

of the problems which perplex us as democratic Americans, the writer has dug up some more fool's gold.

JOHN LUXTON.

## Progress in New Jersey

WE call the attention of our readers to the article on another page by L. R. Bonta, entitled "How to Interest Business Men." Especially do we desire that it be read by A. Laurence Smith and Col. Victor Rule of the lately formed Tax Relief Organization.

Mr. Bonta speaks from no partial experience but from the lesson learned over a period of campaigning for fifteen years in New Jersey. A real impression has been created and a measure of success achieved, as shown by the passage of the Sandford Bill in the Assembly and excellent prospects of its passage through the Senate where it did not come to a vote.

Mr. Bonta has told the story and it seems to us that he has correctly assayed the psychology of the business men in the state, and therefore in other states.

We might take exception only to the second paragraph where it is stated that business men are "satisfied with things as they are." We think this is far from the truth. But with the remainder of Mr. Bonta's contribution it is difficult if not impossible to take exception.

## Separation of Trade and State

THE following paraphrases of the United States and State of Pennsylvania constitutional provisions for guaranty of religious freedom suggest a similar guaranty for economic freedom:

### CONSTITUTION OF UNITED STATES ARTICLE I OF AMENDMENTS

"Congress shall make no law respecting an establishment of business, or prohibiting the free operation thereof";

### CONSTITUTION OF PENNSYLVANIA ARTICLE I OF DECLARATION OF WEIGHTS

"Sec. 3. All men have a natural and indefeasible right to earn their livings according to the necessities of their own bodies; no man can of right be compelled to patronize, construct, or contribute to any place of business or to maintain any management against his consent; no human authority can, in any case whatever, control or interfere with the rights of industry, and no preference shall ever be given by law to any business institutions or manner of occupation."

Refusing to entrust our archbishops with the powers of government, why do we have such sublime faith in our multi-millionaires or practical politicians as to turn over to them the whole establishment?

## A Practical Way Out

OF "The Present Mess" of relief, unemployment burdensome taxation—to say nothing of the social problems arising from poverty.

How the collection of rent and the abolition of tax can be instituted—how it can be done with our existing political machinery—why it would work—what it would do.—

Natural resources in this country were not exhausted. In fact, they have been merely scratched. Production and the necessary means for creating, processing and transporting wealth were, and now are, adequate to justify the expectation of the advent of an economy of plenty. Despite these favorable conditions, there exists approximately 43 million "ill-fed, ill-clad and ill-housed" persons. "One-third of our population" needing more and better food, clothing and shelter which distributors have been prepared and anxious to furnish. But effective demand failed because, as *The Wall Street Journal* emphasized repeatedly, in leading editorials a few years ago, producer and potential consumers were "Kept Apart by Price." The "unhappy third" could not, and the more fortunate two-thirds would not, pay the exorbitant prices demanded by those who could do no different because of enormous costs that were, and still are, pyramided by taxes. An instance: Processing taxes which doubled the price of food and clothing within a few weeks. And next, "pay roll taxes"—social-security taxes (so-called)—railroad retirement funds, old-age pensions and the unemployment taxes, all special taxes, levied for a strictly definite purpose and all passed on and included in the price of things needed and wanted by everybody and, especially, by the President's least fortunate "third."

There are many other reasons for excessive costs, most outside the jurisdiction of legislators to regulate. It should have occurred to them that mis-placed and confiscatory tax levies might be responsible for the extreme costs and at the bottom of the various obstacles hindering trade. Instead, legislators messed around with wish-fulfillment devices which aggravated the economic situation, increasing instead of reducing costs. A new tax, or an old tax with a new name, was invariably imposed on things consumers needed and wanted to buy! The vicious cycle goes round and round and gets nowhere but worse! And now the President asks for more!

The consumer was and still is "the forgotten man." I beg pardon! Many were forgotten by the tax-imposer, many who have escaped taxation heretofore, i.e., those who collect rent. When federal or state "Solons" make any gesture to relieve trade and/or the "unhappy third" they forget to tax rent as a replacement for taxes that have been, and are now, eating the heart out of trade and despite the fact that a tax on rent can't be "passed



on" to the consumer. They forget that rent is wholly due to the activity and wants of society and is never the product of individuals or corporations. They overlooked the fact that the Constitutional Amendment permitting income taxes applies with equal force to income from rent that all economic rent ought to be collected by society for its use.

Please "read, mark, learn and inwardly digest" an article entitled "Taxing Production to Death," by Albert Jay Nock, in the March, 1938, issue of *The American Mercury*. Mr. Nock does not mention rent among the items that "must come finally out of production" presumably because we have so far neglected our public business as to expropriate our social earnings, the natural fund that should be ours, collectively, to use as we now use taxes for liquidating the expenses of government, federal, state and our local public services such as schools and highways, courts and the like. Those who use that part of their body above their ears frequently become disgusted when observing the naivete and obvious stupidity of our Solons when in action. Rent also, enters into the entire price structure. And like taxes must be paid before wages, interest and upkeep can be met.

Despite the fact that legislators are powerless to do anything but harm in the economic field, they have everything to do with taxes. Other than the natural components of price, i.e., rent, wages and interest, we find some extraneous ingredients affecting it, the chief of which is the conglomerate mass of taxes. That is because society, through its legislators, fails, almost entirely, to collect the rent which itself creates. Society expropriated its own earnings and lacking that natural fund with which to pay government expenses it does some more expropriating, and as before, from itself, in the form of taxes. Hence, everybody pays twice for government service; (first), when paying rent which none can escape in any way; (second), when buying goods and services with all tax levies, from everywhere, carefully wrapped up and hidden in the price.

Other extraneous elements in price such as public and private debt, racketeering, crime, disproportionate salaries and commissions, charity contributions by business and industry, trade associations and their price manipulation, stifling of competition, strikes and other industrial warfare, conspicuous waste, social irregularities, instalment selling, etc., can be mostly accounted for among the evil effects incident to expropriation of rent. Some may be expected to vanish as society and its legislators gradually shift taxes from labor and industry to society's own and only product—rent. Some of the worst may require political action, but it will be necessary to remove the impediment of trade-throttling taxes, and set the stage by taxing rent, before any effective relief can be had or even expected. All monopoly starts with and in expropriated rent.

Charlemagne formulated the axiom: "The welfare of a nation is the welfare of its least fortunate." The "unhappy third" cannot satisfy all their needs nor much that they want because prices are prohibitive; hence less things are consumed and, consequently, scanty need for labor to produce things. Consequently, unemployment and depression supervened, and, relief became necessary to prevent serious distress. Price, then, is the key to "The Present Mess" and, also, to "A Practical Way Out." The price of consumers' wants must come down. We must "Take Taxes Out of Prices."

The diagnosis of "The Present Mess" and its cause having been found to flow from "price" and the chief contributing cause ascertained to be taxes that should be abolished, our problem now is: The recovery of our expropriated rent; the total abatement of taxes, and, "How it can be done with our existing political machinery." At "first blush" it might appear that all trade-throttling taxes could be repealed and a levy made on rent to replace them, but that would be revolutionary and revolutions are too costly. It is best to "Take Things by the Smooth Handle." Neither our economy nor our democratic institutions need be imperiled while we shift taxes to economic rent. Capitalism has earned its spurs and, with some little fixing, can be depended on to function in an economy of plenty much better than in an economy of scarcity.—C. J. LAVERY, M. D.

## Yellow Jacket

THE other day I went to a local movie and saw the current film depicting the problem of yellow fever in Cuba. A certain phase of the story interested me in a particular way especially because of the difficulty I find every now and then in explaining to some apparently intelligent people the simplicity as well as the importance of the problem of economic rent. If you recall the film, Dr. Agramonte, at a certain point and in reply to an insistent query on the part of the American Army medical authorities who had been striving against innumerable obstacles, mostly man-made, to locate the cause of the plague, said in effect, "About nineteen years ago a student of such diseases at a gathering of learned medicos in the United States made the assertion that the bite of a certain mosquito was the cause of the disease but he was not allowed to continue his talk so great was the degree of ridicule hurled at him by the derisive audience." The film goes on to show that what had been ridiculed and forced into obscurity for nineteen long years was in reality the answer which the entire world had been seeking in its search for the cause of the fever. I have since checked the cinema version and found this story to be substantially correct. It is a well-known historical fact that when Galileo Galilei disclosed another