

SYNOPSIS.

The prime object of government is to secure to all who labor the fruits of their labor.

To accomplish this, it may take such part of the fruits of labor as may be necessary for its own support. This is taxation.

There is peculiar indifference on the part of Americans, not to taxation, but to a careful study of the problem of taxation.

While there is no exact science of taxation, there are certain fundamental principles which are generally recognized as controlling all wise and equitable taxation. Some of these are :

1. The purpose of taxation is to allow of the creation of a product of greater value than the amount collected.

2. The fund from which taxes are drawn is the production of the community, the combined earnings of all citizens.

3. Citizens should contribute to the support of the government in proportion to their respective abilities.

4. The tax should be fixed and not arbitrary, and every feature of the system clear and plain to the contributor.

5. The time and place for the payment of taxes should be as convenient as possible for the great mass of the contributors.

6. There should be the greatest possible economy in collection, and the least possible surplus in the treasury.

7. The heaviest taxes should be laid on those things, the consumption or use of which is especially prejudicial to the interests of the people. (Query ?)

8. Taxation must regard the general welfare of society, and therefore cannot be arbitrarily limited.

9. For all general purposes taxation may be, and therefore ought to be, such as to demand no special sacrifice.

10. The taxing power can be lawfully used for public purposes only.

11. Public enterprises are to be undertaken only when the service can be more advantageously rendered than by private hands.

12. The taxing power should never be used for the purpose of diverting either capital or labor from the modes of employment to which they would resort if left to themselves.

There are two general methods of taxation, the direct and the indirect. The first is the local, the second the national method.

Reasons for the choice of the national method :

1. Precedent.

2. A want of confidence in the people.

Direct taxation is in accord with each of the twelve principles laid down, while indirect taxation contravenes nearly all of them.

Frankness, honesty, economy, equity, the spirit of American institutions, demand direct taxation.

Our effort in local affairs is to tax the entire resources of each citizen, in which we have notoriously failed.

Poll-taxes, licenses, and occupation taxes are levied with little or no regard to the ability of the payer, and are now only used as supplementary levies.

Taxes on production are, theoretically, the most equitable; but thus far, practically, the most unfair and demoralizing.

A tax on accumulation is :

1. A tax on savings—on frugality.
2. A recurring tax—a tax repeated on the same property.

The objections to a tax on personal property are :

1. It is a very expensive system.
2. It involves a catechetical and inquisitorial process.
3. It duplicates taxes.
4. It encourages perjury and fraud.
5. It is full of inequalities ; throwing the burden on those least able to bear it or to defend themselves.
6. It adds greatly to the cost of nearly all commodities and services.
7. It repels from some communities very desirable forces of production.
8. It seems impossible to make such a system a success.

In considering a land-tax, we should go upon the basis of unimproved land, because nearly all the objections last mentioned can be urged against an attempt to assess improvements on land.

A tax on the basis of unimproved land discourages land speculation.

Some of the favorable characteristics of land in this connection are :

1. It cannot be hidden.
2. It is easily and accurately assessed.
3. Its assessment and the collection of the tax are the most economical known.
4. Such a tax quickens rather than hampers production.
5. A land-tax cannot affect the amount of land, its capabilities, or its usefulness.
6. It tends to distribute itself, and is not unduly augmented in the hands of the middle-men.

The practical workings of such a tax considered :

1. National.
2. Local.

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