

of elevators, solves the problem of the higher education for women. Not to be outdone by these serious thinkers, Mr. Irving T. Bush, who has reached the millionaire class by getting possession of valuable waterfront properties on New York's harbor and erecting a mammoth warehouse system, discovers that he too has a mission to teach. Were it not for the adoption of the United States and New York State income taxes, and the imposition during the world war of the excess-profits tax, Mr. Bush might never have known that there was a tax question. But having been called upon to pay a considerable part of his profits as taxes he has kindly undertaken to instruct that highly intelligent section of the public that reads the Hearst newspapers as to the correct principles of taxation. With all the solemnity of one who has discovered something new, Mr. Bush advances the startling proposition that taxing thrift is all wrong; that our present system of Federal taxation oppresses those who save and use their savings for investment in business, and that as a substitute for the taxes on saving we should have—"a tax on spending—the sales tax."

Just so. Taxes on the great fortunes of the privileged few, and upon the surplus earnings of huge corporations, injure the people by limiting industrial development. Therefore, as a remedy we should tax the sale of goods of all kinds, so as to encourage thrift and industry! Mr. Bush is the people's friend. He knows that cheap goods lead to idleness and extravagance. The consumer buys more and works less. How different it would all be with the sales tax, that would make everything cost more and discourage buying. Then the happy workers would not have so many things to make, and they would have abundant leisure in which to read the amusing efforts of Mr. Irving T. Bush to explain how industry is to be encouraged by shifting the tax burden to the people who buy things.

Editors of alleged funny papers complain of the lack of humorous material. We take pleasure in informing them that Mr. Bush's address is 100 Broad street, New York City.

More Wall Street Economics

THE *Spur*, a magazine chiefly devoted to the sports and amusements of our American aristocracy, publishes a photograph of Mr. Jules S. Bache, senior partner of one of the largest brokerage firms in Wall street, with the comment that Mr. Bache is a keenly observant writer on both financial and economic subjects. This is possibly true, since Mr. Bache, or his efficient publicity agent, is prolific in his counsels of advice to Congress and the American people as to their duty to take the burden of taxation off great fortunes and put it on the consuming public. This is the same Mr. Bache who has been going around telling Rotarians and other unfortunates who have to listen to him how little he knows of taxation or any other subject of public interest. An indication of the intelligence of this "economist" is found in his statement in *The Spur* that "the value of the whole wheat crop of the United States is based on the neg-

ligible percentage which it must have left over, after its own consumption is provided for." Pity the poor farmer! The value of his wheat is not, as he had supposed, in what he could exchange it for, but the price paid for the exported surplus! Possibly Mr. Bache, or his publicity expert, meant to say "price" instead of "value." He probably doesn't know the difference between value and price. This, however, is unimportant. What is important is the terrific ignorance of these broker-economists, who arrogantly and impudently assume to lecture Congress and instruct the American people. The insolence of great wealth acquired through the Wall street game may impose upon some unthinking persons who venerate riches, but it will be properly rebuked in the not distant future.

The "Levy on Capital" Delusion

SUGGESTIONS for payment of all or a large part of the interest on war debts by what is termed a "levy on capital" have been put forward by representatives of Labor in various European countries, and the issue was raised in the British election contest by the Labor Party. No definite plan for the proposed appropriation of private capital has been outlined, but it is assumed that it will take the form of a tax levied directly upon the owners of property. It seems to be believed by a large number of Labor leaders that by taking for public purposes a considerable percentage of what they call "surplus wealth," the burden of heavy taxation that now crushes industry and trade could be materially lightened, to the advantage of the consuming public.

The erroneous belief is founded, as are so many illusory schemes for economic readjustment, on the popular misunderstanding of the nature and functions of capital. From the arguments advanced for the capital levy it would appear that its advocates think of capital as money;—the vast amounts of gold, government currency, or banknotes deposited in the banks. But money is not capital. Nor are government or private promises to pay money. The great proportion of a country's wealth represented by lands and buildings occupied as homes is not capital. Speaking accurately, capital is that form of wealth—labor products, devoted to the production of more wealth. For practical purposes it may be defined as buildings, machinery and other equipment employed in making and distributing goods.

Assuming that the proposed capital levy is undertaken, the interesting question arises: what would be the effect on production? How could a part of the factories or machinery be taken by government without seriously diminishing the output of goods? What effect would decreased production have upon the employment of labor, especially in such countries as Great Britain, largely dependent on the export trade? What use can be made of the confiscated capital in the payment of debts to foreign countries? The creditors do not want buildings or machines. Government could

not profitably employ the seized capital in making goods. The experiment of Soviet Russia with its confiscated factories is a sufficient answer to the curious notion that seizing a part of a nation's productive forces will promote the public welfare.

Of course, to the extent that a levy on "capital" would include evidence of indebtedness, and particularly government bonds, the practical effect would be cancellation or repudiation to the extent of the tax, and this would relieve industry of future taxation that otherwise would be imposed to meet the claims of landholders.

Turning Over The Iceberg

AMONG the various schools of what are termed liberals, radicals or progressives, there is a growing tendency to complain of the inefficiency of representative governments, and to demand such changes in the methods of selecting legislators and administrators as will increase the influence of what are vaguely called "the people." It is claimed that under the system of party government the public interests are neglected, and that control of the party machinery enables a few "bosses" to manipulate nominations and elections, despite popular primaries and similar devices. The shortcomings and limitations of lawmakers and public officials are ascribed to the alleged fact that the politicians are in control, and elections by groups of agricultural, industrial, and labor interests are suggested for establishing what is fondly expected to be more efficient and economical government.

The effort to make government more truly representative of all the people would seem destined to failure so long as the great majority of the voters take but little interest in public questions. Too much stress is laid on the machinery for recording the public will, and not enough on the vastly greater importance of educating the electorate so that it will be able intelligently to pass upon the various issues submitted to its judgment. From many of the proposals put forward by reformers who vainly hope for a regeneration of society through more laws and governmental agencies, it would seem that they believe that if political power can be put in the hands of group interests, existing social and economic disorders would quickly disappear. They are doomed to disappointment, for there is no magic in numbers, or in the conflict of antagonistic interests, that will supply greater efficiency in public affairs. Their attitude toward the problems of government is that of one, who, observing that the portion of an iceberg exposed above water is cold, believes that if it could be overturned the lower portion would be found to be warm. There is no reason for thinking that by giving the "plain people" a greater share in moulding public policies, that wiser laws or more competent administration would be assured. It is not the manner in which public sentiment finds expression, but the quality of that sentiment that is all important. Given a people who know what is best for

the general welfare, and how to attain their purpose, they have the power to enforce their will. To enable a larger number of imperfectly educated voters more directly to shape legislation, will bring no improvement. The iceberg is cold all the way down.

The Lesson of The Fascisti

THE peaceful revolution by which the government of Italy was taken over by a non-official body of armed men, who forced the King to call upon their leader to administer the laws, has been variously regarded by Americans. To many the setting aside of constitutional forms at the request of men who had no other mandate from the people than their own will to rule, has appeared a parallel to the overthrow of the Kerensky government in Russia by the Soviet dictatorship. The important distinction is found, however, in that whereas the Lenine despotism aimed to destroy the rights to liberty, property and the freedom of expression, Mussolini and his followers assert that their purpose is to maintain these rights against Socialistic and Communistic movements. Whether the aim justifies the attempt to govern without consulting the Italian people is a question to which the answer will depend largely upon the faithfulness with which the pledges of the new dictator are fulfilled.

To those misguided persons who have been deluded into believing that desirable social reforms can be brought about by violence, the success of what are termed the reactionary policies of the Fascisti should prove a wholesome warning. Originating as a protest against extreme radicalism, the movement spread rapidly until it became sufficiently powerful to suppress all outward Socialist activities. The methods resorted to for breaking up radical assemblages, and putting an end to strikes, were practically those suggested by the Syndicalists, Communists and other extremists in dealing with property owners and capitalists. As George Bernard Shaw once said, in protesting against the notion that violent methods can help solve the labor and other social problems: "When it comes to violence, the forces of reaction can give the radicals cards and spades."

That attempts to overthrow the established order of society by force inevitably provoke retaliation in kind, is so evident that it is surprising that there is still foolish talk of establishing co-operative commonwealths by violent revolution. A resort to physical force by radicals invites the use of force by reactionaries. In the old fable of the wind that tried to make the traveller give up his cloak, the harder it blew the closer the garment was held. Utopia builders who rely on class-hatred, envy and physical force to abolish the defects of the imperfect society created by as yet imperfect people, will find an instructive object lesson in the recent developments in Italy.

CAIN first of all men set boundaries about lands.

JOSEPHUS' "Antiquities of the Jew."