But when a man works where he has all the advantages offered by the community, so that little work wins a large reward, the part of that large reward is rent, the price of the co-operation of the community with him. Ergo, rent is the price to be paid for all the advantages, *made by man*, that is reflected in the value of sites. But if it is the price of advantages made by man it has no relation to *natural advantages*. As soon as we take for public use the whole rent the rigid lines which bound each block and mark where each fee simple title ends, will become at once elastic. The man with a little too much space will be able to let the man next him have the surplus, the governing bodies will soon understand that it is no business of theirs who occupy land and how they use it, since every man will be free to do as he wills, so long as he hurts no one. The payment of rent where rental value has arisen, will be the only condition of occupancy. Natural advantages may be freely used by all; none may tie up what he is not using from use by others.—G. R. HARRISON, New South Wales, Aus.

THE TAXATION OF MINERAL LANDS.

EDITOR SINGLE TAX REVIEW:

I cannot agree with the conclusions arrived at by Mr. Philip H. Cornick in the July-August REVIEW, concerning the taxation of mining lands, as they are too much of a socialistic nature.

Quite recently our members have been discussing this subject, and there has been a great difference of opinion. As we were not unanimous I decided to write to Sydney and Melbourne to ascertain the views of our co-workers there. The Sydney people agreed with my view of the question, but the Melbourne folks put forth the following proposition:

"An alleged auriferous area to be put up at auction. The price to be a percentage of the gold won after wages and all working expenses are paid. The Government not to receive any dividend till the whole of the capital provided by the investors has been returned to the shareholders. Provision would have to be made to prevent the profits being absorbed by means of high wages to the owners."

I am of the opinion that the above proposition would not prove effective in destroying the monopoly of mineral lands. A person might agree to pay a "percentage of the gold won," but instead of developing the property, he might keep it idle, and hold the land out of use. As there would be no gold won, the holder, under the suggested scheme could not be called upon to contribute anything to the Government. Furthermore, if the Government are not to "receive any dividend till the whole of the capital provided by the investors has been returned to the shareholders," the Government might never participate. Profits from mining operations might be used to pay for development work, and for buildings and treatment plants, and because of these extra assets the market value of the shares might be five times the amount actually subscribed by the original shareholders; yet until the "whole of the capital provided by the investors had been returned" the Government could not claim any share of that natural wealth which rightly belongs to the community. These two points are the weak spots in the scheme proposed by our Victorian friends, and I do not think the scheme is a satisfactory solution of the problem.

The idea held by some of our own members is that mineral lands cannot be assessed under any definite Single Tax principle, and that a compromise is necessary. They contend that by taxing the value attaching to land in a town which grows as a result of the mine, you get the economic rent of the mineral land as well. They say the town is brought into existence because of the mine, and if there were no mine there would be no town land values.

I cannot agree with this aspect of the question. We may have a mine returning mineral wealth worth, say, £200,000 a year, and there may be only a few men living in tents getting the whole of the proceeds. As in this case there would be practically no town values, the aforesaid scheme would not secure to the community the economic rent of the mineral land. Another mine may be returning mineral products to the same value, i. e., £200,000 a year; and in this particular case a greater amount of labor may be required to produce that amount of wealth. Because of the greater amount of labor required, a town springs up in the locality, and with the presence of the people public services are required. As soon as the public services were provided, land values in the town would advance. These values would be due to public expenditure, and not to the presence of the mineral land adjoining the town area. The people in possession of the town land values might not have a single share in the mines, their only return from the mine being the wages received for their labor. The shareholders may be all living in some other country, and the dividends received by them from the mlnes might be lgreaty more than a fair interest on their capital expenditure. Yet under the aforementioned scheme, these owners of the mineral lands would be exempt from land values taxation, and it would not be possible to secure the economic rent of that mineral land by taxing town lands as suggested by some of our members. If the mineral land is exempted from taxation, how is monopoly of that class of land to be prevented? Taxing the town land would not encourage the owners of the mineral land to put that land to its best use. The members who advance this theory say that special laws could be passed dealing with those who held mineral land out of use. Why should these laws be necessary? In the case of building and agricultural land we claim that with the Single Tax in operation, the gentle pressure of taxation is sufficient to compel owners to put the land to its best use. Why, then, should not the principle operate just as effectively upon mineral lands without other legislation being necessary?

I certainly think that Single Tax principles can be applied to mineral land, the same as to all other land.

Furthermore, I contend that the unimproved value of mineral land can be estimated sufficiently close for taxation purposes. These values are estimated daily by investors on the Stock Exchange. They must also be known to the directors of mining companies who desire to amalgamate.

Supposing two companies desire an amalgamation of their interests, what happens? The directors of each concern are anxious to conserve the interests of their shareholders. They, therefore, instruct their officers to ascertain the actual value of their mining properties. That would be done in the following manner. An estimate would be made of the value of the shafts, drives, winzes and levels, also of the buildings, machinery and treatment plants. The value of the ore bodies would next be determined by measuring the lodes blocked out, and by a systematic sampling of those lodes the value of the mineral contents would be ascertained. The directors would then be in a position to state the value of their mines. The value of course would be the improved value.

To ascertain the unimproved value for taxation purposes it would be necessary to deduct the amount subscribed by shareholders for the erection of the buildings, machinery and treatment plant, and also the amount subscribed for the development work underground. The balance remaining would be the unimproved value and therefore taxable.

In my opinion there should be a margin between the amount of the tax levied upon mineral land and upon the adjoining town land. For instance, if 6d. in the £ is the tax on the town land, I would suggest 3d. on the mineral land. I think this allowance should be made as a compensation for the special risks involved in financing mining propositions, owing to the uncertain nature of the ore bodies, and the fluctuation of metal prices. Such a margin in levying taxation would have the effect of providing a fair return to labor and capital, and would not prevent people from investing their capital in mining propositions, as would be the case if the full economic rent were taken.

In deducting the value of improvements from the total value of the mine, to ascertain the unimproved value for taxable purposes, it must be distinctly understood that only the *actual subscribed capital* spent in development work, buildings and machinery is to be deducted. This is necessary to prevent watered stock from being introduced for the sole purpose of lowering the unimproved value of the mine.

There is also another point to be considered in connection with the question of *Capital*. Some of the development work or plant may have been paid for out of returns from the mine, and in my opinion, this work cannot justly be called capital expenditure.

So far as the value of undeveloped mineral land is concerned, competition for possession must determine its unimproved value until development work has revealed nature's secret, when the aforesaid procedure should be adopted to ascertain its taxable value.

This scheme appears to me to be better than State control of the mining industry. There is a tendency on the part of some people to adopt the go-slow policy in connection with government work, on account of no one in particular being responsible if a loss occurs.

There is no industry that gives greater opportunity for the go-slow policy than the mining industry. I know this from observations made while living in a mining district. Because of the possibility of this go-slow policy I do not approve of Mr. Cornick's scheme.

Summing up, let me say that the scheme of taxing town lands to secure the value of mineral land adjoining, is that advocated by Single Taxers in West Australia; putting up the land at auction on the terms stated, is the proposal of our Victorian friends; while the scheme I have suggested meets with the approval of our co-workers in New South Wales.

I shall be pleased to know what your readers think of the scheme propounded, and welcome any criticism of it.—E. J. Craigie, Adelaide, South Australia.

Mr. Benjamin Doblin's very interesting notes on the History of the Manhattan Single Tax Club are crowded out of this number.

THE SINGLE TAX AND COST OF LIVING.

Editor Single Tax Review:

Your view of Mr. George White's criticism of Mr. Hardinge, is correct, but I think all three of you ignore the effect of present taxation on prices. A tariff makes high prices; the great profit resulting may be partly absorbed by the site owners in higher rent; in this way high prices are the cause of rent, rather than the reverse. Read page 413, Doubleday's "Progress and Poverty."

Mr. Hardinge is technically wrong in saying, "the higher the value of land the higher the price of everything brought forth from it." Prices are fixed by the cost on the poorest land. The abundance from the best land will sell at the same price. Nowhere are products so cheap as at department stores, where site rent is the highest. A small profit multiplied yields a greater profit than a few sales at a large profit. It is the possibility to make many sales that gives value to a site.

Rent, even monopoly rent, cannot enter into price, in any given time or place. Abolition of taxation must reduce prices one half, perhaps two thirds; which will double or treble wages. This alone will give the producer justice. A greater production on land set free, will further reduce price, unless this is offset by a greater demand from the millions of laborers suddenly invested with more purchasing power. But such reduction is the result of land set free, rather than from the reduction of former high rent. Site rent, at any time, is but the reflection of site advantage at that time.—C. F. Hunt, Chicago.

THE DIVISION OF THE PRODUCT.

Editor Single Tax Review:

Professor Irving Fisher of Yale in "The Purchasing Power of Money" gives five distinct factors in his argument and arrives at the anti-climax of fixing an index and adapting the weight of gold to the dollar to that index.