

cusations which future generations will be better able to appraise in all their tragic significance!

Taxing Wealth, Poverty or Privilege?

THE slogan of an organization working for the reform of American municipal, state and national systems of taxation is: "Why Tax Wealth"? Since in its generally accepted meaning wealth is an abundance of useful things, of which everyone desires as much as they can possibly obtain, the obvious answer is that its production should be encouraged, and that in so far as taxes on productive industry increase costs of manufacture, or taxes on moneyed capital tend to discourage its accumulation or investment, they operate to diminish the total output of labor and its ally, capital, and to that extent injuriously affect the common welfare. As all taxes, however levied, must ultimately be paid in labor products or services, the use of money obscuring the fact that when a check is drawn in payment of a tax the taxing power is given a title to a portion of the created wealth, it is manifest that the total tax burden on a community represents just so much human effort diverted from its natural channels into other courses. Of these many are absolutely necessary; often highly desirable, while some may fairly be classed as of doubtful value to the taxpayers. In any case the essential fact remains that taxation, as now generally imposed, takes from the annual wealth production a share estimated at more than 10 per cent. of its total.

Conceding the necessity for taxes, at least until that happy time predicted by the idealists who foresee an ultimate social order in which the expenses of governments shall be met by voluntary contributions of the citizens best able to pay, and admitting the soundness of objections to the policy of taxing wealth, there will inevitably be asked the further question "Why Tax Poverty?"

In this retort to the query as to taxing wealth, it may be inferred that those asking it assume that if taxation is lifted from the rich (those possessing large amounts of property) the burden will necessarily fall upon the much larger number who have few possessions. As a matter of fact, there is in the United States no clear line that can be drawn between riches and poverty. There is a small number of persons who own great fortunes; a somewhat larger number who have little or no property of any kind, and the great majority that, while not rich, would scorn classification as poor. The alternative, therefore, is not that of taxing wealth or poverty, but of so adjusting tax methods that each citizen shall contribute to the various public expenditures in proportion to the benefits of government received. As now imposed, practically all taxes add to the cost of goods or services, and are thus passed on to the great body of consumers. Taxes on banking and other capital are charged over in the shape of higher interest

rates, resulting in higher priced dwelling and other rentals.

Various industrial and commercial associations are engaged in making surveys of the existing tax situation, with a view to urging the enactment of legislation designed to remedy some of the most glaring defects. It might be profitable for them to consider whether the solution may not be found in taking for public revenues, accretions of those values attaching to land which are due to the business activities of the people as a whole, and thus relieving industry and consumption of their present tax burdens.

Making Consumption Equal Production

THE action of the principal textile industries of New England, in reducing the wages of their operatives 10 per cent. because of insufficient markets for their products at prices based upon previous wage schedules, shows that despite conditions that should be favorable for industrial expansion, American manufacturers are faced with the problem of finding adequate markets for their surplus output. The productive powers of most lines of manufacturing industry have been so largely developed during the past decade that if operated to their full capacity the mills and factories can produce far more goods than the domestic market can under present conditions absorb. Part of this excess production will find an outlet in the export trade, but even in what are termed the "world markets," the capacity to buy is limited by the ability of foreign consumers to pay for imported goods, and while better organization of international selling agencies may increase exports, there is still the difficulty of paying for the exported articles except in products that will compete with those of domestic production. This latter condition involves problems of lower foreign wage scales, and the "dumping" of exports at prices below those charged in domestic consumption, showing that a solution of the "overproduction" problem cannot be found in an increased export trade.

Neither would it appear that a general policy of wage reductions in the United States would effect a permanent remedy for unsatisfactory trade conditions. With each reduction in wages must necessarily come reduced purchasing power on the part of millions of factory operatives, who already complain that because of the higher prices of staple farm products, and the maintenance of war-period dwelling rents, the high cost of living equals the higher wages they have been receiving. Under the trade-union rules that govern so many workers longer factory hours would seem to be impracticable, as their suggestion will meet with the objection that since many industries now are working on part time only, a longer working day would merely result in fewer work days each week. The fundamental of the problem is: how to increase domestic consumption, and the field is one to which the thought