

necessities. Some, the strong, the able, and those surrounded by fortuitous circumstances, succeed; but the large and increasing number that fail should give us pause. The poor have enough at best to contend against in the struggle of life without being subjected to the enervating influences of charity. We have drifted into unnatural conditions, and we should lose no time in getting back to sound principles. Charity never was a substitute for justice, and it becomes increasingly inadequate as the complexities of society increase. This is a time for plain, honest thinking. S. C.



South Carolina's New Tax on Industry.

Taxation of industry has been applied pretty generally with results that have been exceedingly harmful. But South Carolina has just legislated to extend the application. The farmer planting more than a third of his land in cotton will be liable to a heavy fine, over and above the ordinary tax on industry. Presumably there are in South Carolina, as elsewhere, farmers who have never cultivated more than a third of their land for any purpose, while others have used every inch of their tracts. So this law, if enforced, will necessarily fall most heavily on the more industrious farmers. Experience will show that this new tax will only intensify the distress it was unreasonably designed to relieve.

S. D.



Failure of the "Practical Experts."

Neither surprising nor regrettable is the failure of the income tax law to produce results commensurate with estimates of alleged experts. The law has so many unjust features and authorizes so much inquisition into matters which do not properly concern the government, that resentment and resistance were to be expected. One trouble with the law is that it was drawn by so-called practical men who "have no use for theories." Their contempt for theories led them to disregard all consideration for any other human characteristic than that of fear. In planning to collect the tax they figured on using the government's physical power in a way that carries with it the same disregard of ethics and the same unconcern for the future, as distinguish the methods of a highwayman or burglar. Any theorist could have told them that such methods must either fail or must prove disastrous in case of success. Many theorists did in fact place such information before the Ways and Means Committee. But while one can lead a horse—or a donkey—to water, no one can force him to drink. The "practical" men on the committee listened to the

practical "experts" and turned contemptuously away from the "mere theorists"—the men who insist that statute laws to be successful must be in conformity with correct economic principles.



One suggestion offered by theorists and disregarded by the practical men was that there should be a distinction between earned and unearned incomes. There is no justification whatever for a tax on earned incomes whatever their amount. The recipients of such incomes have performed service of equal value therefor. The government is not entitled to any part of them. A tax on such incomes is a tax on industry. Whether the tax be large or small it is morally theft. Another suggestion was that unearned incomes be reached at their true source. As passed the law apparently made some effort to do this. In fact it did nothing of the kind. The true source of an income is not at the place where it is finally drawn. It is at the place where it is produced. Because the thoroughly practical men, who drew up the law, ignored this theory they failed to reach many incomes, especially unearned ones. Only forty-four incomes have been found in excess of \$1,000,000 a year. Yet a student of the question, H. H. Klein, author of "Standard Oil and the People," declares that there are more than forty-four stockholders of the Standard Oil Company alone drawing incomes of that amount. These could not have evaded the tax, had it been levied at the true source, on the rental value of land held by the monopoly and on franchise values of pipe lines and railroads. The same applies to other unearned incomes. The most essential requirement to the drawing up of a law, that will do the work intended, is the presence in Congress of more theorists, of men able to reason from cause to effect and equipped with thorough knowledge of economic laws. Practical men with no use for theories have failed. No "mere theorist" could fail more completely if he tried. It is time to give the theorist a trial.

S. D.



Statistics for Archaic Economists.

Those political economists who hold that countries prosper as exports exceed imports, because, as President McKinley put it, the balance is paid in gold, will find interesting data in the trade of the Transvaal in South Africa. The imports of the Transvaal in 1909 were \$98,200,000 and the exports \$170,600,000, leaving a balance in favor of the Transvaal to be paid in gold of \$72,400,000. But unfortunately for the theory of the balance of