"The Real Friend of the People Is Not He Who Tells Them That They Can Do No Wrong, but He Who Warns Them Against Dangers of Their Own Creation."--Former Gov. Frank O. Lowden

THE BULLETIN

OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

VOL. II. CHICAGO, JULY, 1923. No. 9.

THE ONLY ROAD TO FEDERAL TAX RELIEF

Evidence continues to accumulate that until the unearned values of lands and natural resources are made to carry a heavier share of the federal revenue burden there can be no possible relief to business, industry and agriculture.

In a speech delivered in Salt Lake City on June 22, U. S. Senator Reed Smoot declared "he could see little hope ahead, so far as national expenses are concerned for reduction within the next twenty-five years." The Senator asserted further that after about eight years "taxes will increase and business will have to be increased to keep pace with them."

OIL MEN RISE IN TAXATION PROTEST

Directors and officers of the American Oil Men's association have instituted a campaign whereby the oil industry may be freed of what they describe as discriminatory and oppressive taxation.

"The petroleum industry is being literally drained of its life's blood by the deluge of taxation recently thrust upon it," a spokesman of the association declared. "Thirty-one states already have gasoline sales taxes and several others have the question pending in legislatures, in addition to which taxes on the output of the industry are assessed by federal and municipal governments in various sections. In some localities we are taxed in as high as fourteen different ways. This taxation has robbed the industry of funds which should be used in expansion."

TORONTO GROOMS FOR ANOTHER TAX BATTLE

The city of Toronto, Canada, has again thrown its hat into the ring. Another Exemption Petition for removing taxes from industry and improvements at the rate of 10% a year until all taxes have been taken off, will be presented to the City Council before very long.

"The wording of the petition," says the Square Deal, official organ of the Tax Reform Leagues of Canada, "is identical with that presented in 1922, and which is still undealt with. While it is the intention to have this new petition signed by more than 10% of the property owners entitled to vote on money by-laws, so that it will constitute a complete petition in itself, yet we propose to demand that the 1922 petition be considered with it so that together they will constitute a petition of some 20,000 property owners and about 25,000 voters. It remains to be seen if the Council will treat this as contemptibly as the first. Already 6,500 names have been secured and attested."

CONVENTION!

THE SECOND BIENNIAL TAX RELIEF CONVENTION

of the

MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

will be held in

CHICAGO

at the

CONGRESS HOTEL

November 9 and 10, 1923

DON'T MISS IT!

Let us all try to make this Convention the biggest and best of its kind ever held in this country. A large and splendid program is assured. Speakers from all parts of the nation will be there. Every phase of the tax question from every angle of business, industry and agriculture will be covered. Resolutions will be passed, given to the press and sent to all governors, senators and representatives. The full address of each speaker will be printed in a special edition of the BULLETIN after which it will be put into book form and distributed to editors, libraries and all mediums of publicity and education. A wonderful opportunity to get together and to promote the cause of tax relief.

Watch for later announcements, but

LAY YOUR PLANS NOW TO BE THERE!

Should the American Wheat-Grower Be Pitied—Or Laughed At?

We have always had a deep sympathy for the working farmer in this country, but at the national wheat conference held in Chicago a few days ago it struck us very forcibly that much of this sympathy may be misplaced.

It was pointed out at this illustrious gathering that the American wheat grower can't compete with the Canadian wheat grower, for the simple reason that in this country farm taxes and land prices are both very high; and in Canada they are both very low. Wheat land that costs $300 an acre in the United States can be got for twenty or twenty-five dollars across the line. And farm improvements and personal property that are so heavily burdened with taxes here pay no taxes at all in the rural districts of Manitoba, Alberta and Saskatchewan. Dollar wheat therefore, that nets an absolute loss to the United States farmer nets a respectable profit to the Canadian farmer. As a competitor in the world's wheat markets, therefore, the Canadian farmer holds an enormous advantage over his brother in the States.

In a statement given to the magazine writer William Hard, and published in the Chicago Daily News at the time the convention was held, Dr. Alonzo Taylor, the nation's foremost food economist, says:

"Our land has become expensive while land in Canada for wheat purposes, is still cheap. The Canadian Pacific railroad will sell wheat land to you to-day within ten miles of its line, on the following terms: Twenty dollars an acre and annual payments never amounting to more than seven per cent on the purchase price and giving you the land in full title out of these payments in thirty-four years.

"It is going to be cheaper for Europe to buy the wheat grown on such land than to buy the wheat grown on the expensive land of the United States."

Of course it is. With wheat land selling from $200 or $300 or more an acre in the United States, and farm improvements taxed to death, wheat cannot be grown profitably for less than $1.50 a bushel, while in Canada with the same land selling at twenty dollars an acre, and no taxes whatever on farm improvements, wheat can be produced with a satisfactory profit to the grower at less than a dollar a bushel. It isn't very difficult therefore to see from which country Europe is going to buy her future supply of wheat.

What amused us most, however, was when one of the delegates said that such competition "isn't fair." Isn't fair! Goodness gracious, Agnes, what's unfair about it? Haven't the farmers of western Canada a right to keep their taxes and their land prices down, if they want to? If the American farmers don't like it, they can do the same. They hold the keys in their own hands.

We are a little afraid, however, that lower taxes and lower land prices are just what some of our so-called farm leaders don't

(Turn to page 3, col 1.)

NO "BULLETIN" IN AUGUST

The July issue of the Bulletin has been purposely delayed owing to the fact that the August number will be omitted—August being for most of our readers the recognized vacation month of the year.

PREDICTS HOT FIGHT OVER SALES TAX

A four weeks investigation of the sales tax as practiced in Canada has led Archibald Harris, counsellor to the Illinois and Indiana Bank associations, to predict a keen battle over the sales tax at the next session of congress.

"My experience leads me to believe that Senator Smoot, as chairman of the senate financial committee, will experience one of the hottest fights ever staged in Washington," Mr. Harris says in a telegram to his associates, commenting upon the statement that the senator would present a soldiers' bonus with a sales tax provision.

"The Canadian sales tax system has been continually brought to our attention as one operating with particular success," Mr. Harris continues. "To my surprise, I find the tax is not raising as much as the income tax in Canada, that is, only about one-fourth of Canada's revenue."—Chicago Tribune, July 5.

TAX MATTERS GETTING WARM IN WISCONSIN

The Dahl bill in Wisconsin to shift $6,500,000 of taxes from personal property to incomes passed the House by a safe majority but was defeated in the Senate by one vote. In order to "kill it dead" so it could not be resurrected, a motion was made to reconsider the action. One Senator, for some reason changed his vote, and it was ordered reconsidered by the same vote it had been beaten.

The bill, therefore, will come up again. Meanwhile, the only alternative to the higher income tax bill is the Grimstad Bill to place a tax of one percent on the privilege of holding land valued over $10,000. This bill is patterned after the Keller bill in Congress, and the Wisconsin business men as well as the more thoughtful citizens of the state, are coming to realize that it offers the only rational way out. Mr. Edward Nordman, Commissioner of Markets and Prof. John R. Commons of Wisconsin University deserve much credit for their strong support of the Grimstad Bill.

Matters are getting interesting in the Badger state. Watch them!

Pass the Word—Our Tax Convention meets in Chicago, November 9 and 10.

THE BULLETIN

of the Manufacturers and Merchants Federal Tax League

Published Monthly, except August, In the Interest of Lower Taxes on Industry by the Manufacturers and Merchants Federal Tax League

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THE INTERNATIONAL CONFERENCE AT OXFORD

Next month an international conference on the taxation of land values will be held in Oxford, England. Delegates from all parts of the civilized world—Denmark, Germany, Australia, Canada, the United States, and a score of other countries, will be present.

The purpose of this conference is to compare results and to discuss ways and means of best spreading the light of economic truth. With this object in view the conference ought to be of immeasurable value. We are sure it will be if the things that ought NOT to be said and done are stressed as strongly—even a little stronger, perhaps—than the things that OUGHT to be said and done. For in our humble opinion the cause of the land value tax has suffered decidedly more at the hands of its over-zealous friends than it has at the hands of its bitterest enemies.

We hope that the international conference, under the able direction of the United Committee for the Taxation of Land Values, will do much to correct this unfortunate circumstance, and we believe it will.

ILLINOIS SEVERANCE TAX IS DEFEATED

In order that the schools of Illinois might secure a larger amount of needed funds, a bill was introduced in the last session of the Illinois legislature, providing for a production tax of 8 cents a ton on all coal and fluorspar mined in the state. So bitter however was the opposition of the mine operators, particularly those operating on low grade lands, and who saw in the tax the destruction of their industries, that the bill was defeated.

From the standpoint of the schools the defeat of the bill is greatly to be regretted, but from the standpoint of sound economics, good business and the welfare of the mine workers as well as the mine operators, the defeat of the bill should be a matter of general rejoicing.

The experience of the Illinois school teachers with this bill offers further proof that the wrong way may be the longest way around. For years many people in Minnesota endeavored to impose a similar tax on her iron ore output, but the effort was in vain. It was only when a juster tax—a royalty tax—a tax that fell neither on the mine operator nor on the consumer—was proposed, that victory was secured. A 6% tax on mining royalties, to yield a large revenue, passed the last Minnesota legislature by this vote: House, 104 to 16; Senate, 39 to 25.

A man to whom much credit is due for the passage of this excellent measure is Mr. C. J. Buell of St. Paul—economist, tax expert and for several years author of the "Minnesota Legislature." Since revenue legislation in Illinois and other states will be of greater importance in the future than it has been in the past we have asked Mr. Buell to be one of the speakers at our Biennial Tax Convention to be held in Chicago on November 9 and 10, and tell us about this bill. He has accepted the invitation. We hope that a large number of school teachers as well as mine operators and business men will be present to hear the important subject that Mr. Buell will present.

Our Tax Relief Program

The following tax program to raise revenue and to relieve business, industry and agriculture of about $1,250,000,000 of the intolerable burden it now carries, will be introduced into the House of Representatives in December by the Hon. Oscar E. Keller of Minnesota:

Congressional Bill No. ——

This bill repeals all existing sales, commodity and excise 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. ——

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. ——

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 $150,000 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 50% of the excess to that amount or about 38% of the entire estate.

Congressional Bill No. ——

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.

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

NEWS NOTES

Referring to the soldier's bonus bill in a recent speech in Salt Lake City Senator Smoot stated he was confident the measure would be passed at the next session of Congress. "The president cannot stop it with his veto power," he asserted, "although I think he has not changed his mind in regard to it."

The Cedar Rapids Gazette says it is impossible for Iowa farmers to make money on land that cost $500 an acre. More money could be made on land that cost $400 an acre and still more money on land that cost only $300. If this be true what price per acre should the land be upon which Iowa farmers could make the most money?

"Picking Geese Where There's Least Squawk" is the title of an illustrated article that appeared under the name of the editor, Mr. Henry A. Perry, in the June issue of Cloverland Magazine. It depicted a scene at the annual session of the County Board of Review and showed in subtle language how those who carry on the productive activities of the world invariably get the worst in the matter of tax adjustment as compared with those who are mere idlers and land speculators. The article should prove an eye-opener to many.

Don't forget: Tax Convention, Chicago, November 9 and 10. A big program is assured.

"The individual business man, with his land, labor and capital goods, is today in the fell clutch of economic circumstances over which as an individual he has practically no control. The individual is no longer the master of his own economic destiny. I am not distressed, you will observe, over the nature of man; it is the nature of the economic system with which we have to deal." —H. G. Moulton, of the Institute of Economics of the American Economic Association.

Why is a land speculator? A manufacturer makes shoes for the money we give him. The merchant distributes them. The workman performs labor for what he receives. But what does the owner of idle land do for the riches he gets?

"The city of Cleveland has, in round numbers, a land valuation of $900,000,000 and a population of 886,642—roughly, $1,000 a head. But the property is held by 85,000. Just about one in ten. Moreover, half the total of $900,000,000 is owned by 500 people. And the colossal amount of $300,000,000, one-third of the whole, is in the hands of just 129 families—and they possess the cream of the business section and reap a third of the interest fund, or $15,000,000. There's one of the world's greatest problems in a nutshell."—Collier's Weekly.

In order that we may keep our mailing list straight kindly inform us of any change of address.

HOME CONSTRUCTION IN NEW YORK CITY

New York, you will remember, passed a law in 1920 exempting new dwellings from taxation for a period of ten years. The law expired in 1922, but was extended to 1923 and has now been extended to 1924.

Of its effect, Mr. Lawson Purdy, former president of the New York department of taxes and assessments, writes to "Tax Facts" as follows:

"In the year before exemption, plans were filed for one-family, two-family, and multi-family dwellings to house 14,323 families. We ought to file plans annually, just to keep pace with the increase, for about 30,000. In the two years and one month, from February 26, 1921, to March 31, 1923, plans were filed to house 110,549 families in one- and two-family houses, and 99,838 families in multi-family houses. The estimated cost of these houses is an aggregate of $936,388,000. The average cost per family in one- and two-family houses is $4,490, and in multi-family houses, $4,421."

SHOULD THE AMERICAN WHEAT-GROWER BE PITIED—OR LAUGHED AT?

(Continued from page 1.)

want, that what they really want to see are still higher taxes and still higher land prices.

We say "higher taxes and higher land prices," and "lower taxes and lower land prices" because the two always go together. You cannot separate them. They are part and parcel of the same thing. The heavier you make the tax burden on farm improvements, the lighter necessarily do you make the tax burden on vacant lands. And the lighter you make the tax burden on vacant land, the easier it becomes for land speculators to hold such land vacant. The higher therefore the price of land tends to become.

On the other hand the lighter you make the tax burden on farm improvements and personal property, the heavier do you make the burden on land held out of use. And the heavier you make the burden on land held out of use, the quicker and cheaper the land speculators have to sell.

This is exactly how it has worked out in western Canada. When the farmers there decided a few years ago to quit taxing farm improvements and personal property, they naturally had to raise the taxes on the vacant land speculators and these vacant land speculators—the Hudson's Bay Company and the Canadian Pacific Railway in particular—are now selling their lands to settlers on the easiest payments and at the most reasonable prices.

Of course, all this is very favorable to Canadian industry and agriculture. With both taxes and land prices much lower up there then they are here the Canadian grower can naturally beat the United States grower in the wheat markets of the world—can beat him to a frazzle. But if this spells ruin to the farmer in this country what under the sun is to prevent him from taking the same step that his neighbor has done? If he won't take this step he deserves to be beaten, doesn't he, Mr. Bradfute?

"LITTLE INCENTIVE TO WORK AND SAVE"

There is now little incentive for men to strive, to sacrifice, to labor and achieve. In eight years the taxes in this country for all purposes have increased 390 per cent. The people are now paying $8,500,000,000 per annum in taxes. This vast increase is by no means all due to the war, and much that is excused on account of the war could be greatly lessened, if not entirely eliminated. More than 15 per cent of the total income of the American people now goes for taxes.—From an address by Thos. R. Preston, President of the Hamilton National Bank and Hamilton Trust & Savings Bank af Chattanooga.

The Principles of Sound Taxation

By F. Lincoln Hutchins.

Nothing in the social life of the people is so confused, so illogical, so destructive of morals, as the existing system of taxation. The development of civilization through the division of labor, has created an environment in which an originally just and adequate method of laying taxes has become obsolete and anchronistic.

In the early agricultural state of society, when large scale industry had not commenced to function; when corporations were few and far between; when stocks and bonds were conspicuously absent; and when the possessions of individuals were all in the open, the rating of men according to those possessions afforded a fairly just apportionment of the amount that they should contribute to community needs.

In those days the "ability to pay" bore a very close relation to the "benefits received" from the social organization. With every change in the development of society these two have been forced further and further apart, until now there is no relationship. The "ability to pay" has become an absurdity in the present environment, although it has an attractive sound to many, who, seeing the huge fortunes that have resulted from monopolies, special privileges, and manipulation of securities, think that some evening up process is needed. "Make the rich pay," is a popular slogan, but there is no logic in it. The cure for swollen fortunes can not be effected in this way; there are too many avenues of escape from such penalty. To say that all individuals report their actual net income subject to the income tax, will not be credited, and the few honest in this respect suffer from the dishonesty of the many.

The incidence of taxation is not well understood; it is an abstruse subject under the present system. No one knows the amount that he contributes to the government, nor what contribution he makes to the profits of those who pay the tax in the first instance, for in leading the costs of consumable goods with the taxes paid by the producers, it is inevitable that the assessment upon the first payer will be added to these costs, leaving him tax free, so far as his plant and operations are concerned. Nor is this all that the ultimate consumer pays, for every time that a commodity passes through the many hands between the producer and himself the price is augmented by the taxes of the different parties in the chain. Satisfaction is often expressed with the large increase of taxes levied upon transportation corporations, in the blissful ignorance that every cent of such assessments is added to the cost of the service, and that the consumer of the commodities pays the entire tax. The corporations have no reason to complain, because they know that they are only intermediaries between the real payer, the consumer, and the government. No wonder that the cost of living is high.

It is safe to say that if the consumers realized the part that taxes play in their living costs there would be an immediate change in the basis upon which taxes are laid. That there is a scientific basis for taxation is not open to question; a basis upon which each person would pay his proportional part of the cost of maintaining the social organization.

Man lives solely from the natural resources of the earth; nothing that he has but has come from the earth; his food; his clothing; his shelter; and all the implements by which he serves himself. To obtain these things co-operation is necessary, hence the social organization that regulates and protects.

It is for the benefit of the community to have as large production of commodities as it can use, hence there should be the least amount of hindrance to the application of human energy through which natural resources are made available, and all taxation which hinders that application, or which deters any one from applying himself to that end, is unscientific and disastrous.

These considerations point out the true basis for taxation. Natural resources are not made less, nor their utilization hindered by the imposition of a charge for the part played by the community in aiding and protecting the extraction, modification, and distribution of them.

The measure of such taxation is clearly indicated by the number of people served. Take the single element of site values. They vary according to the demand for them. The larger the population, or the greater the congestion, the greater value, because of the greater demand. Remove the population of any city, without influx of others, and there would remain no site values and no social organization to be maintained. Let a change occur, by which congestion of people abandons one locality for another, and the site value of the first falls and that of the second rises.

Ten years ago the site value in an outlying section of Baltimore

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Meet us in Chicago November 9 and 10 at the Congress Hotel.

RUSSIA NOW MOVING IN RIGHT DIRECTION

Albert Jay Nock, economist, editor and one of the keenest observers of his time has just spent several months in Europe studying economic affairs. Mr. Nock in particular wanted to get first hand information as to whether Russia, in her gradual abandonment of the futile communistic policy, was going backward to another monopolistic regime or forward to a freer industrial regime.

His findings are summarized in the concluding chapter of his excellent article "The State," published in "The Freeman" of July 11, 1923. Mr. Nock says:

"The student of fundamental economics has long had but two questions to put concerning these modifications of the Russian communistic policy, namely: Do they tend towards the liberation or the restriction of industry and commerce? and, Do they tend towards the enhancement or the restriction of law-made monopoly?

"As far as I am aware every change in Russian policy has tended towards the liberation of industry and commerce, and none of them has tended in the slightest towards the enhancement of law-made monopoly.

* * *

"Russia has begun the liberation of industry and commerce. It is possible that she will go on until she has made them entirely free by removing every penny of the burden of taxation, direct and indirect, from all wealth and from all processes of the production and exchange of wealth. I have often inquired of communists what practical benefit of communism would not be brought about by the simple device of leaving all labor and labor-products entirely free of taxation, and at the same time appropriating all rent to communal use instead of permitting its appropriation by individuals; and I have never yet had an answer that showed a single one.

Perhaps the day will come when Russia will say to the world, 'You may sell and buy with us freely, without paying one cent of taxes on any product, either at our frontiers or within our borders; you may come here and manufacture goods with untaxed machinery, labor and raw material, in an untaxed factory, and market your products by untaxed transportation and distribution facilities. You may take and keep every farthing of profit that you can make under these conditions; we shall not tax either your industry or your enterprise. All that you must pay is the full economic rent of the natural resources which you use, for these are the property of the people of Russia. We will guarantee your peace and safety, help you in any way we can; but you must understand once for all that the 'political means' of satisfying your needs and desires does not exist in Russia. There are no tariffs here, no franchises or concessions, no private ownership of the rental-value of Russian land. This Government is not political; it does not exist to promote, through

(Turn to page 4, col. 1.)

Don't forget our Biennial Tax Convention Nov. 9 and 10. Chicago is the place.

INSTEAD OF TAXING ALL BONDS, UN-TAX THEM!

"The wave of sentiment in favor of taxing income from tax-exempt securities that swept the country last year has somewhat abated due to the fact that such a tax would inevitably result in lower premiums being offered for public bonds, or higher interest rates being charged, or both, on future issues. It is questioned whether a law could be made retroactive so as to tax hundreds of millions of such bonds already issued, and unless this could be done there would be no relief for productive industry. When this form of taxation is presented to Congress it will be met with argument in favor of reducing taxes on industrial bonds so that they they will be as attractive to investors as tax-exempt securities. Such a tax also would hit Federal Land Bank bonds and Joint Stock Land Bank bonds, which would injure the farmer. The only reason farmers are able to borrow money from Federal Land Banks and Joint Stock Land Banks at low rates of interest is because of their tax-exempt bonds. Inducements must be offered to obtain finances for the farmers. Industrialists claim industry could be aided in similar manner by making industrial bonds just as attractive to capital."—Cloverland Magazine, June, 1923.

LAND TAX SENTIMENT GROWING IN CANADA

"The Progressive party advocates the taxation of land values for federal purposes, as they are now partly taxed for municipal and provincial purposes. I submit that the taxation of land values is based upon equity and justice, and, moreover, will have the incalculable advantage of stimulating instead of restricting and curtailing production.

"So far as our farmers are concerned, I made a calculation a few years ago as to the effect which the change resulting from substituting the taxation of land values in Ontario for the tariff tax would have on the farmers of that province, and I found that they would pay only one-tenth as much under the system of taxation of land values as they have been paying under the tariff system."—From a recent speech of the Hon. W. C. Good of Ontario in the House of Commons, Canada.

Remember: Tax Convention, Congress Hotel, Chicago, November 9 and 10.

RUSSIA NOW MOVING IN RIGHT DIRECTION

(Continued from page 3.)

these privileges, the economic exploitation of one class in our society by another. Its functions are purely administrative.'

It is possible that Russia will do this; it is not certain that she will, and there is no calculus of probabilities that can be applied to her course. One can only say that her course hitherto has tended significantly in that direction, much more so than most observers appear aware. One can remark too, for what it is worth, that if Russia did this, she would have the rest of Western Europe, and in the long run the United States as well, at an insuperable disadvantage."

The American Plan of Taxation

Stoughton Cooley in "Tax Facts."

Taxation, the greatest problem of the day. Two principles struggling for supremacy. The Old World rule of privilege, and the New World idea of justice. Shall we cling to the ancient system of taxation according to ability to pay; or shall we extend and perfect the American plan of taxation in proportion to benefits received? A correct decision will have far-reaching influence upon the social, industrial, and political development of the country.

The United States inherited from the Old World, along with other institutions, its system of taxation. The essence of that system is, (a) all things bought and sold are property, and, (b) all citizens should be taxed according to the amount of property they own.

But a more careful examination into the nature of property reveals the fact of radical differences. It has been discovered that some forms of property are made more valuable by government service, while other forms are not affected by that service. Manifestly, it would be unjust to tax a man whose property was not benefited, the same as a man whose property was benefited.

This discovery led to the development of the American plan of taxing the citizen in proportion to benefits received from the government, rather than according to his ability to pay. The old practice, the system inherited from Europe, is till the more extensively used, but the new plan is steadily gaining.

Congress resorted to the American plan of taxation to defray the cost of its irrigation work. The Roosevelt Dam project, and other undertakings, are being paid for on the American plan. That is, the cost of the irrigation system is levied upon that part of the property in the district that has been increased in value by the improvement. Bringing water to those arid lands added enormously to their value, but it did not add any value to personal property or improvements. Therefore, Congress stood four square with justice when it laid the tax where values were conferred, and in proportion to those values. It put the whole matter on a business basis, and sold irrigation service the same as it sells postal service, and charged each man, not according to his wealth, or his ability to pay, but in proportion to the service he received.

This American plan of laying the cost of public improvements upon citizens in proportion to the financial benefit they derive from those improvements is used by the State of California in its irrigation projects. It was used by Minnesota in its great drainage work. It is used in all progressive, up-to-date communities for high-way construction, for the grading and paving of streets, for the laying of sidewalks and drains, and for the installation of lighting plants and water works.

Kansas City created a park and maintains it by a tax on the surrounding lands, whose value was increased by the park. Winnipeg built its 90-mile aqueduct by laying the cost on the lands benefited. San Francisco put the great street railway tunnel through Twin Peak mountain by a tax on the lands that were made accessible to the city by the car line.

The American plan of taxation is no longer an experiment. It is well established in principle, and it has been amply demonstrated in practice. It is the one method of taxation that squares with the declaration that "all men are created equal." It is the only force that will give vitality to our inalienable right to "life, liberty, and the pursuit of happiness."

The complete Americanization of our tax system is merely a matter of extending this principle of assessing only the property financially benefited by the public service, and taxing it in proportion to the benefits received. The extension can and will be made by gradual advances that will not disturb business, but, on the contrary, will stimulate industry at each step, until the last vestage of ancient privilege has been eliminated from our statute books.

New York City has given the American plan a boost by exempting new dwellings from local taxes for ten years. Pittsburgh is making its contribution by reducing taxes on improvements ten per cent every three years.

A NEEDLESS OVERHEAD

The business men of every metropolitan area see vacant lots held at stiff prices, but on a low tax basis. If, however, the manufacturer or merchant buys or rents a given piece of city land, he must not only pay a high price for it; but when he goes ahead and commits the crime of improving the land and putting his capital to work for the good of the community and himself, he is heavily penalized by taxation on the basis of fiscal rules inherited from the aristocracy of Europe.—Louis Wallis in "The Congregationalist."

If you miss our Biennial Tax Convention in Chicago, November 9 and 10, you will regret it.

"The next reform advocated by the great majority of persons is to make a wide margin between the tax on earned and unearned income. The earners through personal effort maintain that they should pay less than the inheritors of large estates who make no personal contributions to the welfare of the community or the nation."—Isaac F. Marcosson in the Saturday Evening Post, June 9, 1923.

Oh, it's a merry world; but we are making progress by proving futile one after another the proposals for bettering our condition. If we keep at it long enough there won't be any thing left to try but plain common sense. Then we'll just have to try that—just to show ourselves good sports, willing to try anything, once.— Stockton Forum.

THE PRINCIPLES OF SOUND TAXATION

(Continued from page 3.)

brought ten dollars a front foot, to-day it is fifty dollars a front foot, caused by the increase of population and the movement of people into this section. It is wholly a community made value, but the increment, instead of benefiting the community which created it, went to the fortunate owners of the sites. Again, the Public Service Commission ordered the United Railways to extend their one fare zones to different outlying districts, the effect of which was increase the site values in those districts, and to postpone the time when any reduction of fare could be made to the great mass of car riders. Neither did it benefit those who could be attracted into these districts, for the saving in transportation would be capitalized in the increased charges for site values, and the landlords reaped the entire benefit.

No one who gives the subject unbiased and intelligent consideration can come to any other conclusion than that the community should collect from those occupying sites, that are in demand purely from community effort, the value that the effort creates. Particularly when it is recognized that all other assessments work to hinder the procuring and distribution of natural resources, without which the community could not exist.

The date of our Biennial Tax Convention is November 9 and 10. The place is Chicago. Be there!

POLICE CAPTAIN SAYS POVERTY BREEDS CRIME

In my travels through life as a policeman, I have stopped by the way and learned that poverty causes crime. I am tempted to say this regardless of consequences, and it behooves all of us to endeavor to ascertain how poverty causes crime; and to strive to find a remedy.

We know there is crime. We know that there is poverty, and I believe there is a remedy and it is not a foreign remedy, it is not a socialistic or bolshevistic remedy, it is an individualistic remedy, an American remedy that was propounded by a great American, an American that saw the light, the true light, that will guide the law makers of our country, if they but seek it, to remedy these conditions, of crime and poverty.

We may say without fear of blasphemy that like unto the light of Bethlehem that shed its rays upon the Light of the World, heaven casts its light upon another and that other was Henry George, the apostle of the single tax.

And as you members of the Constabulary journey through life, let you, too, stop by the way and read the message that may be found in his book, Progress and Poverty.—Captain Patrick Kelliher, Central District Chicago. Reprinted from the "Constabulary News," July, 1923.

We wish we had space to print the splendid "Report of the Committee on Taxation" presented by Mr. G. A. Osinga to the Chicago Principals' Club and published in the "Reporter" for May. It is a masterpiece.