

## MEANING OF THE CHAIN STORE TAX

By Francis Q. Crowder

The current tendency of taxing chain stores is in line with the growing policy of using taxation for punitive purposes rather than for raising revenue. This perverted use of the fiscal powers of government to effect social and economic changes is a totalitarian instrument of repression.

It is unfortunate that chain store management does not realize the social and political dangers involved in this tendency. Their opposition to the taxes being foisted upon them is characterized by an apologetic attitude. They attempt to disprove the specious arguments against the chain store, instead of showing that what is now being done to suppress this kind of merchandising service can be done to other industries or other groups of individuals. If the taxing out of existence of one kind of industry is deemed desirable, what would prevent the use of the same instrument to legislate out of existence other industries, or even groups of people, or unwanted religions, or certain professions, or schools of thought. A tax upon a church or a school or a hospital would practically wipe it out.

To use the taxing power of the government for police purposes is a dangerous precedent to establish. Taxes on chain stores not only violate every canon of sound fiscal policy, but also threaten, because of the philosophy upon which such taxation

is based, the foundation of our democratic institutions.

If chain stores are undesirable then our policy should not be to impose a tariff against them, but to place an embargo on them. If a thing is socially undesirable, as for instance leprosy or prostitution, we don't tax it; we attempt to prohibit or eradicate it. The dishonesty of those people who are advocating taxes upon chain stores is evidenced by their use of the power of taxation to do something which they have not the courage to advocate openly, because they know that their objective is economically unsound, socially undesirable, and therefore unpopular.

Chain stores exist because they serve an economic purpose. If they did not, the people would not patronize them. In a competitive system only those who serve can exist. The opposition to chain stores, as expressed in these tax measures, is an admission on the part of its proponents that the chain store has served the public too well, or has at least served the public better than their competitors who are trying to legislate them out of business.

This is the bald truth, which, unfortunately, the chain stores, as well as their opponents, have not the temerity to point out. It is because the chain store gives either better value or better service that it has been able to grow to its present proportions. If this were not true the chain store would not have gotten the patronage of the public to the extent that it has.