

THE GRADUATED INCOME TAX IN SWITZERLAND.

As some people in England are working for a graduated Income Tax, I think it will profit the English people to learn what experiences the Swiss people have had with this kind of taxation.

In the Canton of Zurich we have a heavy graduated Income Tax, besides a general property tax. On an income of more than 10,000 francs (£400) the taxpayer pays theoretically five times as much as on an income of less than 2000 francs (£80), which is somewhat above the ordinary income of the working people here. The practical result of our income and property tax combined would be that rich people would have to pay about 20 to 25 per cent. of their income in taxes to the exchequer.

Some time ago the list of taxpayers of the City of Zurich, with their respective incomes and properties assessed, was published; formerly it was kept secret. The surprise was enormous. It was generally known that taxes were dodged in a large measure, but the state of things revealed is beyond all expectation. The taxpayers' list is held up for ridicule throughout the country. You will find therein people who do not pay a single shilling of income tax. But you would be very much mistaken in supposing them at the poorhouse. They live in very comfortable lodgings, if they are not out of town on a trip through Italy, or boarding at one of the first-class hotels in the well-known summer resorts of our country. There is not a single taxpayer in Zurich who has assessed his property at half-a-million pounds. Yet dozens are known whose fortunes certainly exceed double that amount. And the worst of all is that there is absolutely no means to remedy this state of things. Why not? Because it is simply impossible to enforce an Income Tax law. At the head of the tax department of the Canton of Zurich has been for several years Herr Ernst, a leader of the Socialist party, and he has tried all means to get at the capitalists. With what results the publication of the taxpayers' list sufficiently shows. In practice the working of our graduated Income Tax simply amounts to this: Our rich people pay as much as they like while our poor people pay as much as they have to.

It is impossible to enforce our taxation laws to only half the extent of the letter. We can only force a few honest people to make up for the great mass of the less honest, and that we do. We have also succeeded in driving many good taxpayers, too honest to make false statements, out of the country. There are people here who think that it would be better to abolish the graduation of the Income Tax, as the exchequer would get just the same amount of money, and as the burden of rating would be distributed more equally among the well-to-do-people. Such are the results of a graduated Income Tax among a people well-renowned for its honesty and zeal for the common weal. Can a law be good that is bearing such fruits? Can a law be just that inevitably leads to disobedience, lying, and fraud?

It goes without saying that tax-dodging is chiefly practised by the upper ten, and by all those whose incomes depend upon their energy and skill—lawyers, business men, artisans, etc. Thus our graduated income falls most heavily upon those who are dependent upon fixed salaries and wages, *i.e.*, upon those who are least able to bear it. These are the only ones who pay their fair share. They pay the bulk of taxation to make our city beautiful and to provide it with the best means of education, traffic, etc., and after having paid heavy taxes for this noble purpose, they pay still heavier rents because our city is beautiful and a good place to live in. During the last two years, rents in our city have risen by leaps and bounds. The house famine has reached such a degree as was never known before. The official statistics show that on the 1st of December last, in the

workingmen's quarter of our city, including about 70,000 inhabitants, there were only 13 flats to let, and that the average price of a room in a flat of three rooms has increased in three years from 140 to 242 francs. If a flat is advertised in the morning papers, it is generally taken the same morning. People who had found profitable employment at Zurich have been compelled to give up their places because they could not find a lodging for their families. Barracks have had to be erected by the Poor Relief Committee for families who had been evicted, not because they could not pay their rents, but because they had more children than the landlord liked them to have. And yet not half the area within the city's precincts is built upon. The unemployed are loafing in the streets; the people are crowded in slums; the land lies idle and wasted; and out of our graduated Income Tax we pay some relief to the unemployed workmen of the building trade to keep them from starvation.

For all those who wished to diminish great fortunes our tax system has proved a sad disappointment, and for those who sought to relieve the poor of their burden it has proved a dismal failure. It is useless to the poor because it is harmless to the rich, and detrimental only to the moral character of our people. It is another proof that there can be no solution of the tax problem if we do not recognise the difference between values created by individual and values created by common efforts, between the values of land and the values of labour. Let the British people beware of the blind leaders of the blind. There is no solution of the problem of taxation save in the philosophy of "Progress and Poverty."

GUSTAV BUSCHER.

Zurich, 17th of February.

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