

best interests. If they have plundered the public so ravenously as to bring on a panic and business depression, they will, in some cases, if not in all, voluntarily curtail prices until the general condition of trade shall indicate the possibility of another successful raid.

I do not wish to be understood as saying that monopolists always exercise their power to the limit of possibility. They do that which they deem expedient for themselves. The point is, that under the existing regime, ownership of the economically accessible sources of raw materials carries with it the power of monopoly, and that this economic law is persistent. That is to say, the same will be true when ore mines that are now undeveloped shall come within the range of economical accessibility.

Legislation is the father of this evil, and nothing but counteracting legislation will suffice to cure it.

The owners are lawfully possessed of the sources of raw materials, and nothing but adequate taxation can prevent them from securing the monopoly value that is involved in such ownership.

That equitable taxation is the true potential corrective may be easily demonstrated thus: Suppose that the natural conditions in relation to the steel trust's sources of supply are such that it can produce at a dollar a ton less than it would cost to produce from any other source. Increase the rate of its land value tax to the equivalent of a dollar a ton of its product, and you thus correct the inequality of natural conditions. Its producing cost, plus the increased land tax, would exactly equal the producing cost, plus the lesser land tax of the previously undeveloped mines, thus placing the trust and its would-be competitor upon an equal footing. From this time onward the steel trust, instead of enjoying the field alone, and therefore charging all that the traffic would bear, would be compelled to court trade by means of accepting as low a price as its competitor should fix. You see, its competitor would not permit it to add the amount of its increased land value tax to the selling price of the product. The competitor is after business, and he will "make

a price" that the trust will have to meet; a price that will not only prevent the trust from adding the tax to selling price, but that will compel it to drop from the monopoly price altitude to a competitive price level.

Inequitable taxation of land values is manifestly, then, the basic condition of potential monopoly. Potential monopoly inheres in private ownership, where taxation is not adjusted to varying values. Under such conditions, the benefits of monopoly potentially accrue to the owners, lawfully and inevitably, whether the number of the owners be ten or ten thousand.

If all the economically accessible mineral lands be owned by 100,000 people, in a population of 80,000,000, then it is possible to compel the 79,900,000 to pay a monopoly price for the mineral products of the country, unless taxation appropriate the monopoly value of the mineral lands.

The law of monopoly price is to "charge all that the traffic will bear"; all that the public can stand without becoming so badly crippled as to involve the monopolist also in loss. But, possessing this arbitrary power, the monopolist sometimes inadvertently overreaches so far as to cause industrial reverse, at which point panic, or at least, apprehension, will cause the people to "retrench," which means general curtailment of demand for industrial product, business stagnation, consequent waste of capital, disemployment of labor, intensified destructive competition, widespread bankruptcy, hard times.

What then? Is the destiny of human society to be forever at the mercy of monopoly? God forbid! The essential difference between monopoly and competitive industry is that the former is rooted in the earth (to borrow a simile from the "Ethics of Democracy"), while the latter is entirely above ground. Land value is the potential root of monopoly. Increase the tax upon this "root," and you strike monopoly without touching competitive industry. Increase the tax upon this "root" just far enough, and you utterly destroy monopoly, thus permitting the beneficent natural law of competition to distribute its benefits to each individual according to his

deserts, and metamorphosing the common struggle for existence into a joyous rivalry in the pursuit of excellence of service and product, in a universal industrial field where poverty is unknown, and wherein material condition indicates the social value of the individual; an industrial field wherein hopeful, happy men and women will perform the world's work, each in his or her self-chosen sphere, and wherein the tender little children, freed from the rack of pitiless toil, will romp and laugh in the ecstasy of normal being.

EDWARD HOWELL PUTNAM.

EDITORIAL CORRESPONDENCE.

CANADA.

Toronto, Dec. 26.—Toronto is now in the throes of the annual municipal election, and in addition to the usual batch of aldermen and other municipal officers to be voted for, the following question is to be submitted to the people:

"Are you in favor of the City obtaining power from the Legislature to exempt dwelling houses from taxation to the extent of seven hundred dollars of the assessed value; said exemption to include all buildings used as dwellings but not to apply to the land, and not in any way to affect the right to vote on said property?"

This is the result of nearly two years' work. It began with the Federation for Majority Rule, which was organized largely by the efforts of Mr. Robert Tyson, and Mr. James Simpson of the Trades and Labor Council. This organization succeeded in pledging 21 out of the 22 members of the City Council for this year, to submit any question to the voters, within the powers of the City Council, when requested to do so by a petition representing eight per cent. of the voters.

In September the Single Tax Association, taking advantage of the pressure of the house famine which is very keenly felt just now, circulated a petition. After reciting the facts about the scarcity of house accommodation, and that our present system of taxation discriminates against the building of small houses, and that an exemption such as proposed would discourage the holding of land idle and would encourage the building of that class of houses of which Toronto is in the greatest need, thereby increasing the number of houses and lowering rents, this petition asked that the question above stated be submitted to the electors at the next January elections. It is estimated that there are about 40,000 names of voters on the voting lists. The number of petitioners is 3,750.

When the matter came up before the Council it was referred to a committee which unanimously recommended it.

The Board of Control also passed it, but asked the Assessment Commissioner for a report as to how it would affect the assessment generally and what class of property would be benefited and what would have to bear an increased burden of taxation. His report is interesting reading, especially in view of the fact that he is strongly biased against the measure. Following are some of his main facts and figures:

The total assessment of the city is \$148,813,071, and the exemption would reduce it to \$122,613,971, necessitating an increase in the tax rate from 19 to 23.06 mills. The exemptions would affect three classes of dwellings; those assessed for \$700 and under, upon which taxation would be abolished; those assessed at over \$700 and under \$4,000, on which taxation would be reduced; those assessed at over \$4,000, upon which taxation would be increased. He then proceeded to show that there were 20,747 houses assessed at less than \$700, 19,318 assessed at over \$700 and less than \$4,000, and only 3,290 assessed at over \$4,000. The exemption on the first class would be \$10,353,500 and on the second class \$13,522,600. Of the first class 15,125 are occupied by tenants, and of the second class 12,026; while of the third or more expensive class only 1,327, or less than half, are occupied by tenants. He then gives a table showing the saving of taxes upon a house assessed at \$1,000 to be \$12.18; at \$4,000 the tax is increased by 10 cents; on a \$10,000 house the increase amounts to \$24.46; and on a \$50,000 house to \$186.86. He then shows that vacant lot holders will have to pay \$28,420 more than they pay now.

Opponents of the measure are raising the cry that the measure will benefit the owners of small properties and not the tenants, as the owners will not reduce the rents.

The report of the Assessment Commissioner also calls attention to the fact that nearly 30 per cent. of the property benefited belongs to non-residents.

In reply to these objections the single taxers are getting out 40,000 pamphlets and as many dodgers, and will have one in the hands of every citizen by election time if possible. They are also billing the city with posters: "Vote for the \$700 Exemption and Lower Rents," and "End the House Famine." They get very little assistance from the papers, except the Star. This paper has a single tax editor, who has given Mr. A. W. Roebuck a free hand to write up the matter.

The single taxers are hopeful of getting a safe majority. Their next trouble will be with the legislature. But they declare they are in the fight to win and will stay with it until they do.

ALAN C. THOMPSON.

BUFFALO.

Buffalo, Dec. 25.—Another referendum vote (p. 455) is to be had here if the Referendum League can bring it about. The petition is being actively pushed under the general direction of Mr. Stockton, president of the League. It calls for a vote on three questions:

1—Shall legislation be enacted amending the charter of the city of Buffalo, by requiring that all acts granting property or franchises to persons or corporations in said city, shall be submitted to the people of Buffalo at election before taking effect?

2—Shall legislation be enacted providing for a direct primary nominating elections law for Buffalo, in substance similar to the law enacted by the people of the State of Oregon, on June 6, 1904?

3—Shall the city of Buffalo own and operate an electric lighting and power plant for the benefit of itself and its inhabitants?

The circulation of the petition is of great educational effect, as the questions have to be explained.

The municipal electric lighting plant question is of special importance just now. On December 2, 1895, the city granted to several companies the right to lay conduits in the streets for the purpose of distributing throughout the city electricity from Niagara Falls, and the grant provided that the conduits should be built of such size that as much space as was used by the grantees should be reserved for the use of the city, and if the city began to utilize it for its own purposes within ten years it should have the right to use it free of charge. There are about 15 miles of such conduits laid within the city. As the city is about to sign a five-year contract with the gas company for lighting part of the streets, an effort is being made to prevent the signing of the contract and have the city lay electric cables in the conduits and use incandescent light in the lampposts, which, with the connecting gas pipes, the city owns. This course would save the city's rights in the conduits and at the same time strike a blow at the gas company, whose action has been particularly offensive in making the citizens pay a minimum charge of 50 cents a month in express violation of the statute which prohibits a meter charge, and who have refused to make a progressive decrease in the price of gas, which the statute also requires. At the same time the gas company has been asking the city for the privilege of supplying part water gas, which their grant forbids, but which, it is claimed in some quarters, they are supplying at the present time.

A momentary wave of indignation has swept the city in regard to the franchise tax valuations of the street railway companies by the State board of tax commissioners. These valuations for the year 1905 are \$4,300,000 for the International Railway Company and \$1,340,000 for the Crosstown Street Railway Company. Hearings were had before the board, in which Mr. J. U. Adams, the

only Democratic councilman elected on the city ticket last year, and the man whom the whole city is talking about as the Democratic candidate for Mayor next year, appeared and asked for an increase in the valuation. The Corporation Counsel also presented figures to show that the International franchise was worth from eighteen to twenty-two millions. But their efforts were without effect. The statute prescribes no method for valuing franchises and the tax commission has refused to disclose the methods by which it arrives at its results.

What hurts Buffalo is that the street railroads are paying less to the city now than they did before the franchise tax law was enacted. Under a contract made with the city in 1891 or 1892 the companies pay the city a percentage of their gross receipts varying according to the amount received; 2 per cent. when under \$1,500,000; 2½ per cent. when over \$1,500,000 and under \$2,000,000; and 3 per cent. when over \$2,000,000. Under the franchise tax law these percentages are deducted from the franchise tax. The city formerly based the percentages and taxes upon the physical property in the streets. Now the physical property in the streets is included in the franchise tax, with the net result that the city loses by reason of the law.

Another matter, one which is exasperating the people in the southern part of the city, is the action of the railroads in holding up the proceedings to abate the floods in their sections. The Buffalo river and Cazenovia creek annually overflow and flood a considerable area, causing great damage to the property and health of the people by reason of the backing up of sewers and filling of cellars with water, and some of the streets are submerged to a depth of five or six feet. The floods are increased by reason of the abutments and piers of railroad bridges where the tracks cross the streams. These are fixed bridges which have been legalized by the legislature. Plans to abate the floods by straightening, widening and deepening the channel have been prepared and eminent domain proceedings have been commenced by the city to take the necessary land. These proceedings were contested by the railroads, which have two things to fear: First, new railroad bridges will have to be built, which the charter provides must be swing or lift bridges, and there is also the possibility that the national government will take a hand and prescribe the kind of bridges to be built. Second, the deepening of the channel will make the river navigable for large boats and add a large amount of available water front. The city's immense harbor facilities are at present monopolized by the railroads. The foregoing objections of the railroads were referred to a referee to hear, try and determine, and were all sus-