

WOULD TAX THE POOR

"The Impact of Federal Taxes," by Roswell Magill. Columbia University Press, New York, 1942. Cloth bound, 218 pp, \$3.

Professor Magill is a former Under-Secretary of the Treasury, a voluminous writer on tax matters and, at present, an instructor at Columbia Law School. Herein he shows that in recent years the federal income from taxes was far behind its expenditures, while the national debt has risen to incomparable figures. Our tax receipts for 1935 were \$7 billions; for 1942, \$13 $\frac{3}{4}$ billions, and for 1943 are estimated at \$26 billions. Expenditures were \$1 billion in 1914; \$5 billion in 1924; \$9 billion in 1939; \$32 $\frac{1}{2}$ billion in 1942, and an estimated \$80 billion in 1943.

Of the money collected by the federal government in taxes, the amount obtained from taxes designed to measure capacity to pay—like income, estate, and gift—has risen steadily in proportion, and in 1942 was 73 per cent of the total. While Magill likes a pay-as-you-go plan, he sees difficulty in ever making receipts equal expenditures. He hazards a peace-time budget of \$20 billions, and estimates it could be secured from the following:

Individual income taxes....	\$ 8.0 billions
Corporation income taxes...	4.0 "
Estate and gift taxes.....	1.0 "
Liquor taxes	1.5 "
Tobacco taxes	1.0 "
Miscellaneous excise taxes..	1.5 "
General sales taxes.....	2.0 "
	\$20.0 "
Plus Social Security tax..	\$1.2-\$2.4 "

After a critical examination of present taxes and tax philosophy, the sum of his proposals are refinements in both. He decries the differences in state laws and interpretations, which prevent federal levies from falling equitably on all taxpayers. Many involved cases are cited to show the need for a restatement of fundamental taxing policies.

Professor Magill's concrete proposals are a greater extension of sales taxes, the inclusion of more persons in the lower income brackets for income taxes, the deletion of excess-profits taxes, and a lessening of large surtaxes.

Nowhere does the author touch on the fundamental problem—the taxing of land values as the source of federal income. While he recognizes the brake on production of corporation, excise, and sales

taxes, he goes no further into the matter. The book is a handy argument on the inadequacy of the present tax system, its injustices, and its futility. The better minds among our tax framers apparently move in conventional grooves only.

ALEXANDER BOARDMAN.

* * *

BENEVOLENCE ON PAPER

"The World Republic," by Alvin Edward Moore, Pinemoor, Route 1, Vienna, Virginia. 1942. 144 pp.

Alvin Edward Moore desires a worldwide federation based upon a representative government "with a strong constitution, strong army, navy and air force, and strong guarantees of the peaceful competition of men in the improvement of life." Mr. Moore's thesis on war is as follows:

"If an intelligent, industrious, civilized people find themselves in danger of extinction they often do not have to become convinced consciously that their plight is the result of injustice or unfair competition on the part of some other people. . . . If another people have the raw materials that they are convinced they must have to live, and they are denied access to those materials by that other people, by embargo and/or high tariffs and/or bars against immigration, they subconsciously feel that they are subjected to an injustice by the other people; and if they are strong and resolute they war with the other people for the drastically needed resources. The have-nots fight the haves, if the haves try to bar the have-nots from equal opportunity to acquire materials necessary for life. All history teaches this lesson."

While the author does not describe the system of internal taxation in all nations which penalizes production, aids privilege, and renders the masses an easy prey to warmongers and propaganda, he seems to have some inkling of its force, as we shall see later.

In his disquisitions on the form of government to prevail in the world republic, and the means by which "the peaceful competition of men in the improvement of life" is to be secured, Mr. Moore treads on shaky ground. It is too much to expect, for instance, that a representative republican form of government would be practical for peoples in widely varying stages of political and economic development.

The faults and inefficiencies of monopolies are clearly set forth, but the reme-

dies proposed show a failure to grasp their cause.

Site value taxers will naturally be interested in the tax structure of the World Republic.

"To prevent the withholding of commonly known natural and public resources from the efficient use of mankind the owner or user of every part of such resources (of land, water, means of transport over public highways, over water or through the air, fisheries, mines that have been known to exist for a certain length of time, and so forth) should be taxed an amount based on the potential value of the said part of the natural resources. These taxes should be laid so that the average person or group would be able to pay them and still be able to make a fairly good living in developing or utilizing the concerned area of the natural environment. All superior individuals and superiorly managed groups thus would be able to make a better than average living in utilizing the said area; while inferior individuals or poorly managed groups or speculators, who seek to hold the area, without work on it, for future profit due to development of its neighborhood, would be discouraged from continuing control of the area. The latent capacity of the area to be of service to humanity and thus to yield income to its holder or holders thus would be taxed—and not any superior ability that a person or group might exercise in developing or utilizing the area."

This seems a rather roundabout and obscure method of expressing the idea of collecting economic rent.

Like so many so-called "liberals," the author of this book seeks to secure human liberty by delivering an increasing amount of power into the hands of government, which shall maintain free competition by rigidly and arbitrarily controlling business, capital investment, money and credit, and even individual spending! That such a government would soon become a dictatorship, and then a tyranny, does not seem to have occurred to Mr. Moore, who indeed only imitates other socialist reformers, believing that an all-powerful government can manufacture freedom. One regrets that such writers are determined to make a complicated and intricate blueprint for society's welfare. The fundamental fallacy of this idea is, as Henry George has pointed out, a belief that production by fiat is better obtained than by free interchange.

MORRIS K. HAND.