings of Christ and the later Christian fathers.

The chapter entitled Property tells of the concepts held by the teachers who followed the injunctions of the fathers. None made any distinction between land and wealth. As the early concept included a recognition of the fact of slavery it need not be thought strange that no question had yet arisen as to the right of property in land. This was indeed taken for granted. But evils arising from slavery were mitigated by charitable ministrations. They held that slavery was a natural institution, and in this they followed Aristotle, while others modified the doctrine by implications that slavery was the result of sin.

It will not seem strange that it was usury and not rent that formed the subject of their most earnest condemnations. Usury was attacked on the ground that it was sinful, and the same vigorous language was used that Single Taxers now apply to the private collection of rent. Since the day of great cities had not come, and estates were in the hands of the church, dispenser of all benevolence, we need not wonder that there was as yet no land question. It is to be regretted that the writer of this work has not more clearly indicated this, but the thoughtful reader must form his own conclusions in the absence of any help from Mr. O'Brien.

He does say: "The legitimacy of rent charges does not seem to have been questioned by the theologians." In the fifteenth century, when several persons in the diocese of Breslau refused to pay the rent they owed the clergy, such refusal was based on the contention that they were "usurious!" Pope Martin V decided the matter in favor of the clergy—a decision not unnatural under the circumstances.

One thing is to be said for the teachers of political economy in the middle ages. "Man did not exist for the sake of production but production for the sake of man." Labor was honorable; *Labor est orare*, was the burden of their teachings, as it was indeed of all mediæval society. The social concept was, on the whole, despite that slavery and property in land were as yet unchallenged, a far from ignoble one. Justice and the social well-being were insisted on and in this respect they will compare more than favorably with those who fill our modern chairs of political economy.

*A MODERN SHACABAC

*The Taxation of Land, by Richard T. Ely, Director, Institute for Research in Land Economics and Professor of Economics in the University of Wisconsin.

The National Tax Association is distributing a pamphlet under the above title. This fact of itself brings the publication under suspicion. Organized more than a decade ago for the purpose of introducing some orderly thinking into the tax bedlam then existing throughout the United States, the Association served its function fairly well for a few years until it attracted the attention of certain professors, whose chief function is that of the famous Capitoline geese, who warn the garrison of special privilege whenever the citadel is in danger. Their squawks aroused the sleeping holders of special privilege, who rarely have brains enough to know when their graft is endangered. Since that time, the annual proceedings have been devoted to the presentation of harmless devices by which taxes may be diffused as widely as possible, so that the burdens may be removed as far as possible from the shoulders of those who enjoy the most valuable benefits of government and whose ability to pay is greatest.

In selecting Professor Ely to present the Case against the Taxation of Land, or perhaps it would be fairer to say against the further taxation of land, the choice was made of a man full of years and academic honors. His autobiography in "Who's Who" sets forth in a detail which would be immodest in anyone not an eminent economist, his numerous contributions to the sum total of human learning.

From this record an illuminating treatise on the subject of the taxation of land might have been expected from him—but, we hate to have to say it, a more rambling, discursive and inconclusive treatment

of the subject we have rarely read. Indeed the author himself seems to anticipate such criticism for he says in a prefatory note, "No one can be better aware than I that it is scarcely more than a sketch" and yet it extends to 61 pages with elaborate diagrams. There is a question as to the author's complete ingenuousness. He says that it is "the address I gave at Bretton Woods in September last, only *somewhat* expanded." There must be much virtue in that word *somewhat*. The pamphlet contains nearly thirty thousand words and would have taken five to six hours in delivery. Can we reasonably ascribe such patience even to a tax association convention?

It seems hardly worth while to knock down, for a Single Tax audience, the imaginary ten-pins which he sets up. There is not a new one among them. Here are some of them:

Necessity for additional revenue because welfare expenditures are increasing.

Taxes on consumption and various indirect forms of taxation must be employed to secure a *sufficient* diffusion of taxes.

Land as investment yields small returns due to great competition for land ownership. (Yet in a following paragraph he points out that the wealthy are discriminating against new investments in land.)

Most of the good land is in use—is not being held out of use.

Taxation brings into use privately owned submarginal land and brings land into use prematurely.

Owners of land that is not in active use perform services; *They hold the land while it is ripening into use*. (The suggestion seems to be that if they did not *hold* it, it would run into a hole in the ground and would not be there when it was needed.) Really, the ripening theory, to which the Professor lays claim as something of a discovery, verges on rottenness.

John Stuart Mill's theory of securing increments in land values for the State might have bankrupted the British Treasury. We think that most economists will not dispute Professor Ely's claims to be the discoverer of this amazing conclusion.

Indirect taxes are superior to direct taxes in the fact that they are paid in very small sums and very generally are not noticeable.

The plan recommended by the late C. B. Fillebrown of confiscating land values over a period of thirty years would be about as merciful as the infliction of capital punishment by cutting a man to pieces an inch at a time, beginning with his feet, instead of cutting off his head at one stroke. (Such is the eminent economist's view of a policy of amortization.)

These are a few of the chunks of wisdom gathered at random from this mine of economic thought. We leave it to our readers—are they worth discussing?

After reading the pamphlet there came to us the memory of a book, read about twenty years ago, one of the most amusing products of its time. Its author was the late James Jeffrey Roche, once editor of the Boston *Pilot*, and its title was "Her Majesty the King." Purporting to be an Oriental tale, dealing chiefly with the history of Shacabac, the Wayfarer, it concludes with the following paragraph:

"When his faculties had become sufficiently impaired, the gallant King of Nhulpar appointed him Regius Professor of Political Economy in the National University—a position which he filled with great credit for many years. By his thoughtful lectures and essays, 'Patriotism Another Name for Selfishness,' 'A Nation's Debt a Nation's Wealth,' 'Our Country Always Wrong,'—and especially by his erudite monograph on 'Finance,' so profound that not even the ablest minds could comprehend it—his fame spread throughout all lands and made him the envy of philosophers all over the earth. His stately monument bears the simple motto which governed him through life:

Love Thyself: So shall Thy
Affection be Returned."

Though the brain of Shacabac be at rest his soul goes marching on and inspires thousands of teachers of the truly Dismal Science, which in such hands Political Economy proves itself to be, to preach the doctrine of a deadly Economic Agnosticism.