Pigs is Pigs

Action of the House last month in defeating the Townsend Old-Age Pension Plan was interpreted as opening the door to legislation amending and "liberalizing" the present Social Security law. "Liberalizing" amendments would provide that payments to aged persons begin next New Year's Day, rather than on Jan. 1, 1942, as stipulated in the present law; that supplementary payments be made to dependent wives of pensioned workers, as well as to widows, orphans and dependent parents of deceased pensioners; that old-age insurance take in an additional million or more people over 65, by including workers in fields at present excluded.

Thus, in rejecting the Townsend Plan our august legislators did not reject the idea that under our economy a large portion of the population must be considered paupers. That thought is fixed in our legislative mind. Our Congressmen merely rejected the particular charity plan proposed by the crack-brained doctor from fairy-land California. The reasoning inherent in the rejection is in line with our general fiscal policy. The Townsend Plan is based upon the transaction tax which, while indirect, would be too obvious a burden on the public. Our fiscal policy has always been based on the idea that what the public doesn't know won't hurt them—much.

The transaction tax involves a levy at every step in the production of goods, (including exchange) from the extractive point to the point of consumption. Corn sold to the hog-feeder would be taxed; commission-merchant, railroad, stock yard, abattoir would each pay a tax on the hogs; then come the trucking company, wholesale butcher, retail butcher; the hide would bring a tax from the tanner, the shoe manufacturer, the wholesaler, the shoe store; every by-product would likewise be taxed at every point in the producing or exchange system on the way to the consumer. Taxes on bank loans by each processor or distributor, taxes on machinery, printing, advertising, transportation, and the million and one things used in the direct and related industries would all pile up to make the ultimate buyer buy less. Of course, the cost of doing business would be increased, and each merchant and manufacturer would have to pyramid his profit on the additional investment. Then, after the millions of tax-gatherers and policemen and judges and bureaucrats-at-large had received their stipends, the poor old folks would get the residue, if any.

This monstrous scheme (which only a deranged mind could invent or a harassed mind could entertain) was defeated by Congress—not because they thought it uneconomic, but because they could substitute for it a less painful, though not less bizarre, form of public charity. The Social Security Act, like the Townsend Plan, is predicated on the postulate that there must be poor people. Both are born of the incongruous idea that poverty is a necessary and permanent condition of society. Both presuppose that the burden of taking care of these indigents must be borne by the producers through the state. The only difference between the two schemes is that the Social Security plan is more devious in its workings—that the burden on the producers' backs is more gradually, more seductively increased.

The backs will ultimately break. But, in the meantime, our politicians, intent on preserving their lucrative privilege, heed the clamor of the hungering millions—the millions demoralized by a continuing condition of poverty, the millions clamoring like wolves: "Give! give! give!"