

laborers, an outlet for the unemployed would be formed, which would result in increased production tending to increase wages. Thus the influences tending to lower the cost of production would be checked and in a measure offset by counter influences tending to increase it. At what point these opposing tendencies would meet and produce a natural equilibrium of prices can't be foretold, and need not be discussed; and it is useless to attempt to foretell what proportion of the gain the workers will receive in consequence of the taxation of land values, conjointly with the exemption of industry in all its forms from taxation, as higher wages, that is, more money for services rendered; or what proportion will come to them through lower prices of products, that is, by getting more for money received. Let it suffice that the gain to the laborer must come to him by these means in varying proportions. Whatever the price of products, and the wages of labor might then be, they would be natural prices and wages.

But it may be well to keep in mind that under present conditions the laborers' share of the product is what is left of it after Rent and Taxes have been deducted.

The Single Tax by insuring equal freedom to the source of wealth, that is, to land, would restore to all opportunity to earn *natural wages*, viz.: all that one could produce from land possessing no rental value; and by freeing industry from taxation, freedom of exchange would ensue; and thus unrestricted competition would prevail, which is essential to the equitable distribution of wealth.

The aggregate earnings of all laborers would under such conditions, be the full product of their labor, *minus* "Rent." And each individual's earnings would be the product of his or her labor, *minus* "Rent." And every occupant of valuable land or space—and all do occupy land or space—would pay to the community either directly as landholder or indirectly as tenant through a landholder, the rental value of the land or space occupied by them. No one could escape.

But as the "Rent" paid by each and all would reach the community's treasury and

be expended for communal purposes, which each and all would have equal right to the benefits of, the gain thus enjoyed would be the equivalent of the "Rent" paid; which benefits combined with the earnings of the laborer, would constitute the equivalent of the full product of his labor. More than this he could not get.—JOHN FILMER.

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#### A SIGNIFICANT REPORT FROM THE INTERNATIONAL TAX CONFERENCE.

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It is a splendid report that was adopted by the Special Committee on the Causes of the Failure of the General Property Tax at the recent Fourth Annual International Tax Conference which was held at Milwaukee, August 30th to Sept. 2nd, of this year.

This report is all the more significant in view of the personnel of the committee, which comprised Oscar Leser, Edwin R. A. Seligman, James C. Foreman, Nils P. Haugen, and Frederick N. Judson. Following is the most gratifying portion of this wholly excellent report:

"The attempt to tax all property at a uniform valuation and at the same rate, regardless of its special characteristics, earning power or the benefits derived from government, violates the primary rules of just taxation and offends the natural sense of justice.

The two theories of taxation most widely accepted by economists are; one, that each individual should be taxed in proportion to his ability to pay; the other, that taxes should be levied in proportion to benefits or privileges received from government. However the advocates of either theory may differ, they will agree that at least taxation should conform to one of these theories in order to approach fairness. The general property tax conforms to neither. It establishes an arbitrary measure for taxation that bears no relation either to ability to pay or to benefits received.

Apart from these theoretical objections, there is a practical injustice inseparable from strict enforcement. The fact that the

real estate tax has been enforced regularly, has led to an amortization of the average tax. The rental received from real estate is gross: therefor the purchaser deducts the tax and finds the net income before he purchases, thus securing for his investment the current rate of return, tax free. The investor in securities usually pays a purchase price which is fixed in a country-wide market, and is calculated on the assumption that his investment will escape taxation and that his whole income will therefor be net. When by spasmodic enforcement of the law, or disclosure of personalty in the probate court, securities that bear say four per cent are subject to a two or three per cent tax on their market or face value, the moral sense revolts at this practical confiscation of so large a share of the income.

In the case of tangible property such as merchandise, the results of general evasion are similar. Selling prices are fixed on the assumption that the business will largely, if not wholly escape taxation. The few merchants who are caught find themselves taxed out of all proportion to others, and are unable to recoup themselves for the tax by adding to prices, because of the competition with those who escape, or with non-residents—who may be wholly relieved from such liability in their own states.

Sometimes it is argued that if every one would make a full return of property the tax rate would be so low that no hardship would result and any theoretical injustice would not be felt. The reply of the Ohio Tax Commission of 1908 to this argument is sufficient:

"The present tax is so imminent and the prospect of a full return by all citizens is so remote, that the individual tax-payer has not felt inclined to institute a reform which may turn out to be wholly at his own expense."

This covers the ground admirably. What remains to be said along these lines would be little more than amplification of the general principles so admirably stated.

Alex. W. Johnston, A. M., of Sydney (Aus.) University, a frequent contributor

to these pages, and one of whose articles will be found in another part of the present number, has issued a book of eighty-six pages, entitled "Land and Liberty, a Manual of the Elements of Political Economy." While recommending to his readers the perusal of Adam Smith, Mill, Ricardo, Herbert Spencer and Henry George he makes the point that George should be read first, as the statements of the others will then be more correctly valued and their mistakes more clearly seen.

We have received a copy of "Social Justice," a volume of 325 pages, written by Percy Vivian Jones, and published by the Cochrane Publishing Company, Tribune Building, N. Y. The author has a theory of social reform, if such it can be called, with which it is hardly possible to deal in set terms. His conception of economic relations is so faulty as to preclude the presentation of any coherent theory of adjustment. But the work is written in a spirit that is entirely commendable, and makes us regret that the author is so utterly unfitted for the task he has undertaken.

In the *Truth Seeker* for Oct. 1st James F. Morton, Jr., answers an inquiring correspondent who desires an explanation of the Single Tax.

*Common Sense*, a little monthly publication of the Electric Controller and Manufacturing Company of Cleveland, Ohio, has in its issue for October a number of pertinent paragraphs, of which the following are samples:

"A Million in 1920!" is a slogan by the people for the landlord and against the manufacturer, the merchant and the mass."

"Before we think of slogans for increasing our already congested communities we should be thinking along scientific lines to adjust the difference between those who create value and those who hold it."

P. Larsen, of Elstykke, Denmark, has nearly finished a translation of Protection or Free Trade into Danish.