

Editorial Comment Gleaned From Many Sources

IS OUR TAX SYSTEM WRONG?

(Buffalo Courier Journal, Alma, Wis.)

Is it wrong to be rich? Is it a crime against the State to build a modern home, or factory, or develop a farm, that the State fines the builders—fines them not once but once a year?

Stores, railroads, theaters would be considered not quite sane if they charged for their groceries, fares, admissions according to the wealth of each customer as he came in—but that's the way the government sells most of its goods and services.

Is our taxing system wrong? and Is there a better way? are questions that may well be asked not only by the wealthy but by all. For out of tax injustice grow many of our present social ills.

Why should it not be possible for our learned statesmen and economists to work out and apply a method by which people will pay taxes more nearly in exact proportion to actual benefits received?

All government and social improvements, some claim, are reflected in the site or location value of bare land—mines, timber, power sites, city lots, farms—and the annual rental value of the unimproved property should therefore be the tax, they explain, thus relieving from burden both labor and industry; income and inheritance taxes to be levied only if needed.

WHAT IS THE MATTER WITH INDIA?

(Irish Weekly and Ulster Examiner, Belfast, Ireland)

Walking through the fields [in India] we met a "Zemindar" (landlord), and fell into talk with him about the system of land tenure. It had a feudal origin, and dates from the time of Moghul, who relied on these gentry to support them in the field with foot and horse. The relationship, under British rule, became purely economic. The "Zemindar" levies a rent, out of which he must pay 45 per cent to the provincial exchequer. He sinks no capital in the land. It is the peasants who dig the wells on which its fertility depends, and construct the mud huts which form their crowded and unsanitary villages. Relics of feudal service survive. The "Zemindar" may summon the peasants to plow his own fields, and exact from them, when he gives a feast, a tribute of milk and fodder. In return I could hear only of a rare permission to cut timber. I asked my "Zemindar" bluntly what social service he performed in return for his rent. He answered as plainly that he had "bought his rights and owed no obligation to the tenants. We're filling our bellies as everyone does." In fact, few of the old gentry remain; their successors are mere tax farmers.

Through outworks of dung heaps, and over runnels of filth, we had now reached the little village. The sun was setting; work was over, and the peasants grouped themselves around me under the banyan tree. Three questions almost sufficed to define their condition. Every man was in debt. Not one could read. Not a child was at school. The rate of interest was apparently uniform, 37½ per cent. Of debt, indeed, as I wandered next day through other villages, the peasants talked incessantly. I met a "bunya" (money lender) in the act of bullying a weaver as he was working at his primitive craft under a tree. He was as frank about his exactions as the "Zemindar." It was not risk that excused his rate of interest; up till three years ago he rarely had a bad debt.

HOW TO REDUCE WAGES

(Coshocton (O.) Daily Tribune)

"The surest way to force wages lower would be to increase the tax on industries."

"This is not a statement by a representative of a business interest. It was made recently by Senator Borah of Idaho, who is not generally regarded as a hero worshipper of our industrial system. And the truth in it is self-evident. Those Senators and Congressmen who are now campaigning for greatly increased corporate taxes, on the old theory

that the rich should be taxed to support the poor, are unknowingly enemies of the worker.

"In the operation of any business, taxes must come first. They are a definite and inescapable levy. Wages and dividends follow. There is no way a business can either maintain high wages or pay its investors good dividends without making money. If an exorbitant part of that money goes to government, the other interested parties will be the losers and business and jobs will decrease. In brief, keeping the cost of government at reasonable levels would be the strongest possible influence in favor of industrial revival, a high standard of employment, and maintenance of wage scales."

The above clipping from an exchange shows the strange mixture of truth and inaccuracy in economic thinking with which the world is afflicted. The fallacy is just as apparent in what Senator Borah says as in what the paper says.

If, for example, what Senator Borah says is true, and we will all agree to it, then why stop the line of reasoning he has started? He says "the surest way to force wages lower is to increase the taxes on industry." That is so true that it is never disputed by the theorist in economics nor by the hard-headed business executive. Tax industry, tax the making of commodities, and the price of commodities goes up. We have stressed that point a thousand times in this column. Tax is always added to price. Tax is ever one of the costs of production, and it is just as true whether the tax is levied on a bushel of corn or a pair of shoes.

But the Idaho statesman stops with a half truth, which is generally more damaging than an absolutely false statement. He knows that a tax on anything is a brake on production. They used to tax saloons and they still tax dogs, not so much for the revenue derived as on the perfectly correct rule of taxation that the more you tax a thing the less you will have of it. That's why a tax was levied on saloons and dogs, to cut down the supply, on the theory that both are largely nuisances. But if a nuisance can be lessened or entirely driven out of existence through the power of taxation, then why can't our representatives in Washington see the thing clear through? Why can't they follow on to the one and only logical conclusion, the ultimate economic truth, which to see and follow will lead on to the end of depressions and the long-awaited era of permanent prosperity, namely, that if dogs can be driven out of existence by high taxes, why can't all trade be diminished, even abolished, by excessive taxation?

Further, why isn't Mr. Borah discerning enough, or if he sees, why isn't he honest enough, to accept the inevitable corollary of the above? If high taxes hurt industry, if they hurt both the capitalist and the laboring man, why tax industry at all? If trade is the thing we want, why tariffs? If we want to sell more goods, why tax them? If tariffs, which are only another form of taxation, restrict traffic, and if internal taxes reduce production of the things men want, why resort to either? Admittedly the greatest civilizer the world has ever known is commerce. Yet taxes cut down production at the source, and tariffs restrict their sale generally, with the resultant corruption of officials and the people due to their attendant nuisances.

CAUSE OF UNEMPLOYMENT IS A SIMPLE MATTER

(Hartselle (Ala.) Enterprise)

What is meant by the term employment? Of what does employment consist that there should be such a huge army of unemployment in America and the balance of the world? All employment consists of one thing, and one thing only—the application of labor to land or the products of land. No matter how intricate may become the process of production, nor how minute the division of labor, in the final analysis all employment of whatsoever nature is similar—the application of labor to land or the products of land.

If it be true, and it unquestionably is, that all employment consists