

demonstration of the fact that under free competition, society would secure the highest service at the least possible cost?

Elsewhere in the quotation as given by Prof. Ely Mr. Simons says: "Among those who seek to patch up and tinker our present society, few phrases are more frequently used than that of special privilege. This phrase is used to show that the abuses of our present society are specific, not generic, superficial, not inherent. It implies that if certain definite excrescences were peeled off, a smooth and beautiful social organization would be revealed beneath. With a little sticking plaster here and there, and a few patches judiciously applied, or, at the most, a few minor amputations performed, the social organization would be restored to health. With such people, monopoly and extortion are always due to some special privilege, some peculiar advantage, some abnormal situation. The ownership of land and franchises is particularly regarded as a 'special privilege.' Because the number or extent of these things is limited, therefore, they say, ownership confers a monopoly. This limitation, it is claimed, is peculiar to these few things and does not extend to the general mass of industrial capital. Here is where the socialist parts company with them."

But if we can show that "this limitation is peculiar to these few things, [or to some things], and does not extend to the general mass of industrial capital," the socialist parts company with us at his own peril. Perhaps we shall be able to show that Mr. Simons is not tossing us in the air and catching us upon his horns, but that, on the contrary, he merely thinks he is doing so.

Let us revert once more to the case of the great business director, who, through his unique ability, has become the sole retailer of the city of Chicago. Suppose we erect a building and stock it with the "tools of trade," equal in all respects to those that he owns, except that the new store is located in a suburb remote from the center of population, and, confiscating his centrally located property, offer as compensation the new plant. Will he be able, from the new site, to continue in command of Chicago's retail business? Of course not. But why not? Certainly not because he is any less able, personally, than before. Certainly not because of non-ownership of the "tools of trade," for he has them in as great abundance as ever. Why not, then? Simply and solely because his new site is a comparatively poor one. His former site was at the center of population, in a place most convenient of access to the public. Now, it is simply impracticable for the great mass of the public to reach him; or for him to reach them; at a cost that will enable him to compete with the new (though somewhat less capable) management of the business at the old site.

In view of these obvious facts, it seems to the present writer that the private ownership of a certain piece of land most conveniently situated with respect to the retail trade is an advantageous circumstance. Now, the site was not put there. It was always there; and the location of people about that site gave it its exceptional value. He who happens to own that particular site can get as much for his service in conjunction with his "tools of trade," as the man and the tools less favorably situated, plus the difference in economic value of the two sites. Or, to state it a little differently; he can get as much more than he could in a less favorable location as the difference in economic value of the two sites. This difference in value is not his product but the product of society; and some of us believe that society is entitled to its own. Our plan of appropriation is to tax the site according to its value. And we hold that if we do not do so, the private owner of the site will enjoy a "special privilege."

Otherwise, would not the phrase "inequitable taxation" be meaningless? And does not this argument apply to franchises with equal force?

Mr. Simons says further: "So long as the tools of production are so complex that it takes thousands of men to use them, private ownership of those tools gives a 'special privilege' to the owners as opposed to those who must use them and cannot own them.

"This is the 'special privilege' at which the socialist is striking. He sees that it can be abolished only by making the ownership correspond with the use, that is, by making the ownership of the collectively used tools also collective."

But what advantage attaches to collective ownership above collective use, when (as would be the case under just taxation and free competition), the public can have the use at its own figure, besides getting the managerial services of the ablest man under circumstances that will compel him to exert all his powers to maintain his position and save his "tools" from going into the scrap pile?

On whichever side the reader may array himself upon these questions, one thing is certain, that, as Prof. Ely says, the alternative of either socialism or social reform confronts us. The socialists are enthusiastically aggressive; and unless the believers in the competitive system bestir themselves, and perfect the system, the forces making for socialism will triumph, for a time, at least; for society is in the midst of a storm, and unless the officers run the ship into the safe haven, the seamen will in the effort at self-preservation, undertake the navigation, when we need not be surprised if we run upon the rocks.



A FEW ECONOMIC QUERIES.

(For the Review.)

BY ERNEST CROSBY.

I wish to call attention to one or two terms and phrases which we often hear, even from the mouths of Single Taxers, and which seem to me to be of doubtful import. It can do no harm to suggest the objections which occur to me, so that the readers of the Review may consider them for themselves.

(1) It is frequently said that the community is entitled to land-value because it creates them. Is this a sound economic statement?* Is that person or are those persons entitled to the value which he or they create? Let us suppose that you have a house in a remote district, far from any neighbor. I come and buy the land all around yours and build a handsome house for myself and lay out a beautiful park which entirely encloses your land. Let us suppose for the sake of the argument that no one else ever settles near by because the rest of the available land is swampy and uninhabitable. Yet the value of your house has been greatly increased by me. Before, you could not rent it, but now you have many applications from tenants, and they run the price up, bidding against

* We think, when certain considerations are borne in mind, that it is a sound economic statement, and that the objections made to it arise from confusions regarding the genesis of values. All values, of course, arise, in a sense, as Mr. Crosby says further on, from the presence of the community, since where no community is there can be no exchange, and where there is no exchange there can be no value. The value of a house, however, is as much as the same can be duplicated for, and this duplication depends, not upon the community, but upon a few individuals working in co-operation. The site-value of land is not due to the labor of individuals, but arises from the presence and growth of the community; so it seems to us a perfectly sound economic statement to say that the community is entitled to land values because it creates them.—THE EDITOR.