

INTRODUCTION

“Confusion Worse Confounded”

The main conclusions on taxation and tax reform set forth in this book are not new. Indeed they are already supported, in whole or in large part, by a considerable number of economists, including some of high distinction. Except, therefore, as I may have failed in the art of exposition, I can reasonably expect approval from many of my fellows in the craft of economics teachers. And I venture to hope that some not hitherto convinced, but favorable on all other points, will come to realize that the “vested rights” argument against reform has been too much regarded, that, indeed, a consistent and thorough-going acceptance of this argument must make almost any important economic reform practically impossible.

But will any appreciable number of the teachers of “public finance” be inclined to introduce their students to such a study? I have to confess that in writing this book I have had such a possibility in mind. Yet I know very well

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that I am directly attacking traditions and prejudices which are widespread, especially in this group of economics teachers. There are, in this branch of economics, several writers and teachers whose clientele of graduate students has been very large, whose texts have been and are extensively used, whose prestige and influence among successive generations of young teachers have been immense. These writers, aided and abetted by many writers of texts in beginning economics, have devoted hundreds of pages to serious and respectful discussion of various taxes which deserve, if not contemptuous silence, at most nothing but a vigorous and clear-cut presentation of the reasons why they are undesirable. The same writers have devoted many other pages to matters of comparative unimportance, e.g., to brief and not very illuminating descriptions of taxes levied in many places and many epochs. They have made much of various superficial slogans such as "taxation according to ability," "broadening the tax base," etc., but have neglected to relate the subject of taxation to the fundamental principles of the distribution, and the production, of wealth in our economic order. They have indulged in arguments which are logically fallacious, historically inaccurate, and sometimes grotesque. And such discussions and arguments

have been set before young students as if they were the last word in relevancy and cogency!

"The educated classes", said William Graham Sumner in *Folkways*¹, "are victims of the phrase. Phrases are rhetorical flourishes. They are artifices of suggestion. They are the same old tricks of the medicine man adapted to an age of literature and common schools."

The phrases, "a sufficiently broad tax base", "taxation according to ability", and "the principle of equal sacrifice", have become slogans which writers and publicists can use to silence objectors whom they do not know how to answer. They are more likely to lead the student astray than to help him find a real solution for our economic difficulties. The person who has a good supply of such phrases which he can use with a tone of authority, who occupies a dignified position in an institution of higher learning, and whose views are regarded as reasonably "safe and sane" and in no way offensive to real estate boards and other bodies of similar interests and prejudices, may from time to time be called on as an "expert" to advise city or state governments, state tax commissions, city tax committees, and legislatures. He may show them how to follow with precision and finesse a

¹Boston (Ginn), 1907, p. 179.

policy which should not be followed at all. But no real and fundamental reform is likely to come in any such way. Those who would contribute to fundamental reform must assume a harder and a less honored role. It is theirs to point out the basic evils in our economic system, to arouse criticism in the minds of students, to stir opposition and discontent among the public and so to endeavor to blaze a trail which may—but, alas, may not—be followed to the goal of sane reform.

What our students need to learn, if we would have them influential in *forming* public opinion and so in shaping future public policy, and not merely *followers* of current dominant sentiment in order to remain “leaders” in appearance, is surely not such material as has been above described. What they need to learn is rather the real nature of our economic system, the *various* important economic and social consequences to be expected from different kinds of taxes—not merely whether they are in proportion to “ability” or are levied on a broad “base”—and, therefore, how taxation can be used to make our economic system operate more fairly and to better purpose.

The average student will no more discover these important things for himself than he will work out for himself, in the limited time avail-

able to him and without aid from books or teachers, the complicated formulae of the differential and the integral calculus. But neither will a text book which tries to present them from the point of view I have taken, even though more effectively and with far better arrangement and diction than I am able to employ, have any chance with teachers of public finance who are under the influence of the school of writers I have been describing. Such teachers will find it easier to ignore the reasoning I have followed, or to give it a too brief and essentially unfair second-hand presentation, than to require of students its *serious* study and then attempt its refutation.

But all this does not necessarily mean that the writing of such a book as this is wholly futile. For if, by one means or another, the analyses I have presented of current fallacious arguments, begin to be familiar to an increasing number of professional economists and graduate students of economics, even though to no others, it will be less easy than formerly for academic men who write text books on taxation and public finance, to acquire prestige and influence on the basis of such preposterous reasoning as has served some of them heretofore.