

The Philosophy of Freedom

An Open Forum for Single Taxers

THE DODGE-WAKEFIELD DEBATE MR. DODGE'S SURREJOINDER.

Unless Mr. Wakefield will admit the single tax to be a fraud, in which case I agree, always with the editor's permission, to debate socialism or any other issue with him, as single tax is our subject, and I am not nearly through with my objections to it; we must stick to our text. Why will he twist plain statement from their obvious meanings? Let him read my definition of value, and then state that I contend that the individual who uses land, alone gives value to that land.

To test the single taxer's contention that the community as a whole, by its mere presence and needs create the land values, we must take a suppositious case. This city of Chicago has a pretty large community and land values are pretty high. Now, suppose that this industrious, striving, scheming, pushing crowd should go to a more advantageous location and be replaced by all the loafers, tramps, hoboes and paupers our country contains, to be supported here by public charity, the community would be just as large, if not larger, their needs would be the same, but where would the land values be? Again, what I am contending for is, that it is the spoliation of labor which is the basis of the value of all those privileges and as such are not an unearned increment of wealth, but ability to extort it.

I am well aware that the prospect of exploiting prospective labor is almost as potent to boom the value of those privileges as is present exploitation thereof. To quote me, then, as asking: "If a dollar of wealth can be produced from a mine before labor had been applied to it," when my plain statement was, "If no labor had been, or ever would be, applied to those mining lands, could a dollar of wealth accrue therefrom," is very like setting up a man of straw, and then knocking the everlasting daylight out of him. Let him play fair, whatever he does.

I only mentioned the three billion dollars of fictitious wealth as one method by which labor is exploited, the variations of which are legions. A few years ago, for instance, Philip Armour cleaned up seven millions in one pork deal, here on the board of trade. How could the single tax stop these legal and illegal robberies, which the authorities seem to be unable or unwilling to deal with now? Don't say the single tax would do it, but give us the modus operandi. I might say taxing moonbeams would do it, but would that be any proof thereof?

In his first paper, Mr. W. accuses me of dodging the question of taxation and contends that it is the primary object of the single tax to obtain an equitable system of taxation. He thereby shows himself to be a very poorly informed disciple of Henry George, who distinctly states in his writings that seeing poverty going hand in hand with progress made him first study the subject, when he discovered that land monopoly is at the bottom of the phenomenon. Then from reading a treatise on the subject entitled "Le Impot Unique," written by a Frenchman in the eighteenth century, he was led to believe that taxing away the land values would remedy the evil. Hence, the reverse of Mr. Wakefield's statement is the truth.

But let that pass; let us see how equitable and just the single tax would be as a fiscal measure. As the community is an aggregation of individuals banded together for mutual benefit, and as such is bound by laws which all must obey, and as these laws will not enforce themselves and, moreover, as certain functions can either not be looked after by the individual at all, or else only in a perfunctory manner, therefore government is necessary to carry them into effect. Hence is derived the justice of taxation, being payment for ser-

vices rendered. Now, as one of the most important functions of government is to protect the individual's belongings, not alone from the elements, but chiefly from the predatory portion of society, therefore the larger the individual's holdings are which the government must protect, the higher ought to be his tax. That this tax should not exceed governmental expenditure economically administered goes without saying. Measured by this standard, how does the single tax compare? Truth to tell, it ignores it in toto. Not alone does it not limit that tax to governmental needs, but it proposes to levy that tax on the individual's need of the land, to say that it is based on land values is a mere subterfuge, since the user of that land must pay it under any circumstances. Hence, this tax would fall irresistibly, chiefly directly or indirectly, on the producer, for he must use the most land.

Take, for instance, the bondholder who never from his cradle to the grave need do one tap of useful work, but exists as a parasite on his fellow man, yet the cream of everything falls to his share, while the real useful citizen, on whose labor he exists, can obtain only the skim-milk and very often scant measure of that. How could he be made to pay his just share of taxes, since all that could be collected from him would be only on that small patch of land on which his dwelling stands, and as tax-dodging is the proverbial sin of that class, we may be sure that that would be in some suburban retreat, where bare land can only be assessed on the acre plan. Yet this class derives by far the largest benefit from organized society. As there are some forty odd billions of dollars' worth, national and municipal, or those bonds extant in the civilized world, here is an army who could virtually escape taxation altogether.

But, say single taxers, whenever you attempt to tax that class, on its personal property, it is sure to hide a large portion thereof, and will perjure itself as lief as not in order to escape it. Therefore, why not permit that class to enjoy in quiet the services society renders it, unvexed by taxation, as long as you can obtain all and more than is needed by taxing the land from which the masses must draw their subsistence by their labor? They cannot hide that. This is rich! Because this wealthy class is such an unconscious tax dodger, therefore we must virtually exempt it legally. Queer notion of justice, that!

One word more in regard to the community creating the land values. It is true, if there were no people there could be no land value, incidentally nothing else of value either. Chicago for instance, instead of being the large go-ahead city it is, would still be a dismal swamp. Why don't single taxers claim everything in sight? Why content themselves with the land values? The one is just as much and as little a communal product as the other.

A. DODGE.

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MR. WAKEFIELD'S REBUTTER.

It is my understanding that this "rebutter" closes our discussion, this being the limit set by the editor of The Independent in his announcement of it. It is, perhaps, as well to stop now, for certainly the discussion so far has not been of the highest interest nor traveled fast toward any logical conclusion. Mr. Dodge's methods of discussion have been so unusual and peculiar as to confine us to a narrow range and slow progress.

Mr. D. complains that I do not treat some of his statements seriously, but this has been true—if at all—only when they did not admit of serious consideration, such as comparing a highwayman's booty to rent, lots never to be used, or Chicago's population entirely replaced by an equal number of thieves, vagabonds and paupers. How can any one talk seriously of such insane vagaries—of things that never did nor can happen?

Mr. D. has confined his argument to one or two objections many times repeated, and I have found difficulty in comprehending his exact position or meaning, but have tried to be as courteous and fair as his vagueness allowed me to be and to meet every valid objection squarely and fully. So veiled and obscure has been his statements and so undefined his own position that this has not been easy to do. With all due deference to his learning and ability, I doubt if Mr. D. quite comprehends the single tax or his own position with reference to it and to its closely related factors of economic adjustment. This is evident when he objects to non-taxation of bondhold-

ers, a question that belongs in the kindergarten stage of economic discussion, and one never heard from one having an understanding of the single tax. Single taxers believe there would be no necessity for bonds and none issued under the single tax in operation, that bonds are a scheme to tax the many for the benefit of the few, or to tax future generations for the benefit of the present one; that their only safe basis is land values and power to tax them and to tax labor, all of which would practically disappear under the single tax. Certainly the power to tax labor and its products (same thing) would no longer exist, nor would the power to tax land values except by the public for public purposes. As it would take but 60 per cent of present rent values to equal all present national, state and local taxes it is evident no bonds would be needed, but if they were the taxation resulting would be equitable and not inequitable as now. Certainly railroads could not issue bonds to cover value of their rights of way, as they now do, nor coal or other mine-owners their land values, for all these would be public values, not private ones. Do bondholders pay taxes now? Mr. D. seems to think they do not, and I know they do not, so it seems a very puerile argument he makes—that the single tax would let them escape what they already escape. If it were possible to assess and tax bonds, notes, mortgages, etc., equitably, it would not be any relief to producers, experience having demonstrated that the interest would rise to include the tax, a tax which only a few strictly honest or unskilled in dodging would pay, the others receiving the enhanced interest, but not paying the tax.

Mr. D. says I do not agree with Henry George as to the reason for the single tax, but he reaches this conclusion by careless reading of my last article, mistaking my quotation of others' position for my own. At the best this is an unworthy quibble, since the object of the single tax—whether it

be a reform of land tenure or of taxation—can be attained only through a change of tax laws to shift the burden from useful exertion to the specially privileged landlord. However, I distinctly stated that the best reason for the single tax was its justice in distributing social burdens to holders of special privileges so as to absorb the latter for public use, equitable access to use of land values being the result.

Mr. D. assumes an impossible position when he denounces landlordism, yet denounces the only method ever devised for its destruction. He takes another impossible position when he says that land values are the result of a competition of many different individuals for the use of a particular piece of land, but not of the presence and needs of the community as a whole. Either this is childish trifling with words or a hopeless confusion of thought, since one-half his argument kills the other half. His effort to make a distinction between the community and the individuals composing the community is simply nonsense.

So far as I can decipher Mr. D.'s position, he seems to profess to speak in favor of labor—of the producer. As the only aim and purpose of the single tax is to give to labor (useful effort of hand or brain) its entire product, untaxed by government and untaxed by monopoly, for labor's own use and enjoyment, we presume Mr. D. must have a plan to give labor more than its total product, though it is generally thought there is no more to give.

That the single tax will do this is admitted by all the reputable economists of the world and by all exploiters of labor, the latter admitting it by their bitter and malignant opposition. Evidently Mr. D. does not distinguish between capital used in production and monopoly used to toll or tax production, yet such distinction is the beginning of economic wisdom.

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FIXING THE VALUE OF MONEY.

Of the many good things in Del Mar's works there is probably nothing of more importance than the following: "He also showed that the function of money was to definitely measure value; and not merely present and local value but, to some extent, also past and prospective value, and value generally: that therefore money was related to equity, or to the maintenance of equitable relations between capitalists and laborers; that, like other measures the most necessary and essential characteristic of money was specific limitations; in other words, that to measure with precision and with justice, the whole sum of money must be fixed at some more or less constant ratio to the volume of exchanges."

Mr. Del Mar has studied the history of money, and the science of money; but he has not attempted to formulate a plan for a scientific money system; and how to fix "the whole sum of money" at a "constant ratio to the volume of exchanges" is a problem that many think it impossible to solve. Still to those who believe in the "Reign of Law," as a universal principle of nature, it must seem possible.

Now, the volume of exchanges is continually changing, consequently to preserve the ratio between the whole volume of exchanges and the whole volume of money would require a system of money that would expand and contract with the requirements of trade. Such a system cannot be based upon any commodity for no commodity increases, and diminishes in quantity in exact ratio to the whole volume of exchanges, and no commodity is always of the same value. Some people advocate a per capita system for limiting the amount of money; that is they advocate the issue by government of a certain number of dollars for every inhabitant and as population increases to increase the circulation in the same ratio. I can see two objections to that plan, the first is that it is impossible to tell how much money is in circulation. My second objection is that even if it could be carried out the plan would not be a good one because in progressive countries wealth increases faster than population, and the amount of money in circulation should be kept at a "constant ratio" to the volume of exchanges and that is a very different thing from keeping it at a constant ratio to the number of the inhabitants.

Another plan that has been proposed is to regulate the amount of money in circulation by the prices of the principal articles of exchange. It is pro-

posed that the government make a list of say one hundred of the principal articles of commerce and find the average price of certain quantities of them, government officials would watch the markets and whenever the average prices were found to be falling more money would be issued. I think that that might be done and that it would be a great improvement on the present system; yet, it is not perfect, it is too complicated, and prices do not rise immediately with the expansion of the currency.

The rate of interest is the indicator of the scarcity or excess of money in circulation. As soon as the need for more money is felt interest rises; and as soon as the need is supplied interest falls to its former rate, and if more money continues to be issued, it will fall still lower. Does not this fact point to the possibility of regulating the amount of money in circulation by regulating the rate of interest. If "the whole volume of money" could be fixed at a constant ratio to the whole volume of exchanges, the rate of interest would never vary, for the rate of interest only varies when the ratio is changing. Attempts have frequently been made to regulate the rate of interest by passing usury laws, forbidding lenders to charge more than a certain rate, but as such laws neither lessen the demand for money nor increase the supply they have always been evaded. The government can regulate the rate of interest by fixing the rate, and supplying the demand at that rate, and by so doing they will not only prevent usurers from obtaining a higher rate, but they will at the same time give a scientific money, that will always maintain the same ratio to the volume of exchanges. If there is anything in this theory that is not in harmony with Del Mar's teachings I would like to have it pointed out. More than that, I can quote passages not only from Del Mar, but from numerous other writers, that will strengthen my position; but as I have taken up considerable space I must let that go for the present.

JAS. S. PATON.

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