

sive basis to efficiency and incomes. The seeming paradox lies in the assertion that not to penalize those who earn much may be advantageous to those who earn little. Yet this assertion, if it points to a heavier taxing of incomes not earned at all, appears to be justified. A system of taxing mainly unearned incomes is at the same time good for business, leaves free play for individualism as opposed to socialism, is anti-communistic, and gives the common man a better chance than now for the profitable exercise of all his powers.

VIII

SANE TAXATION

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(Delivered at the banquet given by the Manufacturers and Merchants Federal Tax League in the Congress Hotel on Friday Evening, November 9.)

I am asked to talk to-night on the subject of "Sane Taxation." There has never been any such thing.

The only theory of taxation that the politicians of this country have ever had was to grab where the grabbing seemed easiest. There has been no system of taxation, any more than there has been a system of murder or robbery. The burglar selects his victims according to their ability to pay. So do our legislatures. They have evolved no theory as to any methods of taxation which would result in the raising of revenue in the fairest way or with the least injury to the individual, or the best results so far as business and commerce are concerned.

They have not even adhered to taking from the people in proportion to their ability to pay. A tax on imports falls most heavily, as a general thing, on the poor. A sane system of taxation is one which will produce the revenue needed for the legitimate expenses of government with the least interference with the business and prosperity of the country. Such a system does not permit of the taxation of incomes, nor super taxes on excess profits, nor taxes on the personal property, nor license taxes.

Taxation—As It Is

The tax upon personal property is not paid by the person who hands the money to the tax collector. The merchant adds the taxes he pays to the prices of goods he sells. The tax that the merchant adds is not the only tax that is added to the price of goods. The grower of sheep must add to the price of the wool he sells, the tax he paid on the sheep. To this must be added the tax the manufacturer pays on his plant and machinery and the tax that the wholesaler pays. All these add very appreciably to the price the final consumer is

