Taxing ‘Bigness’: How Big? So Big!

By Edward Atlas

President Roosevelt, in his message to the extraordinary session of Congress, urged plans to cut the taxes on small business.

"We should give," said the President, "special consideration to lightening inequitable burdens on the enterprise of small business men of the nation. Small businesses, or even those of average size, have difficulties of financing and distribution which are not shared by large corporations.

"Therefore, by special tax consideration they should receive more equal opportunity to compete with their more powerful competitors..."

The dragon of big business is once more upon us and St. George is to the rescue with his sword of discrimination. But why? Aside from political considerations, is there any sound economic reason for the discrimination?

Business is a generic term for the process of applying labor to land for the purpose of producing wealth. Man seeks, and by competition is forced, to apply his labor efficiently, that is, so that he can produce the most wealth with the least expenditure of labor. The process of production, it must be understood, is not completed until the product has reached the hands of the consumer. The particular form in which the labor of any man or group of men will be expended is determined by the demand of the consumers, who in their turn and to a like value, either directly or more commonly by means of a series of exchanges, supply the first producer or group of producers with the commodities he or they desire.

Now, due to differences in magnitude of consumers' demand, production can sometimes be more efficiently conducted as a "small" business and in other instances as a "big" business. Thus, for example, a spur railroad line in rural area is a "small" business compared to the New York Central Railroad due to the fact that the area and popula-