

The Philosophy of Freedom

An Open Forum for Single Taxers

Open Letter to Mr. G. S. J., Blank, Ga.

Editor Independent: Your recent favor to hand. You believe that it is just to tax according to ability to pay. If you were a merchant would you charge your customers according to their ability to pay? Should a theatre manager charge his patrons according to their ability to pay? Or shouldn't he rather charge them according to the value of the seats they occupied? The only just tax is a tax according to benefits received from government. All public benefits are reflected in the value of land. Therefore the ground rent tax is the only just tax.

Under the single tax every privilege would be repealed or its beneficiaries would have to pay the full value of the privilege into the public treasury, when it would cease to be a privilege. That being the case, whatever income any man received would be his, as against the whole world.

New Zealand has a graduated land and income tax and an exemption of each. This is wrong, but its effects are better than the old system and it is an approach, however slight, toward the recognition of the justice of taking ground rent for public purposes. If all ground rent were taken, in the form of taxes, there would be no need of an income tax, and the small robber, as well as the large one, would be shown no favors.

You refer to my illustration of the river. You would move on a boat anchored in the river and thus escape all taxation, while levying tribute on the community. In political economy all natural things, external to man, such as rivers, seas, sunlight, natural heat and cold, natural electrical currents, rain, etc., are included in the term—land. So your river would be land, as well as your present farm or garden or town lot. But that is not the point. Under the single tax your water privilege would be repealed. All would have free and equal access to the river. I used the illustration simply to show you the character of the bulk of the so-called capital or wealth of the plutocracy. It is not wealth or capital at all. It is simply the power to levy future tribute upon labor, capitalized. The annual tribute is the interest, so-called—really ground rent. The market value of the stocks and bonds represent this annual tribute capitalized.

Yes, under the single tax, all land for which there was competitive demand—for which people would be willing to pay a premium for use, would be taxed. The tax would be just what people would be willing to pay for it if it were unimproved. If your young man's \$500 land continued to be in demand, despite the fact that 1,708,000 acres could be had to use free of tax, then it would continue to yield taxes. However, if there were 400,000,000 acres of more desirable land than it, no one would want to use it, and consequently it would have no value and would pay no tax.

As I stated in my last, exchange is a part of production. The facility of exchange, multiplying production, differentiates the civilized man from the savage. Where exchange is encouraged, each member of society need not catch his own fish, build his own house, make his own clothing, plant his own garden, etc. Where each has to do all of these things a high state

of civilization can not be attained. The subdivision of labor, incident to exchange, makes it unnecessary for the individual to go to Brazil for his coffee, to China for his tea, to Texas for his beef, to Minnesota for his flour, etc., before he can eat breakfast. One thousand men working in a shoe factory can make sixty times as many shoes as 1,000 men working individually. Through the subdivision of labor one man can make 3,000 pins or 200 horseshoe nails where he could make one without such specialization of industry.

The greatest exchanges are made, as a rule, on the most valuable land. Some land on Broadway, New York, is worth \$16,000,000 per acre. The vast volume of exchanges made on a single acre of such land effects a saving to the public and to the dealers of probably millions of dollars annually. The dealer pays the bulk of his savings from this concentration of business, to the landlord, as rent. As the landlord did not make the land, this should go to society as a whole, instead.

While one man is raising wheat in Dakota, another corn in Kansas, still another is making shoes in Massachusetts, while another is growing cotton in Georgia and still another raising sheep or cattle in Texas, etc. By exchanging these things, each of these men may enjoy wheat bread or corn bread, can wear shoes or woolen or cotton clothing, can eat beef and mutton, etc. In the last analysis each man has produced all of these things. Exchange and the subdivision of labor has multiplied each man's share of each of these commodities. Were it not for privilege, due to highway monopoly, unjust taxation and financial systems, etc., his share would be much larger, but as it is the privileged classes take toll all along the line.

The most valuable productive area on the American continent is Manhattan Island—Manhattan borough of Greater New York. Men are willing to pay vast sums for the privilege of exchanging wealth on each acre of this island. Whatever they are willing to pay would be the tax under single tax. For instance, when in Chicago in 1893 I was shown three splendid twelve-story buildings and was told that the lots were the property of a widow—that she received \$50,000 annual ground rent from each of the three lots, and that at the expiration of the lease the three magnificent structures become her property. The buildings probably cost \$1,000,000 each. So each of these tenants is paying over \$100,000 annually for the use of a lot. Under single tax this prodigious tribute of ground rent would go into the public treasury and would be equitably distributed among the governments of the city of Chicago, the county of Cook, the state of Illinois and the United States of American.

Whenever such lots as these, either in New York of Chicago or elsewhere, whether improved or not, cease to be desired, they will cease to pay taxes under the single tax, and not until then. Contrary to your opinion, so long as there is competitive demand for them they will pay taxes under this system.

Rents in cities would probably fall and the people would spread over the whole city, instead of living packed like sardines. The aggregate rental value might not exceed the ground rent now paid on land in use, as you assume, but population, and incidentally land values, would tend to scatter in cities and concentrate in the rural districts.

You say you do not know how much the Standard Oil company's dividends are, and that you are ignorant of the proportions of it which are ground rent, interest, profits, return on fictitious capital, etc. Its dividends for 1902 were \$45,000,000; for 1903 they were \$44,000,000, and for 1904 they were \$36,000,000. In addition to this the company usually sets aside millions of earnings to use once or twice in a decade to suddenly swell dividends and thus boom its stocks and enhance its credit.

There are only three factors in the production of wealth. These are land, labor and capital. Their returns are rent, wages and interest. All the officials of the Standard Oil company, from the president down, and including the directors, receive their wages, or salaries, before dividends are declared. Therefore no part of the dividends can possibly be wages. It is probable that all the tangible capital of the company can be duplicated for \$50,000,000. The dividends average about 5 per cent on the market value

of 44 per cent on capitalization, which is \$100,000,000. So the economic interest must be less than \$3,000,000. As nothing remains but rent, over \$41,000,000 must be the return to land.

You say that as labor moved on to the free land such land would become productive and would then be taxed under the single tax system. But you miss the point. The tendency would be, as stated before, for labor to concentrate on the 400,000,000 acres of most productive land and forsake the 1,708,000,000 acres of least productive land. Doubtless more than one-half of the 400,000,000 acres now in use would be abandoned and possibly 200,000,000 acres of land now unused would come into use. What one can produce on superior land in excess of what one can produce on the least productive land in use, is rent. Wages are determined by what labor can produce on the least productive land in use. If labor forsook less productive land for land of greater productivity, the rent line would advance onto better land. Labor would be much more productive and wages would advance sharply—would doubtless double.

The ground rent tax is the one tax that can not be shifted. All economists are agreed on this. I showed you in my last that the manufacturer or merchant can not add it to the price of his goods. The big factory or other improvement does not make the land more valuable, as you assume, but the increased demand for the land. If a million dollar factory or palace were erected on the Desert of Sahara, it would not enhance the value of the land, as you seem to think. You could still buy any of the adjacent land for probably less than one cent per acre. No one would want it at any price except the eccentric who built the palace or factory, for there must be competitive demand for land before it can have a value.

The single tax program comprehends other things besides the land tax, as you will see by reference to any of Henry George's books, written in the last thirty-five years. Among these are public ownership of all highways, including railroads. You say, not the tariff, but the railroad, is the mother of trusts. Both are prolific in this respect, but land monopoly is the original progenitor of all. Eliminate all other privileges, and the landlord would receive all the resultant benefits, in higher prices or rents.

A. FREELAND.

Mt. Pleasant, Tenn.

Stock Merchandise For Land

Large general stock of merchandise now running in a good Minnesota town and doing good business which I will exchange for good improved land and some cash.

FRED F. CLARK.

426 Boston Bldg.

Minneapolis, - Minnesota.

CERTIFICATE OF PUBLICATION STATE OF NEBRASKA OFFICE OF AUDITOR OF PUBLIC ACCOUNTS

Lincoln, Nebraska 1st 1905.

It is hereby certified, that the Security Trust and Life Insurance Company of Philadelphia in the State of Pennsylvania has complied with the Insurance Law of this State, applicable to such companies and is therefore authorized to continue the business of Life Insurance in this State for the current year ending January 31st, 1906.

SUMMARY OF REPORT FILED FOR THE YEAR ENDING DECEMBER 31st, 1904.

INCOME	
Premiums.....	\$983,318.08
All other sources.....	\$252,444.09
Total.....	\$1,215,762.17
DISBURSEMENTS	
Paid policy holders.....	\$445,389.50
All other payments.....	\$601,183.31
Total.....	\$1,046,572.81
ADMITTED ASSETS.....	\$2,522,145.43
LIABILITIES	
Net Reserve.....	\$1,951,783.00
Net Policy Claims.....	\$ 66,650.62
All other liabilities.....	\$ 44,352.42
Capital stock paid up.....	\$ 500,000.00
Surplus beyond Capital Stock and other liabilities.....	\$ 500,000.00
Total.....	\$2,562,786.04

Witness my hand and the seal of the Auditor of Public Accounts the day and year first above written.

E. M. SEARLE JR.
Auditor of Public Accounts.

[SEAL] JOHN L. PIERCE, Deputy.

CERTIFICATE OF PUBLICATION STATE OF NEBRASKA OFFICE OF AUDITOR OF PUBLIC ACCOUNTS

Lincoln February 1st 1905.

It is hereby certified, that the Phoenix Assurance Company of London England has complied with the Insurance Law of this State, applicable to such Companies and is therefore authorized to continue the business of fire and lightning insurance in this State for the current year ending January 31st 1906.

Witness my hand and the seal of the Auditor of Public Accounts the day and year first above written.

E. M. SEARLE JR.
Auditor of Public Accounts.
[SEAL] JOHN L. PIERCE, Deputy.
Safe Deposit Insurance Agency, Lincoln, Nebr.

The Old Line Bankers Life Insurance company of Lincoln are wanting agents. Good salaries. For particulars address J. H. Harley, secretary, Lincoln, Neb. Please mention The Independent.



your wife the drudgery and labor and yourself money you should use gas for cooking and heating. A gas stove is ready to respond immediately to the touch of a lighted match at any time of the night! Think what this means in case of sudden illness.

Gas Ranges, Heaters and Water Heaters at cost.

LINCOLN GAS & ELECTRIC LIGHT COMPANY

Open Evenings

Auto Phone 2575 Bell Phone 75

COLUMBIA NATIONAL BANK

OF LINCOLN, NEBRASKA.

Capital, \$100,000.00

Surplus, 14,000.00

Deposits, 1,350,000.00

OFFICERS

JOHN B. WRIGHT, President
J. H. WESTCOTT, 1st Vice Pres.
JOE. SAMUELS, 2d Vice Pres.
P. L. HALL, Cashier
W. B. RYONS, Asst. Cashier

Record of Articles of Incorporation.
Know all men by these presents that J. Hulbert Loper, James R. Burleigh, Dora T. Burleigh, and Ethel M. Loper, whose names are hereto subscribed, have associated themselves together for the purpose of forming and becoming a corporation under the laws of the state of Nebraska, and for that purpose hereby adopt these articles of incorporation:

ARTICLE I.
The name of this corporation shall be the People's Loan and Trust Company.

ARTICLE II.
The principal place of business of this corporation shall be Lincoln Nebraska.

ARTICLE III.
This corporation is formed for the purpose of and it shall have power to loan money on real and personal property; to buy, own, hold, and sell real estate and personal property; to own and operate dray and transfer lines; to conduct a storage business; to deal in coal and general merchandise; to own stock in other corporations; to incur debts and issue mortgages upon its property to secure the same; and to do any and all things necessary, convenient, or customary for the establishment, operation, and conduct of the objects stated.

ARTICLE IV.
The term for which this corporation shall exist shall be the period of fifty years from and after the execution of these articles.

ARTICLE V.
The Capital Stock of this corporation shall be fifty thousand dollars (\$50,000) divided into five thousand shares of the par value of ten dollars per share. Ten thousand dollars of said stock shall be subscribed and paid in at the beginning of business. The remainder of said stock shall be subscribed and issued at such times and upon such terms and conditions as the board of directors may determine.

ARTICLE VI.
The highest amount of indebtedness to which this corporation may at any time subject itself shall not exceed two-thirds of its paid up capital stock.

ARTICLE VII.
All the business of this corporation shall be under the management of a board of not less than three nor more than five directors. The directors shall be chosen by the stockholders, and shall hold office for the term of one year and until their successors are elected.

The board of directors shall elect from their own number a president, vice-president, secretary and treasurer. The secretary and treasurer may be one person.

ARTICLE VIII.
The board of directors shall adopt such by-laws, rules and regulations for the more complete management and control of the affairs of the corporation as shall seem to them best.

ARTICLE IX.
These articles may be amended at any annual or special meeting of the stock-holders by a three-fifths vote of all the stock.

J. HULBERT LOPER,
JAMES R. BURLEIGH,
DORA T. BURLEIGH,
ETHEL M. LOPER,
Incorporators.

John Z. White

Lecturer

SUBJECTS:

- "Henry George and His Doctrine."
- "Robert Burns; Poet, Man, Reformer."
- "Thomas Carlyle."
- "The Revolution of 1789."
- "The Dignity of Labor."
- "The Right to Work."
- "How to Prevent Strikes."
- "The Public Ownership of Public Utilities."
- "The Source of Municipal Corruption."
- "The Single Tax." (Questions and Answers Following Lecture.)

For terms and dates address

F. H. MONROE, Pres.

Henry George Lecture Association,
610 Steinway Hall, Chicago, Ill.