

MISCELLANEOUS.

TAXATION OF CAPITAL DISCOURAGES THRIFT.

Henry George in his *Progress and Poverty* points out the importance of the mode of taxation and proves conclusively that whenever commodities, or certain kinds of trade, or luxuries, etc., are taxed, there will be a diminution of the object of taxation far beyond the returns of the tax.

An income tax is odious on account of the prying system which it involves, and the greatest statesmen deemed it best to abolish it as soon as practicable. But a property tax is worse because it taxes all possessions according to value, whether or not they bring returns,—libraries, paintings, pianos, sewing machines, factories. For consistency's sake titles and degrees ought to be included. A doctor's degree costs a physician years of labor and expense; it is worth more than the best piano if the mere expense of its acquisition is considered, and may even be considered to bring returns. It is an investment forming part of the practitioner's capital stock.

Some time ago there was a window tax introduced in some Dutch cities which resulted in the reduction of windows and induced people to build unhealthy houses, badly ventilated and poorly lighted by the sun.

Considering the fact that all taxes work as a bane, everything is taxed that is apt to become a public nuisance; thus we tax dogs, saloons, cigars, and tobacco in any form. Taxes do not cut down the goods taxed to the amount of the return of the tax, but about five times, or ten, or even more in proportion. If dogs be worth on an average five dollars each, and a tax of one dollar per dog be imposed, which in a certain township would mean a total tax of, say, five thousand dollars, we may be sure that at least five thousand more dogs would, but for the tax, be living in that district. Taxation is the most effective method of restriction. It has not, upon the public economy of our social organism, the beneficial effect which is produced by the pruning of grape-vine, but is like cutting off the roots. Shall we, in the face of this truth, continue our vicious system of taxing property, as if the possession of property were a nuisance that must be restricted and hindered?

A tax on wealth will discourage the production of wealth; it is a punishment of thrift and will drive capital out of the country. That the rich man should pay higher taxes than the poor man is but just, but to put the tax upon property, not upon income, and to boot make it so outrageously high as to become absolutely ruinous unless it be considerably mitigated by a general connivance, is a very unwise affair which ought to be abolished. The tax hits capital, not one or two capitalists, and it serves more to prevent the poor from acquiring capital than to reduce the wealth of the wealthy.

The principle of taxing property is supported by a sentiment which is deeply in-

grained in human nature, being based upon the hoary and time-honored notion that riches can be acquired only through extortion, that therefore the possession of wealth indicates wickedness and that its owner ought to be punished. Taxation of property practically discourages thrift and puts a premium on poverty. Would it not be better to encourage the accumulation of wealth and frame the laws in such a way as to induce the wage-earner to become a capitalist and thus develop into a responsible share-holder of our general prosperity?

But how to prescribe a tax that would hurt no interests whatever, that is the question? Who can solve the problem?

What of the single tax?

No doubt, the single tax possesses many alluring features, and in the brilliant exposition of Henry George's *Progress and Poverty* it would seem preferable to any other system of taxation, but it would fall hard on the farmer and expropriate an element of our social conditions, the landowner, important on account of its conservative tendencies, the beneficent influence of which should not be underrated. Taxes are always a burden, and though the single tax cannot tax the land out of existence, it abolishes, if consistently and rigorously carried out, the homestead, changing the farmer into a tenant. For all that, Henry George's arguments remain worthy of deeper study, and we might after all accept much of them as true. His system may prove salutary in a modified form.

The policy of our legislators ought to be to encourage, not to reduce the production of capital. The law presses most severely, not upon the big capitalist, but upon the small thrifty man who attempts to save and is punished for doing so by taxation. He has no means of escape and is at the mercy of the assessor. It is in the prevention of the growth of small capitalists where the law works more mischief than in the reduction of the wealth of the wealthy whose power of resistance has grown strong enough to survive its injurious effects.

Is perhaps the endeavor to find the right method of taxation a problem that is comparable to the squaring of the circle? Who can tell?

The present number contains an important contribution to the problem of taxation by a man who is competent to discuss it, Judge Arba N. Waterman, and we have complemented his article by the publication of extracts of a symposium on the subject which took place some time ago in the Sunset Club of Chicago.

P. C.

REPRESENTATION WITHOUT TAXATION.

Revolutions are the expression of a protest against existing conditions, and it is a fact that almost all revolutions have taken their origin from a dissatisfaction with unjust modes of taxation or overtaxation. The inhabitants of the thirteen colonies broke away from England because they refused to pay the tea-tax and insisted upon the principle, "No taxation without representation." In our days we are confronted with a problem which is the reverse: in the administration of our cities we have representation without taxation. In other words, the irresponsible voter who pays no taxes at all possesses a paramount influence upon the disbursement of municipal funds, the result of which is the sad spectacle of boodling and squandering public money that is attempted and frequently accomplished in our big cities.

What is the remedy?

P. C.