

moving within three states will cost well over a thousand dollars. There are many instances of individual vehicles which pay \$1,500, and as high as \$2,000 a year in special taxes. You will agree that it is exceedingly difficult to perform economical transportation with this tax burden. And much of this results from the failure of the states to recognize taxes paid in other states. In other words, reciprocity is not granted by all our sovereign governments within this country, and the result must be borne very largely by the people themselves.

There are size and weight restrictions, and equipment restrictions. No truck has been made which can travel in all forty-eight states and be within all the laws. One state permits 40,000 pounds as gross load, whereas its neighbor may permit only 35,000 pounds. Some trucks may be limited to 18,000 pounds. Texas has the distinction of permitting a pay-load of only 7,000 pounds if it goes beyond a railroad station. Not many guesses are necessary to discover who supported such a proposal in the legislature of that state. What is proper in one state is improper in another, although the state line is really imaginary, and the roads as good in one as in another.

And there are efforts to Balkanize our country by setting up ports of entry that correspond with customs officers such as are known in Europe. These ports of entry embarrass and delay interstate commerce and serve to increase the burden on the ultimate consumer. We oppose them as being unnecessary, uneconomic and un-American.

(Following Mr. Rice's talk, various members of the Club stressed the advantages that would accrue to the truckers by the substitution of a single land-value tax in place of the multiplicity of taxes now imposed.)

The Tax Institute

FOR all persons and groups interested in taxation and public finance, whatever their point of view, reliable information on this subject is essential. Needless to say, facts and figures in this field of ever-growing importance is of great value to those advocating the tax reforms of Henry George.

There is an organization devoted to the work of impartially compiling and making available information on tax matters. This is the Tax Institute. "Give the people the facts, and they will determine the policies," is one of the slogans of this Institute.

The Tax Institute was until recently known as the Tax Policy League. It was organized in New York in 1932 by Harold S. Buttenheim, editor of *The American City*, and a civic leader in many fields. Mr. Buttenheim (an advocate of land value taxation) saw the need for tax research, and

secured the cooperation of Dr. Mabel L. Walker, an able student of the subject, in the venture.

Recently the Tax Policy League received a grant from the Alfred P. Sloan Foundation, and thereupon became affiliated with the Wharton School of Finance and Commerce of the University of Pennsylvania. At the same time it moved its headquarters to Philadelphia and changed its name to Tax Institute. Dr. Walker is now Director of the Institute, and Mr. Buttenheim serves on the Administrative Board, which also includes such leaders in the educational and civic worlds as Frederick L. Bird of Dun & Bradstreet, Prof. Ernest Minor Patterson and others. On the Advisory Council appear many other prominent names, such advocates of land value taxation as William E. Clement (Secretary of the Benjamin Franklin Research Society), John A. Zangerle (Auditor of Cuyahoga County, Ohio), and others.

What do national, state and local budgets amount to? What are the total tax collections? What are the principal sources of revenue? What is the public debt? What can be done about interstate trade barriers? These are a few of the questions that the Tax Institute undertakes to answer in a form which can be readily understood by the layman. The program of work is as follows:

1. Preparation of an annual compilation of tax collection findings, based on data furnished by Federal, state and local officials.
2. Publication of a monthly information bulletin, each issue related to one particular tax topic and containing notes on new tax legislation and publications.
3. Publication of a semi-monthly information sheet.
4. Organization of a national symposium once a year on some tax problem of current importance.
5. Maintenance of an information service for the purpose of answering queries of both members and non-members.

The Tax Institute has of late been directing its attention to the matter of interstate trade barriers realizing the seriousness of the development. The December 1940 symposium was on "Tax Barriers to Trade," and a book on the subject is being published by the Institute. A recent issue of *Tax Policy* (the monthly bulletin) was devoted to the question, "What can be done about interstate trade barriers?" Since Kansas, in 1933, set up "ports of entry" on major highways entering the state, and levied "tariffs" on certain types of goods seeking entry, fourteen other states have adopted the system. The Federal government has become alarmed at the situation, and is trying to cope with it. *Tax Policy* has this to say:

"Trade barriers are an example of protectionism whereby the citizens of one governmental area seek to protect themselves from the products or services of citizens in another governmental area. Such protectionism interferes with the

free flow of trade and tends to make prices of protected goods and services higher than they would otherwise be. The smaller the area and population around which these protective barriers are set up, the greater the handicap to consumers is likely to be. The archetype of trade barriers is the tariff on foreign products.

"In recent years a complex mass of restrictive taxes and regulations has been imposed by the states and local governments. This development has now reached such a stage as to cause serious concern to citizens in this country who see in this process the disintegration of the United States as a great free trade area within its own boundaries."

In an address at the Tax Institute symposium on trade barriers, Prof. F. Eugene Melder of Clark University described the "vicious circle" leading to the resort to interstate barriers:

"Unstable economic conditions cause state revenue sources to dry up and, at the same time, cause state functions to be expanded. The states then tax consumers with high consumer taxes, which encourage consumers to seek means of evasion or force curtailment of their purchases. Then the states must tax again to prevent evasion, and to protect their revenues, with the result that the free flow of goods in interstate commerce tends to be impeded, it becomes more difficult to do business, and business conditions tend to become more unstable, as larger portions of consumer purchasing power are drained off in regressive forms of taxation. The circle is completed in that unstable business conditions arise from state attempts to increase stability of revenues."

Another recent issue of *Tax Policy* was devoted to Debt Limits. "What has been the value of debt limits?" is asked in this issue, and the answer follows:

"Well, just about that of the Maginot Line. Taxpayers have concentrated on what they thought was an impregnable fortress and then gone to sleep behind it. The practice of writing rigid debt and tax limits into state constitutions is, to a large extent, an example of civic laziness. It is easier to write in constitutional limits, which will (it is fondly hoped) take care of the problem of governmental extravagance once and for all, than to be bothered with the constant attention to governmental problems and constant adjustment to changing conditions. Hence limitations are written into the constitution. But when they become unworkable, means of escape are added; then new limits are set up; and so on and on until finally the network of regulations affecting local financing becomes a crazy patchwork in which it is practically impossible for the citizen (or even the governmental official or research bureau for that matter) to discover what is what."

Tax Policy compiled from headlines in the *New York Times* the rise in the public debt during the last decade. The picture looks like this:

Dec. 31, 1933—PUBLIC DEBT RISES TO \$23,534,115,771

June 17, 1934—PUBLIC DEBT GOES BEYOND 1919 PEAK—
\$27,005,438,125 TOTAL

Jan. 4, 1935—PUBLIC DEBT HITS AN ALL-TIME HIGH
FIGURE AT \$28,478,663,924

Dec. 2, 1935—DEBT OVER \$30,000,000,000

Mar. 12, 1936—PUBLIC DEBT RAISED TO \$31,400,000,000

June 30, 1936—GOVERNMENT DEBT NEARLY \$34 BILLION

Dec. 14, 1936—FEDERAL DEBT SET AT \$34,232,200,000

Mar. 3, 1937—NATION'S DEBT RISES TO \$34,600,780,711

June 18, 1937—THE NATIONAL DEBT ABOVE \$36 BILLION

Apr. 2, 1939—FEDERAL DEBT GOES PAST \$40,000,000,000

Jan. 4, 1940—DEBT \$41,942,456,008 ON DEC. 31

July 4, 1940—NATION'S DEBT NOW IS \$42,967,000,000

Sept. 19, 1940—DEBT PASSES \$44 BILLION BEFORE DE-
FENSE LOANS

Dec. 21, 1940—FEDERAL DEBT PASSES THE OLD \$45-BIL-
LION LIMIT

And so the Tax Institute proceeds in its attempt to take the mystery out of our complicated tax structure. As one of the members, Mark Eisner, humorously put it, "Our role must be . . . to reveal the system in all its creaking nakedness so that all may gaze at it—and know it—and perhaps even do something about it."

The idea behind all this is that it is the duty of citizens in a democracy to keep informed on public finance—that it is their concern. Says Dr. Walker: "In a totalitarian government the dictator can dispose of people's lives, labor and money as he sees fit, and public information on taxes and expenditures would be of little use, even if it could be made available. But in a democracy where the citizens have the ultimate responsibility for the financing and administration of government, accurate and unbiased information is fundamental to the efficient functioning of democracy. If the Tax Institute can furnish such information in ever-increasing measure to an ever-increasing number of citizens, it will have performed a useful function."

. . .

THE art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least possible amount of hissing.

JEAN, BAPTISTE COLBERT