

EDUCATIONAL SERIES

Why We Need an Income Tax

William E. Borah, United States senator from Idaho, has written for Senator LaFollette's paper an article entitled "Why We Need an Income Tax." Senator Borah's article follows:

One of the many unfortunate things imposed from first to last upon this country by reason of the existence of slavery was the compromise in the constitution of the United States providing that direct taxes should be imposed in accordance with population.

To levy taxes according to population upon any kind of property is impracticable and cumbersome even when the tax is confined to the kind of property contemplated by the framers of the constitution. It is not too much to say that the clause with reference to imposing a direct tax would never have found its way into the constitution but through the fear which arose out of the belief that the north might impose an arbitrary and unjust tax upon slaves.

The discussion first arose over the protection of the slave; and to guard against this the southern delegates insisted upon an equal representation in congress with the north. Governor Morris and others declared they would never consent to counting a slave equal to his master. The discussion finally took a wider range owing to the existence of large tracts of land in the south of less value per acre than the land in the north, hence it was believed that these lands might be taxed unfairly.

At last, therefore, it was provided that direct taxes should be imposed according to population, and direct taxes, in my opinion, referred alone to slaves and lands and the improvements on lands.

The supreme court in the Pollock case extended and broadened the terms of this somewhat unfortunate compromise so that it now not only covers lands but income from land, personal property, and income from personal property. This decision was made possible by invoking a mere technicality, that is, that a tax upon the rents of land is a tax upon the land.

Income Tax Decision Indefensible

I am not going to discuss at this time the decision further than to say I am one of those who believe that the income tax decision is as indefensible as a matter of law as the Dred Scott decision, and fraught with far more danger in its ultimate effect if it is to become the settled law of the land, to the republic.

This language may seem strong, but if so, then I invite attention to the following from Mr. Justice White in his dissenting opinion:

"My inability to agree with the court in the conclusions which it has just expressed causes me much regret. Great as is my respect for any view by it announced, I can not resist the conviction that its opinion and decree in this case virtually annuls its previous decisions in regard to the powers of congress on the subject of taxation, and is therefore fraught with danger to the court, to each and every citizen and to the republic."

Mr. Justice Harlan also says:

"This decision may well excite the gravest of apprehensions. It strikes at the very foundation of national authority in that it denies to the general government a power which is or may become vital to the very existence and preservation of the union in a national emergency."

Income Tax Fairest of All

The income tax is the fairest and most equitable of all the taxes. It is the one tax which approaches us in the hour of prosperity and departs in the hour of adversity. The farmer though he may have lost his entire crop must meet the taxes levied upon his property. The merchant though on the verge of bankruptcy must respond to the taxes imposed. The laborer who goes to the store to buy his food, though it be his last must buy with whatever extra cost there may be imposed by reason of custom duties.

But the income tax is to be met only after you have realized your income. After you have met your expenses, provided for your family, paid for the education of your children for the year, then, provided you have an income left, you turn to meet the obligations you owe to the government. For instance, according to amendments recently pending relative to the income

tax, a man with an income of ten thousand dollars would pay the modest sum of one hundred dollars. "Man as a human being owes services to his fellows and one of the first of these is to support the government which makes civilization possible."

Rich Escapes Taxes; Poor Pay Them

It seems incomprehensible that anyone would seriously contend that property and wealth should not bear their fair share of the burdens of the general government. Adam Smith says: "The subjects of every state ought to contribute toward the support of the government as nearly as possible in the proportion to their respective abilities, that is, in proportion to the revenue which they respectively enjoy under the protection of the state."

Notwithstanding our large standing army, our large navy, our all but criminal extravagance as a government, men are found who still unblushingly argue that this burden must all be laid upon consumption and nothing upon wealth, that is, that the man of most ordinary means must pay practically as much to the general government as the man with his uncounted millions. It is strange indeed that men can bring themselves to believe in so unfair and unjust a position.

They soothe their consciences to some extent by saying that it is a just tax, a fair tax and that the property should indeed bear its proportion of the expenses of the general government but an income tax causes men to commit perjury! Of course the man who says this would resent the idea that he would commit perjury but his evangelical spirit leads him to look with particular care to the salvation of his neighbor's soul. There is not a state in the union today but has laws just as exacting with reference to accounting with personal property, just as onerous as an income tax law would be and just as liable to encourage perjury. Yet the tax gatherer does not stop gathering taxes.

They say it is inquisitorial. Do you know of any kind of taxes which are not inquisitorial? For instance, under the internal revenue system now in existence, the whiskey of the citizen is taken possession of by the government, placed in a warehouse, locked up and a key given to a United States official. In the collection of our customs duties, packages and the baggage of the citizen are taken, opened and inspected, and, male or female, though the citizen may be, are sometimes taken into a room and searched. Nothing could be more inquisitorial than this.

All these arguments are put forth in the hope of leading us away from the great and fundamental principle of equity in taxation and that every man should respond to the burdens of the government in accordance with his ability. It is nothing less than a crime to put all the burdens of this government on consumption.

Will Distribute the Burdens of Taxation

I think those who advocate the income tax merely as a revenue producing proposition rob the proposition of its moral foundation. We should contend for an income tax not simply for the purpose of raising revenue but for the purpose of framing a revenue system which will distribute the burdens of government between consumption and accumulated wealth, which will enable us to call upon property and wealth not in an unfair and burdensome way but in a just and equitable way to meet their proportionate expenses of the government, for certainly it will be conceded by all that the great expense of government is in the protection of property and of wealth.

A tax placed upon consumption is based upon what men want and must have. A tax placed upon wealth falls upon those who have enough and to spare and therefore have more which it is necessary for the government to protect. "All the enjoyments which a man can receive from his property come from his connection with society. Cut off from all social relations a man's wealth would be useless to him. In fact, there could be no such thing as wealth without society. Wealth is what may be exchanged and requires for its existence a community of persons with reciprocal wants."

The general government, as we have said, has its armies and its navies and its great burden of expense for the purpose among other things

that Pinchot is opposed. And Ballinger is opposed to Pinchot.

Ballinger represents President Taft in the department of the interior. But who represents the people? Ballinger represents President Taft and the water-power pirates. But who represents the people? That is what the people would like to know. Who represented the people when President Taft put his signature to the Taft tariff law, which plainly violates the pledges he made to the people last year when he was bidding for their votes? Mr. Taft is the only one among the candidates for president last year who would have in the cabinet a representative of land and water-power monopolists.

In his speech at Spokane last Wednesday, the day after Pinchot made his stirring address, Secretary Ballinger shrewdly "talked of something else." It was not necessary for him to tell the country that irrigation is a useful thing, or that water is needed for plant-growth. He might as well have said that soil and sunshine are necessary for success in agriculture. It is not irrigation that has been placed on the defensive, but Ballinger.

The country does not need to sit at the feet of Ballinger and learn the rudiments of irrigation and agriculture. What the country wishes to hear from the secretary of the interior is a defense of the charge that he is "hooked up" with water-power pirates and other monopolists.

Now, in the controversy between Pinchot and the people on one side and Ballinger and the monopolists on the other side, where is President Taft? Is he with Ballinger or with the people? He can prove that he is with the interests by permitting Pinchot to resign rather than dismiss Ballinger. Pinchot has no party machine behind him; Ballinger has. Ballinger has a great corporation political machine behind him; Pinchot has no corporation machine behind him. The corruptionists who sign large checks for campaign funds are not with Pinchot. To dismiss Ballinger might "hurt the party," and the party must be preserved at all hazards.

Does anyone guess that President Taft will stand with Pinchot and the people in this fight? The President lost one opportunity to stand with the common people when he signed the Taft tariff law. Will he now lose the second opportunity in order to "preserve party harmony?" "Party harmony" often means "the opportunity of industrial pirates."—San Francisco Star.

THE WATER POWER TRUST

It was in the closing days of his administration that Roosevelt learned of the wholesale seizing of water powers by the then forming water power trust.

He took sharp action to disconcert their plans. He was convinced that the occasion called for the extremest exercise of his prerogatives.

Water power, in Mr. Roosevelt's opinion, will some day supersede coal and steam. The great western water powers will run the railroads of the future and be sent across the plains to the mills and factories. They will pump floods of water upon millions of acres of arid land and make new homes for multitudes of Americans.

Mr. Roosevelt foresaw that if a private combination should get complete control of this gigantic energy, it might in the future hold the very life of the nation in its extortionate grasp. Therefore it was that, on the last day of the Roosevelt administration, 186,000,000 acres of debatable ground was withdrawn from the reach of land grabbers.

It was said that one of the first things done by Mr. Ballinger after he was sworn into the cabinet was to begin the turning back of this land to the grab-bag—on some technical grounds not yet generally understood.

It is said that the Amalgamated Copper company, with power sites secured since Roosevelt left office, is now in absolute possession of the Missouri river from Three Forks, in southwestern Montana, to the alkali plains west of Great Falls. This river holds probably the most valuable water power sites in the country.

These, all in the hands of the trust, give it power to shut out competition for all time, and to compel every home, farm and factory within an area of thousands of square miles to pay tribute to ex-Senator Clark, the Guggenheims and their associates.

The American congratulates the country that, in the midst of the nice technicalities of the interior department, we at least have Pinchot to speak a word for the more solid interests of civilization.—New York American.