

has been overdone, and for that reason the trust is to be organized, so as to shut up superfluous establishments. The closed establishments, however, as in all cases of trusts, are to be paid their dividends the same as if they were at work. Thus the production of tin plate is to be lessened so as to increase its price, and by reducing the number of employes to reduce wages. The profits of the ring are to go up, while the benefits to the public are to come down. What a great and glorious thing is the policy of protection!

In a recent magazine article, White-law Reid boldly advocates the acquisition by this country of land beyond seas, without the slightest reference to the wishes of the inhabitants. Worse still, he proposes that these acquisitions be made with the definite purpose of never admitting the acquired territory to statehood, but of always holding it as private property of the United States. This proposition, in manifest defiance of the principles of the declaration of independence, has but one quality to recommend it. It is free from hypocrisy. Believing in imperialism, Mr. Reid advocates imperialism. Most of the statesmen who agree with him object to being called imperialists. But it is evident from his magazine article that he would rather glory in the name than not, and that his neglect to claim it is in deference only to the sensitiveness of his thin-skinned fellow imperialists. In these days of Satanic respectability, it is delightful to listen to a man who, when he pleads for a devilish policy, minces nothing.

Political reformers who adopt a theory diametrically opposed to the sound democratic maxim, that "principles not men" are the essential thing, are often as confiding as a bird with salt on its tail. A case in point is that of the New York reformers who have gone solemnly at work to nominate an independent ticket with Rough Rider Roosevelt as candidate for governor. In doing so they announce it as their purpose to break down boss-

ism and the party machine. Yet Roosevelt is of the machine machiney, and he is the choice of Boss Platt himself. That shrewd manipulator of party politics, that very god of the machine, with the reluctance he always displays when pretending to be forced into doing what he particularly wants to do, has given out instructions to his "cappers" and "heelers" that the regular convention must nominate Roosevelt for governor of New York. The reformers think they have captured the boss, but the boss knows that he has "done" them.

That Roosevelt is in the "deal" with Platt is evident from his own interviews and the whole situation; and it is in entire accord with his political history. Roosevelt made his debut in politics along with "Willie" Astor. Both were rich, and both negotiated for the nominations which the proper boss secured for them of the proper machine. Both were ingloriously defeated at the polls. Then Roosevelt renounced bosses and machines, and in 1884 came to the front side by side with George William Curtis, in a movement to defeat the great boss, Blaine, before the republican convention. Beaten there, they took the ground that their opposition had been based upon principles that rose higher than party fealty, and withdrew from the convention. Curtis and most of his supporters conscientiously held out; but Roosevelt, after wabbling for awhile, fell back into the machine. He was rewarded two years later for his treachery to anti-machine politics and anti-bossism, with a machine-made and boss-directed nomination for mayor. This was in the famous Hewitt-George campaign, and Roosevelt came out third in the race. Most of the next ten years he spent in pottering over the Chinese variety of civil service reform, while other young men who interested themselves in politics were eagerly debating questions of currency and taxation; and when he entered real political life again, it was

at the head of a police department not one single act of which appears to have been in opposition to or even independent of the Boss Platt machine. The reformers who expect to accomplish things by electing "good men" to office, and choose Roosevelt for their standard bearer, might progress faster in the same direction if they substituted Roosevelt's boss for Roosevelt himself.

SUGGESTION AS TO FEDERAL TAXATION.

I.

The first federal government established by the American states after the recognition of their independence by the king of Great Britain, was under the Articles of Confederation, article eight of which reads as follows:

All charges of war, and all other expenses that shall be incurred for the common defense or general welfare, and allowed by the United States, in congress assembled, shall be defrayed out of a common treasury, which shall be supplied by the several states in proportion to the value of land within each state, granted to, or surveyed for, any person, as such land and the buildings and improvements thereon shall be estimated, according to such mode as the United States, in congress assembled, shall, from time to time, direct and appoint. The taxes for paying that proportion shall be laid and levied by the authority and direction of the legislatures of the several states within the time agreed upon by the United States, in congress assembled.

Here we had proposed a uniform ad valorem system, operating on land and its improvements alone.

II.

There are two features to be noticed as pertaining to this system. First, the character of the property named as a basis of taxation; and, second, the inherent weakness and impracticability of the system in allowing the tax to be laid by one law-making power, and then to be dependent for collection upon the will of another.

The system was in some respects a fair one. The lands of each state were to be treated alike—each valued under the same conditions and by the same body of assessors, and all standing on the same footing. It was

taken for granted that the ability of the people to bear the federal burden was to be measured in each state by the amount and quality of the lands that had been reduced to a state of productive cultivation, increased by the value of the improvements made. This had in it many of the elements of fairness and equity. But in leaving the collection of the tax to the legislatures of the states respectively, the system contained a provision which in part caused the necessity for a new constitution. The want of power in congress to collect taxes was one of the chief reasons which led to the adoption of the "more perfect union" alluded to in the preamble of our present constitution.

III.

In our present constitution the first clause of the section conferring powers on the general government is that "congress has power to lay and collect taxes"—not only to lay taxes, but also to collect them. But preceding this clause and in the very opening section of the constitution, the character of the taxes to be laid and collected was indicated.

The preamble is merely a resolution that we do form a new government. Given a government, the question is, Where is the law-making power? The constitution promptly answers: The law-making power "shall be vested in a congress of the United States, which shall consist of a senate and house of representatives." But given a government with laws to be executed, how will you raise the money to pay for their execution? Again the constitution promptly answers: "Representatives and direct taxes shall be apportioned among the several states which may be included within this Union, according to their respective numbers," etc. Then come provisions for the census.

Now, this does not mean that if you conclude to lay and collect an occasional direct tax, you can do so only according to numbers. It means that the main system of taxation shall be a system of direct taxes, requiring the several states to contribute in proportion to the representation. This tax was to be laid by the congress and be collected by the congress, under a system operating uniformly throughout and upon all the states.

Taking the constitution itself, and without going outside its text, any candid mind must admit that the naming of direct taxes in the very beginning of the instrument, in such manner as to answer in its proper place the logically arising question, If you have a government how will you support it? was intended to indicate the main method of raising federal revenues. Especially is this so since the only other allusion to taxes is in a section which treats of some 18 or 20 other subjects, and is clearly intended only to grant powers. Surely the power there conferred of laying and "collecting duties, imposts and excises" could not in these circumstances have been intended to be the main source of revenue. The framers of the constitution clearly intended the people to understand that the great body and bulk of our tax burdens were to be borne in a way that would create a proportion between the tax paid and the representation enjoyed, and this under a fixed system unaffected by the vagaries of trade.

IV.

Under the old system of the Articles of Confederation, a scheme of direct taxes had been provided. But that was not the evil intended to be corrected by the new constitution. It was not an evil at all. The evil was the weakness of the old Articles in failing to confer appropriate power for the collection of direct taxes.

THE WEALTH OF THE COUNTRY.

An authority in the brush-heap school of political economy asserts that no economic knowledge can be attained by approaching social problems in a metaphysical way—meaning by "metaphysical way," the way of reasoning from first principles. The true method, according to the philosopher of confusion, is the statistical. He would call that reasoning from facts.

But the trouble is that statistics are not facts. Very often they are not even sense. Take for example the statistical method of computing the wealth of a country, one of the most important computations in the whole range of statistical investigation, and essentially one of the simplest. What is the wealth of a coun-

try? Is it the aggregate of individual wealth? Obviously that depends upon what individual wealth consists of. But the statisticians pay no attention to this difference.

If individual wealth consisted only of useful things, which had been brought into existence by man, then the aggregate of individual wealth would of course constitute the wealth of the country. But suppose slaves are part of individual wealth. Then the man who owns \$1,000 worth of slaves more than he owned last year is \$1,000 wealthier. But the country would not be any wealthier on that account. The slaves as well as their owner are part of the country, and their master's gain simply registers their loss.

Or, suppose that a legislature vests in some favored citizen the exclusive right to sell beer in a certain locality. That citizen then has a privilege which he can trade for money, for \$1,000, let us say, and be accounted that much richer than before. But the country would be no richer. What he gains by his special privilege others must lose; and when both he and they are considered, as must be done in estimating the wealth of the country, there is no general gain, his profit being offset by their loss.

Once more, suppose that a piece of bare land increases in value \$1,000. Then the owner is \$1,000 richer than before. But the country would be no richer on that account. It is the same land. Nothing has been done to it to make it any more useful. Its increase in value is due to nothing that its owner has done, or that anyone else has done for him. This increase is merely a capitalization of the higher ground rent which he is now able to exact from others. It is an increase of value from greater scarcity, greater scarcity of that kind of land, and not from greater plenty. What the beneficiary gains, others must lose. Therefore, though he is richer, the country is no richer.

Yet just such items as these enter into the regular statistical accounts of general wealth. Whatever is accounted wealth to its owner is treated as part of the general wealth, even though it may be the value of a street railway franchise, of a steam railway franchise, of a mining privilege, of