

Extracts from Our Contemporaries Showing the Growth of Public Sentiment

STATE INCOME TAX RISKS

THE programme of the Jersey City Chamber of Commerce for a gradual shifting of taxes from personalty to realty is in direct line with the plan Pennsylvania has adopted, and there seems to be a very general consensus of opinion that such a change in our taxing system should be adopted. But one of the chief reasons for the adoption of the proposed increased tax on land, namely, its attractiveness to manufacturers, would seem to carry with it an equally strong reason why the proposed State income tax should be discarded. It is certainly no attraction to a business man to know that every detail of his business must be revealed to a State Board, and with a full knowledge of the kind of politics all too often played by State Boards, no manufacturer or other business man is going to relish the personal risk involved in any income tax plan.

It was not, primarily, the injustice of the personal property tax that brought forth the creation of the State Commission to examine our taxing system and to recommend changes. It was the competition Pennsylvania offered, whereby manufacturers were attracted there, that caused the Commission's appointment. The last thing, therefore, this State Commission can be expected to do is to recommend legislation that will be more likely to repel manufacturers than to attract them.

Just now a State income tax would seem to be an altogether too risky experiment. It is unquestionably an unnecessary one.

Jersey Journal.

INDUSTRY TAXED TO DEATH

A MEMORANDUM from the Canadian Manufacturers' Association to the Dominion Government dwells on the onerous taxation capital in industry has to bear. There is too much duplicating of taxation, as between Dominion, Provincial and municipal devisers of ways and means, and overhead is kept unreasonably high, especially now that sales are moderate and prices close. The memorandum mentions the case of one company operating in all nine Provinces. It is "taxed by the Dominion Government; it is taxed by each of the Provinces, in all cases as a corporation. Its shareholders are also taxed by the Dominion, Provincial and municipal governments on property, business, dividends and income." The duplicating is most discouraging to investors in industrial enterprise of any kind.

There is no doubt that the Excess Profits taxes bore heavily on many companies that were prevented by them from getting into a strong position to withstand deficit years. The cream of profits taken were in the good years. In the bad years the companies have to fend for themselves. The United States Government has taken cognizance of this by allowing companies to set off losses in 1921 or 1922

against profits in the other year, and base tax returns on the net for the two years. True, many Canadian companies went in for war-time expansion on an altogether unwise scale, putting profits into fixed capital, and not keeping them available for working in leaner times. At the same time, we have to take conditions as they are, and seek to work forward from them, and the multiplication of taxation is an obstacle that ought to be thoroughly considered and dealt with.

Has the taxation system of this country been driving Canadian companies to seek financial aid or backing from American capital? The immense growth of United States capital interest in our manufacturing—now from 50 to 60 per cent.—has occurred in this period of high taxation. In 1921, 559 manufacturing companies and 1,892 trading companies of \$73,000,000. How many more were saved from assignment by the selling out of an interest, or control, to an American company in a similar line? We had a mushroom growth in urban industry in the hectic war-boom period. The expansion of manufactures output from about a billion dollars in 1914 to three and a half billions in 1919, shows that some reaction was inevitable. But lean business favors the bigger companies, and multiplied taxation, operating as overhead, is less damaging to the bigger companies. In the interest of the small manufacturer especially, the bone and sinew of urban Canada, the government should seek fresh ways of lightening the tax burden on industry.

Mail and Empire, Canada.

WHO SHALL EDUCATE THE EDUCATORS?

THE National Economic Association, an organization formed by prominent American financiers and business men "to conduct a campaign of education of the American public on the present economic situation and its proper solution," has undertaken the difficult task of creating a public sentiment that will induce the United States Congress to deal with the problems of the tariff, national taxation, and international financial readjustment on a business basis. To this end the association proposes a nation-wide presentation, through the press and public platform, of what it regards as elementary facts relating to these questions.

That there is an urgent necessity for more and better education on economic subjects is evident. The crop of ill-advised bills introduced annually in Congress, embracing every variety of measures designed to remedy acknowledged economic ills by the enactment of more laws, testifies to a confusion of thought among constituents that finds expression in the proposals of senators and representatives. The collective wisdom of Congress cannot, and does not, far transcend the wishes of the voters by whom that body is elected, and no matter what the knowledge or convictions

of individual members may be, the lawmakers are unable to go farther than the composite conclusions of the constituents to whom they must appeal for re-election.

When it comes to the selection of the teachers who are to spread the sound economic doctrines that should govern State and National lawmakers, it will be found that there exists the widest diversity of opinion as to what constitutes "soundness." Political economy is not an exact science in the sense that the words are used in relation to the physical sciences. Most of the books on the subject are largely devoted to criticisms of some other writer's views on the same problems.

What may appear to be a correct taxation method, for instance, from the viewpoint of bankers or stockholders, may be widely divergent from the methods favored by the farmers. One of the best known publicity agents in the United States, who has represented coal-mine owners, railways, and other great interests in "educational campaigns," has recently stated that he had never studied what may be termed the one original American contribution to the theory of taxation—the proposal to untax industry and trade, popularly known as the Single Tax. If he is an example of the teachers who are to enlighten the American people on the tax question, it would seem to be desirable that another association be formed to educate the educators.

Christian Science Monitor.

GIVING MEN WORK

Commenting on the great fortune, estimated at more than \$300,000,000, owned by one of the few Americans who have for more than fifty years controlled the mineral oil industry of the United States, a writer finds some justification for conditions that make such abnormal fortunes possible in the fact that the multi-millionaire had "done" much to benefit the country and to solve the problems of others by giving them "work." This phrase embodies a popular fallacy that is responsible for much of the prevalent confusion of thought on economic questions; the belief that work, or the opportunity to labor and produce useful things, is a favor bestowed by some men on their less fortunate fellows, for which the latter should be duly grateful. In so far as this error is used to defend the exactions of monopoly or special privilege, it is distinctly harmful, and its frequent recurrence in the discussion of remedies for admitted defects in the existent social order shows the necessity for constant restatement of what should be recognized as fundamental truths.

It is not true that the owners of great fortunes give employment to "the poor people who have to work." It is the consumers of the goods produced who create the demand for productive effort, and it is the consumer who ultimately pays all wages. The owner of capital provides an absolutely essential factor of production and is entitled to fair return on his investment. He does not "give work" to any one.

It is the many millions of Americans who buy kerosene and gasoline who give employment to the large number of

workers engaged in producing, refining, and distributing those products. More than this, it is these same consumers who make possible the profitable employment of vast amounts of capital in the oil industry. Official investigations are being made into the peculiar situation that, with greatly increased stocks of gasoline, the price of this necessity has been advanced. If there is any justification for these high prices, it certainly is not to be found in the claim that the oil magnates give men work.

Christian Science Monitor.

A PUBLIC NECESSITY

The coal fields should be declared a public necessity and once and operated, under military rule if necessary or impose a tax on the coal fields equal to the use value of the mines.

If this were done the strike would be settled immediately.

Coal would be produced, the miners would receive decent wages and the public would have sufficient coal for its need at reasonable prices.

In the meantime every effort must be made to keep the realty interests from amending the emergency rent law so as to permit them to freeze the tenants this Winter. They charge the tenants for heat and hot water and this they must provide.

The people are already aroused, but they don't stay aroused.

Failure on the part of Babe Ruth to make a home run when the score is tied, causes more distress to the public mind than the prospect of freezing next Winter.

The people love to kiss the foot that kicks them!

New York Tenant.

GOOD BUYING

ANNOUNCEMENT that the board of education holds a number of vacant sites for school houses, worth approximately \$600,000 but left unoccupied for three years and in some cases likely to remain so as many years more, should not be accepted as evidence of more extravagance or mismanagement on the part of the school authorities. It may represent good business, rather than bad.

The school board is in the construction business on a large scale, with plenty of capital and credit and a continuous demand for the buildings it constructs. If it finds it advisable to have sites on hand for future use, or buy them well in advance of anticipated building operations, that is no more than any enterprising private firm might choose to do. Letting costly land remain unoccupied and unproductive is not specially advantageous, to be sure, but the school management is exceptionally well situated in that respect, having no taxes to pay. *Cleveland Press.*

SO FAR from their being anything unjust in taking the full value of landownership for the use of the community, the real injustice is in leaving it in private hands—an injustice that amounts to murder and robbery.—HENRY GEORGE.