

Elihu Root and Taxation

EX-SENATOR ROOT'S treatment of the tax question in his speech before the New York State Convention appears to have more sound than substance. "Tax laws," Mr. Root says, "are curious boomerangs, and it requires some intelligence and knowledge of affairs to know where they are going to strike. No state can determine who is really going to pay the tax."

If this declaration really measures the Senator's knowledge of the question of taxation it is evident that he learned his political economy in the days when it was in truth a dismal science. But such a conclusion would be a sad reflection on his intelligence. It would be more charitable to suppose he was availing himself of the politician's privilege of speaking an infinite deal of nothing in a way to impress uninformed voters.

Taxes laid on iron or coal are passed on to plow makers, who in turn pass them on to merchants, and these to farmers, from whom they come back in added cost of food. Such taxes, now much approved by Mr. Root and his political associates, may well prompt them to inquire who is going to pay them. But if Mr. Root will leave the age of the ox-cart and the handloom, and will bring his thoughts up to date he will find taxes that are paid with absolute certainty by the person taxed. A tax laid upon vacant land for instance will be paid by its owner as certainly as matter attracts matter. The owner of vacant land cannot pass the tax to his tenant because there is no tenant. He cannot add it to the price because he is unable to sell at present prices. The same principle applies to all land values, because the man with a tenant will have to meet the competition of the owners of vacant land seeking tenants.

Land values whether found in vacant lots or in improved land should be taken in taxes, because they are created by the community and

because they cannot be passed on to some one else. The tax on land values, or site values, is simply payment by the citizen to the community for what the community has done for him.

Mr. Root appears to be equally perplexed over the Tariff, which he says is a part of the tax question. New conditions, he says, demand new Tariff laws. When we were a debtor nation and had to pay large totals to Europeans who had invested money in our lands and other natural resources the Tariff makers satisfied themselves by shutting out all the imports possible. But now that we have become a creditor nation, and the Europeans must pay us hundreds of millions of dollars a year, they must pay in gold or in goods, and as we now have nearly all the gold we have no choice but to take goods. But how can goods come in without displacing American labor. Possibly some will recall the experience of Connecticut and New York. In the early days they had Tariffs on each other's goods. But when compelled by the new Constitution to exchange goods freely they prospered so much that no State since that time has asked to have a Tariff against other States.