ARE YOU KEEPING YOUR BULLETIN FOR FUTURE REFERENCE? IF NOT, PASS IT ON TO A FRIEND. HE'LL APPRECIATE IT.

THE BULLETIN

Of THE COMMITTEE OF MANUFACTURERS AND MERCHANTS ON FEDERAL TAXATION (Inc.)

VOL. II. JANUARY, 1923. No. 3.

EUROPE'S LESSON TO AMERICA

Four years have passed since the World War ended.

Yet Europe, notwithstanding the repeated assurances of international bankers and politicians that recovery was taking place, is worse off today than it was then—and is going down, down, down!

Owing to the demoralization of commerce and the stagnation of business "twelve million Europeans," according to George Lansbury, member of the British Parliament, "are jobless and virtually in bread lines, dependent upon charity or government aid for subsistence." In England alone "the number of unemployed is something like 2,500,000."

What the next four years will reveal with Germany on the brink of disaster, God only knows!

The causes of Europe's prostration? "Indemnities," "monumental debts," "huge military expenses," "governmental extravagance," etc., it is said.

But these are not the fundamental causes. **THE FUNDAMENTAL CAUSE LIES IN UNWISE AND UNSOUND TAXATION, AND IN THIS ALONE.**

Had Europe at the end of the war instituted a policy of taxing business and industry **LESS** and the value of monopolies and special privileges **MORE**, its recovery would by this time be almost complete. For the greatest power for good or ill known to modern civilization is that of taxation. It makes little or no difference **HOW MUCH** revenue is raised; the difference lies altogether in **HOW** it is raised.

Let us take to our bosom, before it is too late, the terrible lesson that Europe is giving to the world at so tremendous a cost of human wealth, comfort and happiness.

WISCONSIN "TO GO TO BAT"

Wisconsin will be the next state to "go to bat" to reduce the tax load on business, industry, agriculture and standing timber by increasing the levy on the value of land, both improved and unimproved.

A little over a year ago a bill having the same object in view was drawn up by Prof. John R. Commons of the University and introduced into the Assembly by Mr. Grimstad. This bill came remarkably close to passing, notwithstanding the short time available for study and general discussion.

"At the coming session of the legislature," writes Mr. Edward Nordman, Commissioner of the Wisconsin Department of Markets, "the Grimstad bill, somewhat simplified, will be introduced again, and stands a good show of passing. Many people thought it would have passed at the last session if it had been introduced earlier and the members could have had time to consider it more thoroughly. The general industrial situation is such now that members elect are earnestly looking for a way to improve conditions and I feel that we can make them see that this measure offers a remedy."

Judging from the number of friends the bill has made since it was first introduced it is very probable indeed that it will now go through. The bill has found at least one strong ally in Cloverland Magazine. This influential magazine has a very wide circulation among the farmers in the northern part of the state and its editor has assured the advocates of the bill that it will give them its fullest support, sending marked copies of each issue to all members of the Assembly, arousing the farm leaders through the state to action and assisting in any other way it can to get the measure through.

The campaign for sane tax adjustment in Wisconsin is going to be interesting—and well worth watching.

TIMBER FOLKS LINING UP FOR LAND VALUE TAX—AND WHY

Economists and thoughtful students of forestry problems have, of late years, been predicting that the lumber interests and the users of lumber products will sooner or later be compelled in self-defense to demand the un-taxing of the standing trees and raising the public revenue from the value of the bare land only, whether the mere land speculators or "land hogs" like it or not.

Evidence that these predictions are now coming true continues to accumulate. Read, for instance, the following letter received from Mr. Warren B. Bullock, Secretary of the National Forestry Program Committee—a committee comprising nine of the largest forestry, lumber and paper organizations in the country:

THE NATIONAL FORESTRY PROGRAM COMMITTEE

R. S. KELLOGG, Chairman
WARREN B. BULLOCK, Secretary
18 East 41st Street
New York

E. T. ALLEN, Western Forestry and Conservation Association
PHILLIP W. AYRES, Society for Protection New Hampshire Forests
ELBERT H. BAKER, American Newspaper Publishers Association
WILSON COMPTON, National Lumber Manufacturers Association
HUGH P. BAKER, American Paper and Pulp Association
JOHN FOLEY, Association of Wood Using Industries
E. W. McCULLOUGH, Chamber of Commerce of United States
P. S. RIDSDALE, American Forestry Association
J. RANDALL WILLIAMS, National Wholesale Lumber Dealers' Association

December 11, 1922.

Editor, The Bulletin,
1346 Altgeld St., Chicago, Ill.
Dear Sir:

I note in your BULLETIN a reprint from the Cloverland Magazine on the taxation of the land and untaxing the trees as the best forestry policy.

This is exactly one of the campaigns that is being agitated by this Committee which, as you see, includes industries, foresters and the Forest Service, as well as the American Newspaper Publishers Association who are dependent for their paper on the product of the forest.

It may interest you to know that Dr. Baker, a member of this Committee, representing the paper industry, and myself are sufficiently hopeful that this policy will be generally recognized to have invested in a reforestation project on the Wisconsin side of the Michigan line.

We believe that the position taken by the Cloverland Magazine on the encouragement of reforestation by relieving growing crops from taxation, is the proper policy.

Sincerely yours,
(Signed) WARREN B. BULLOCK,
Secretary.

WBB-EG

TAXES EATING UP THE TIMBER

(Editorial, "Dearborn Independent," Dec. 30, 1922)

"America's forests are inexhaustible," said our forefathers, and their attitude has been handed down from generation to generation. Like prodigals we laid waste our heritage until great areas became denuded. Floods, hitherto unknown, spread over territory that before had been shielded by friendly trees that absorbed and gave out moisture as needed. Other great spaces became arid and barren by the same token.

No alarm was sounded in behalf of our forests until recent times. Fortunately, an "about face" is taking place. Our government manifested interest in the matter. The public was informed that wide tracts of our remaining forests had been set aside as forest reserves and that reforestation had been encouraged.

It is, therefore, a distinct shock to learn that large areas are being denuded and others are withheld from reforestation because of the prohibitive tax on standing timber. It has been estimated that accumulated taxes on a growing forest as it matures would amount to more than the timber would be worth, or else make manufactured lumber a luxury. A large number of owners of cut-over land, unsuited for agricultural purposes, have declared their willingness to put into effect a reforestation policy, but are held back because **"Taxes eat up the timber."** One owner of large tracts of land stated: **"When they don't tax us to death we will gladly reforest. Taxation is all that stands in the way of reforestation."**

A proposed system of taxation on the land value basis is strongly advocated by many economists and favored by the National Forestry Association. Under this system, all standing timber is regarded as an "improvement," and is not taxed; growing forests are also exempt. Consideration of this problem would seem to have become necessary.

THE BULLETIN

of the Committee of Manufacturers and Merchants on Federal Taxation (Inc.)

Published Monthly
In the Interest of Better Tax Laws by the
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Managing Editor, Emil O. Jorgensen.

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Vol. II. January 1923. No. 3.

Our "Prosperity Taxation" Program

Introduced into the House of Representatives June 2, 1921, by Hon. Oscar E. Keller of Minnesota.

Congressional Bill No. 6767

This bill repeals all existing sales and commodity taxes except those on tobacco, distilled spirits, oleomargarine, habit forming drugs and products of child labor. The bill also repeals the present tax on the incomes of corporations.

Congressional Bill No. 6769

This bill amends the income tax law so as to distinguish between "earned" and "unearned" income. The tax on "unearned" incomes together with the super-taxes is retained, but the tax on "earned" incomes is cut in two. All salaries, wages, etc., together with all profits derived from businesses personally conducted or in partnership are classed as "earned" incomes.

Congressional Bill No. 6768

This bill amends the inheritance tax. Beginning with estates of $20,000 to $35,000 there is a tax of one per cent; $35,000 to $50,000 two per cent; $50,000 to $100,000 four per cent; $150,000 to $250,000 six per cent, and so on until the point of $100,000,000 is reached after which the tax is about 75% of the entire estate. [Note: This bill is now being amended and the rates reduced to a maximum of 50% instead of 75%]

Congressional Bill No. 6773

This bill provides for a federal tax of one per cent on the privilege of holding lands and natural resources worth over $10 000, after deducting the value of all buildings, personal property and improvements. In the case of farms, cost of clearing, draining, plowing and cultivation, together with soil fertility are classed as improvement values. This bill will exempt over 98% of all actual farmers. It also exempts standing timber from taxation whether naturally or artificially grown.

This bill aims to relieve business, industry and agriculture by taxing monopoly holders of vacant natural resources, valuable "sites" in cities and the holding of land in general out of use. The revenue raised under this bill will be about one billion dollars annually.

This revenue program would relieve producing business of about $1,250,000 annually, and the people of from three to five times this amount in inflated living costs.

THE INCOME TAX—GOOD OR BAD?

On the opposite page of the BULLETIN appears an article on the income tax. We urge all our readers to study this article carefully.

The income tax has long been a popular mode of taxation in America and is, to all appearances, becoming increasingly so. This is obvious from the repeated endorsements that the income tax receives from those who profess to represent the larger economic groups of the country.

There must be a very strong reason behind this. The income tax, as a revenue measure, is far from an ideal tax. It is inquisitorial in its nature; complex; difficult to determine; costly to collect; and highly productive of fraud and perjury. Not only this but by the very character of the tax itself it encourages the keeping of idle lands and natural resources out of use thus bringing on a train of evils too numerous to mention and too great to compute.

Why, then, is the income tax so popular? Because it is thought to be a "distributor of wealth." Because it is thought to be a "reliever" of the poor and a "soaker" of the rich. This and nothing else explains the wide popularity of the income tax.

But is it true? Is the income tax really a "distributor" of wealth? Does it tend to "relieve" the poor and "swat" the rich, as it is supposed? No! There is absolutely nothing in the history of practical experience to show it. On the contrary there is an abundance of evidence to prove that the income tax has no tendency at all to **narrow** to gulf between the rich and the poor, but that it does have a powerful tendency to **widen** it.

We believe that the article on the opposite page sets forth the reason for this most conclusively. And this reason is simply because no distinction is being made between incomes that are **earned** and incomes that are **unearned**. If this distinction were made, and the tax rates fixed accordingly, the major objection to the income tax would be eliminated.

Consider. When you tax the **earned** incomes of farmers, you injure farmers. When you tax the **earned** incomes of labor, you injure labor. When you tax the **earned** incomes of merchants and manufacturers, you injure merchants and manufacturers. And when you injure farmers, laborers, merchants or manufacturers—in a word, when you injure **any** of the workers and producers of wealth, you injure everybody, and most of all do you injure those who can lay claim to the least of this world's goods.

On the other hand when you neglect to tax **unearned** incomes at a higher rate than the **earned** you give to the receivers of the unearned incomes a positive economic advantage. You do not discourage monopoly, but foster it; you do not check profiteering, but promote it; you do not halt the accumulation of colossal fortunes, but stimulate it.

Of course in the last analysis there can be no tax that distinguishes perfectly between **earned** and **unearned** incomes except a tax levied at the source and based upon land-and-natural-resource values only, but the income tax itself can stand a mighty big improvement in that direction.

And it is a step that will soon have to be taken if the industrial life of the nation is to survive. We cannot go on forever taxing thrift and enterprise as if they were something to be snuffed out, nor can we go on exempting monopoly and special privilege as if they were something to be aided and abetted. We cannot go on reducing the workers of the nation—whether farmer or manufacturer—to the point of actual distress or of elevating the monopolists and the non-producers to the very pinnacle of wealth and power.

Such a course can only lead to one end—industrial ruin.

BUTTON! BUTTON! WHO'S GOT THE BUTTON?

A single street in Chicago—South Water Street—sold over $500,000,000 worth of farm produce—wholesale—in 1922.

Who got the benefit of this enormous business for which consumers had to pay dearly?

The farmer? No!

The wholesaler? No!

The retailer? No!

Speaking before the Kiwanis Club at the Hotel Sherman in Chicago recently, Mr. Frank Stockdale, President of the firm of Stockdale Service, Inc., said:

"Government figures prove that the retail dealer is today receiving less profit from the consumers' dollar than at any time in the past ten years.

"A congressional investigating committee known as the joint committee of agricultural inquiry state in their report on marketing and distributing that the retailer has to pay 74.84 cents out of the consumers' dollar for the cost of the merchandise and 24.39 cents for his operating expenses. He then has left but 1.13 cents for his profit. These figures were arrived at by sending out questionaires to 15,000 dealers in dry goods, groceries, shoes, clothing and hardware in 1922, and averaging their replies.

"The dealer's average profit from 1913 to 1920 inclusive was 6.09 cents out of each consumers' dollar. If the public knew these facts would they call the retailer a profiteer?"

Who then got the benefit of the $500,000,000 worth of produce for which the farmer received so little, and the consumer paid so dearly?

Ask the landlords over whose land the produce traveled from the time it left the farmer's wagon until it reached the consumers' table!

CANADIAN CITIES REWARD INDUSTRY

One reason why many Canadian cities are forging ahead of their sister cities in the United States, notwithstanding the disadvantages of a colder climate and shorter season, is because they believe in **rewarding** industry and not **penalizing** them. The following are ten of the larger cities in Western Canada, and the extent to which they exempt improvements from taxation:

	Improvements Exempt
Prince Rupert, B. C.	100 %
Swift Current	85 %
Saskatoon, Sask.	75 %
Regina, Sask.	70 %
North Battleford	70 %
Weyburn	70 %
Victoria, B. C.	66 %
Moose Jaw	55 %
Vancouver, B. C.	50 %
Winnipeg, Man.	33 %

One cannot help but wonder how fast our own cities would grow if they pursued the same logical plan.

SLIGHTLY MIXED

Little Harold had been reading "Treasure Island" since early morning and it was only with a great deal of persuasion on the part of his mother that he finally consented to put it up when he went to bed. But his devout mother was not prepared for the variation he sprung when he was saying his prayers:

"Give us this day our daily bread—yo ho ho and a bottle of rum!"—Portland (Ore.) Telegram.

THE A. F. B. F. SHOOTS AT THE ENEMY—AND HITS ITSELF

American Farm Bureau Federation Makes Plea for Taxation that Will "Distribute Wealth" Instead of "Concentrating It," but Advocates a Measure that Will Do the Very Reverse

Federation Demands Higher Taxes on Incomes, but Makes no Distinction Between Incomes that are EARNED and Incomes That are UNEARNED—The Grave Consequences that this Leads To

By Emil O. Jorgensen

The A. F. B. F. Makes a Slip

"Taxes" declared the American Farm Bureau Federation at its Fourth Annual Convention just held in Chicago, "should be so laid as to tend to the distribution of wealth in the hands of the many, and not to its concentration in the hands of the few."

Sound American doctrine, that!

But when the Farm Bureau goes on to demand that **net incomes** be taxed at a high progressive rate, without any regard as to whether these same incomes are **earned** or **unearned**, it is pursuing a course that is diametrically opposed to what it wants to accomplish.

The high taxation of incomes, provided no distinction is made between the **earned** and **unearned**, will not "distribute wealth" as the Farm Bureau seems to believe; it will only tend to "concentrate it." It will not make the rich, poorer and the poor, richer, as it is thought; it will only make the rich, richer and the poor, poorer. It will not bring about any material betterment in the condition of the majority of the people; it will merely drive them further into poverty and bankruptcy. It is no simple accident that in New York City, where one-fourth of our present high federal income taxes are now collected, the amassing of vast fortunes among the few and the impoverishment of the many, are now going on more rapidly than ever before!

EARNED Incomes Not the Basis of "Great Wealth."

What are called "large fortunes" are not due (except in negligible cases) to those incomes properly classed as **earned**; they are due to those incomes properly classed as **unearned**. The reason is simple. **Earned** incomes are the legitimate rewards of human industry. They do not arise from the ownership of any monopoly or special privilege as do the **unearned**. They simply represent the services that one man renders to another whether by brain or muscle—a service, moreover, that is performed in a competitive field and in a free and open market. The farmer's income, for example, is an **earned** income because it represents a definite service performed. So is the merchant's, the lawyer's, the miner's, the school teacher's, the manufacturer's, the engineer's, the fisherman's. So, in short, are the incomes of all those who do any useful service, whether in agriculture, merchandizing, manufactur-

AN UNLIMITED MARKET—WHERE TO FIND IT

Since America through the fortunes of war has been turned from a debtor to a creditor nation, the expansion of our foreign markets has become more difficult. We cannot export commodities, unless we import either gold or commodities in payment. We already have nearly all the world's gold supply—more than is good for us—and the American people object to importation of goods.

There is, however, a tremendous unsupplied market at home which is far greater in its possibilities than we could possibly hope to develop abroad in many years. There is no limit to human wants. Quantity once satisfied man seeks quality. Not only more food but better food, not only more clothes but finer clothes, not only more luxuries but a finer grade of luxuries. But the mass of the people are unable to supply all these wants now either as to quantity or quality because too large a percentage of their earnings must be paid for rent and insufficient food. The only way these excessive payments can be reduced so that more money may be left to buy manufactured commodities and sufficient food is to enact the Pittsburgh Plan of Graded Tax on real estate. This increases the tax rate on all land value, thereby bringing more land into operation for building and cultivation, and simultaneously reduces taxes on buildings and all industry and agriculture. After living under this plan for the past eleven years all manufacturers and business men generally and home owners in Pittsburgh endorse it.—From Bulletin No. 27 of the Manufacturers and Merchants Tax League, Newark, N. J.

Lady—What, in your opinion, is your finest piece of fiction?

Author—My last Income Tax return. —London Opinion.

"HEADS I WIN; TAILS YOU LOSE"

"Dr. G. B. L. Arner, member of the Institute for Research in Land Economics," writes Stoughton Cooley in "Tax Facts," "has discovered, through investigations in New York City, that holding land idle for speculative purposes it not always a profitable business. It appears from the instances chosen that if the holders of idle lots in 1880 had put the money they paid for the land at 4 per cent they would be richer today.

It is now in order for Dr. Arner to show how much the community lost during these 41 years. Land speculation resembles slave holding in this respect, that while the beneficiary reaps in the long run a small reward, the victims always lose. Owners of slave labor in the South never prospered as did the employers of free labor in the North; but while the master was seldom rich, the slave was always poor. And while land speculators as a whole average small profits, the public loses not only what the speculator wins, but also what he wastes.

The Institute for Research in Land Economics contains some able men whose minds have been trained to inquire patiently into the minutia of values. Let these men now investigate the community losses in New York City through idle land and poorly improved land. The degree of improvement also would be a profitable subject to investigation. While the New York City Tax Department announces that nearly 97% of the parcels of land on Manhattan Island have buildings, this includes all the shacks and rookeries that are not improvements at all, but are a detriment to the best interests of the community. On Broadway, Fifth Avenue, in the very heart of the city are buildings assessed at $1,000 and $2,000 on lots assessed at $100,000 to $300,000.

The owner of these shacks and rookeries may or may not be making a profit from their holdings. But the public at large is losing what might be produced if the land were adequately improved. Will Dr. Arner and the members of the Institute for Research in Land Economics, turn their attention to this inviting field?"

REFLECTIONS OF A WELL KNOWN FARM LEADER

"After ten years of close study of the subject of taxation, as the responsible head of the Washington State Grange, I am positively convinced that the taxation of land values is not only the best for the farmers, but the only one that will take the burden of taxation off the producers and place it where it really belongs, namely, on the beneficiaries of special privilege."—From a statement of the late C. B. Kegley, Master of the Washington State Grange.

THE WISDOM OF ALEXANDER HAMILTON

Alexander Hamilton was a master mind in the Constitutional Convention at the formation of this Republic and the financial genius of his time. It was he who afterwards harnessed and developed the water-power at and founded the city of Paterson. He proved himself a promotor of industry of wide vision and a statesman second to none in that group of able men that founded a Nation. He enunciated what is now a recognized law of economics when he said: "We must tax land value OR industry, there is no other choice; all taxes whatever their name and no matter how disguised, will rest ultimately on one or the other."

ANOTHER LABOR ORGANIZATION ENDORSES LAND VALUE TAX

At the National Convention of the Bricklayers', Masons' and Plasterers' Union held at Springfield, Mass., October 12, 1922, the following resolution was passed:

"**WHEREAS**: **The burden of rent is pressing more and more heavily upon our members, now exacting in many cases more than half of their earnings; and**

WHEREAS: **The Reconstruction Program of the American Federation of Labor declares for "taxation upon land values of such a nature as to render it unprofitable to hold land without putting it to use"; and**

WHEREAS: **The Massachusetts State Conference, in convention assembled at New Bedford, in March, 1922, endorsed the above part of the Reconstruction Program; and**

WHEREAS: **There is a bill now before Congress (H. R. 6773) introduced by Congressman Keller of Minnesota, which seems to be a step in this direction; therefore be it**

RESOLVED: **That the Bricklayers', Masons' and Plasterers' International Union endorse that part of the Reconstruction Program of the American Federation of Labor which declared for taxation upon land values of such a nature as to render it unprofitable to hold land without putting it to use; and be it further**

RESOLVED **That Congressman Keller be invited to appear before the Convention and explain the nature of his bill."**

The A. F. B. F. Shoots at The Enemy — And Hits Itself

(Continued from page 3.)

ing, contracting, ordinary laboring, or any other competitive occupation.

None of these **earned** incomes therefore—with the aforesaid rare exceptions—form the basis of what is commonly called "great wealth." The simple reason is that the earner of the income is constantly subjected to competition from workers in his own line of occupation. The inability of farmers to roll up millions from the sale of their products, for instance, is simply because of the keen competition they have with other farmers; the failure of day laborers to charge a fortune for a day's work is merely because of the cutting competition they meet from other laborers—principally jobless laborers; while the reason that 24,000 business houses were driven into bankruptcy during the year just passed was simply because of the withering competition they encountered from other business houses.

Earned incomes are **not** the basis of great wealth, and moreover because the incomes themselves are really **earned**—because they actually represent the payment that one man makes to another, they are, therefore, not a just and right subject for taxation. The fact is that to tax these **earned** incomes heavily, as the American Farm Bureau Federation and other would-be progressives propose to do, is not merely to fail altogether in stopping the rapid concentration of wealth, but is to heap still more difficulties and sorrows upon the already over-loaded producers of the nation.

Over-grown Fortunes Result of UNEARNED Incomes.

With **unearned** incomes however the case is different. **Unearned** incomes arise from the ownership of monopoly and special privilege, not from the carrying on of human industry. These monopolies and special privileges exist in various forms, the chief ones however being franchises, lands and natural resources of all kinds. They are the rich food upon which our overgrown fortunes feed. They are the underlying cause of our great concentration of wealth in the hands of a few. Our profoundest students of economics all acknowledge this fact.

Thomas G. Shearman, the well-known corporation lawyer and one of the highest authorities on wealth distribution of the past century (Natural Taxation, p. 211) says:

"All the unwieldy fortunes, and all which have had an undesirable origin, owe their existence to some form of monopoly."

Max Hirsch in his famous work (Democracy versus Socialism, p. 398) says:

"Whoever examines such large fortunes—whether they are those of territorial magnates, as the Duke of Westminster and Bedford, the Earl of Durham, the Marquis of Bute, or the Astor family; or whether they are those of commercial and industrial magnates, as the Rothschilds, Rockefellers, Goulds, Vanderbilts, and others—can see at once that they mainly consist, not of real wealth, but of the value of monopoly rights."

Prof. John R. Commons (Distribution of Wealth, p. 253) says:

"If the size of fortunes is taken into account, it will be found that perhaps 95% of the total values represented by these millionaire fortunes is due to those investments classed as land values and natural monopolies, and to competitive industries aided by such monopolies."

Louis F. Post, former Assistant Secretary of Labor (Taxation of Land Values), says:

"When you investigate the source of really big incomes, it proves to be nearly all land."

Dr. Lyman Abbott, famous preacher and late editor of THE OUTLOOK (The Industrial Problem, p. 140, 141) says:

"The chief sources of the enormous individual wealth in this country are these three: Land, natural forces, state franchises. The multi-millionaires have accumulated their multi-millions, not chiefly as a product of their own industry; they have accumulated them by getting possession and control of the land and its contents, the natural forces of the world, and the franchises which the state has created."

Were there no other reasons why the **unearned** incomes should bear the heaviest part of the tax burden, and not the **unearned,** the above alone would be sufficient. But there ARE other reasons.

"Unearned" Incomes Are Just that—UNEARNED

Unearned incomes are exactly as described—they are **unearned.** They come to the receiver not because of any service he renders to his fellowmen, but simply because of a monopoly or legal privilege he holds.

It cannot be repeated too often that monopoly and legal privilege are the very antithesis of industry. In fact, monopoly and industry are as far removed from, and as opposite to each other, as the poles. Monopoly is not subject to competition; industry always is. Take land for instance, which is the biggest monopoly we have. Land cannot be duplicated or reproduced as can industry and its products: the quantity of land is rigidly fixed. There may be any number of crops of wheat, machines, buildings, ships, warehouses or factories, but there is only one crop of land. Products of industry may be moved about, burned up, blown to smithereens, destroyed or replaced, multiplied millions or billions of times if need be, but not so with land. The earthly supply of land always remains the same.

So whoever holds title to land holds title to something that cannot be duplicated and without which industry cannot be carried on or even life itself exist. Those who are in possession of the best portions of the earth's surface are, therefore, in position to demand an ever increasing tribute from the rest of the people who want to use these portions. Every increase in population increases the demand for particular land. Every machine and labor-saving invention, every betterment in society, every private and public improvement does the same. Thus rent—the value of land—rises, and into the laps of a few of the people—the "owners" of the earth—pours an ever-growing and ever-widening stream of gold for which the receivers perform no service or render any return.

As the great English economist John Stuart Mill ("Principles of Political Economy," Book V, Chap. II, Sec. 5) pointed out long ago:

"The ordinary progress of society which increases in wealth is at all times tending to augment the incomes of landlords; to give them a greater amount of the wealth of the community independently of any trouble or outlay incurred by themselves. They grow richer as it were, in their sleep, without working, risking or economizing."

Or as Dr. Adam Smith ("Wealth of Nations," Book I, Chap. XI) has put it:

"Every improvement in the circumstances of the society tends either directly or indirectly to raise the real rent of land, to increase the real wealth of the landlord, his power of purchasing the labour or the produce of the labour of the people."

Likewise Prof. Thorold Rogers ("Six Centuries of Work and Wages"):

"Every permanent improvement of the soil, every railway and road, every betterment in the general condition of society, every facility given to production, every stimulus supplied to consumption, raises rent."

And similarly Prof. J. E. Cairnes ("Some Principles of Political Economy Newly Expounded"):

"The large additions to the wealth of this country (England) have gone neither to profits nor to wages, nor yet to the public at large, but to swell a fund ever growing even while its proprietors sleep—the rent roll of the owners of the soil."

It may be necessary to remind the reader that these **unearned** incomes are not always in the form of straight ground rent, as the term is ordinarily understood, but more often are in the form of interest on stocks and bonds based upon public franchises, waterpower sites, railroad rights-of-way, terminals, coal, oil, iron deposits and other natural resources of inestimable value. So whether the income be that of the rents, royalties and interest on stocks and bonds of a Field, a Vanderbilt, an Astor, a Morgan, a Mellen, a Stotesbury, a Guggenheim, a Schwab or a Rockefeller, the income is chiefly the result of monopoly, not industry—is mostly **unearned,** not **earned**—and should therefore bear the heaviest share of our growing tax burden.

Theodore Roosevelt Says—

(Century Magazine, October, 1913)

"We believe in a heavily graded income tax that discriminates sharply in favor of the earned, as compared with the unearned incomes."

William G. McAdoo Says—

(Speech at Newton, Kansas, 1921)

"The time has arrived when earned incomes should be distinguished from the unearned, and taxed at a lower rate."

It will be said, of course, that the most scientific way to untax the **earned** incomes and to make the **unearned** bear the cost of government is first to seperate the improvement - and - industrial-values from the bare land-and-natural-resource-values and then discontinue all taxes except that on land-and-natural-resource-values only.

This is true but so long as we retain the income tax and its machinery, we should make it as workable and as fair as possible.

Destructiveness of the General Income Tax.

Meanwhile there is no time to be lost. The taxation at the same rate of both **earned** and **unearned** incomes, as unwisely advocated by the American Farm Bureau Federation and others and as already provided in the present law, cannot be allowed to continue. Instead of "distributing the wealth" it is fast "concentrating it"; instead of benefiting the producing classes, it is impoverishing them; instead of improving the lot of the vast majority, it is making it worse.

On the one hand the relatively high taxation of **earned** incomes is confiscating the honest rewards of the laborer, crippling the farmer, driving business men into bankruptcy and steadily undermining the prosperity and welfare of the whole nation. On the other hand the correspondingly low taxation of **unearned** incomes is stimulating the spread of vast estates, fostering monopoly, building up a powerful aristocratic class, and adding still more to the already over-grown fortunes of the favored few.

The words of Professor H. G. Brown of Missouri University in his recent book "The Taxation of Unearned Incomes" (Missouri Book Company, Columbia, Mo.) are timely and to the point:

"Those self-supposed progressives and radicals who think to secure a better economic order by high taxation of incomes without distinction as to source, are the unconscious auxiliaries of the forces of reaction. FOR THE FARTHER SUCH TAXATION IS CARRIED, THE MORE IS LAND RELIEVED OF TAXATION. And, in proportion as land is RELIEVED of taxation, speculative holding grows; land prices rise; home ownership becomes, for most, impossible; landlordism and tenancy flourish together; and the unearned increment becomes a powerful cause of great fortunes which are not the rewards of great service."

Keller Bill a Step in the Right Direction.

It would not be fair to close this article without saying that a tax bill sharply distinguishing between the **earned** and **unearned** incomes is already pending in Congress. This bill has been introduced into the House of Representatives by the Hon. Oscar E. Keller of Minnesota along with a land value tax bill. It is a pronounced step in the right direction. The sooner this constructive bill is made into law the sooner will the present downward course of business, industry and agriculture come to a halt and their upward course begin.