

Government Ownership of Railroads, and War Taxation by Otto Hermann Kahn. txt cent. maximum in England and much less in all other countries). And again there are to be added to Federal taxation the rates of state legacy and inheritance taxation.

Inheritance taxation, moreover, has that inevitable element of unfairness that it leaves entirely untouched the wastrel who never laid by a cent in his life, and penalizes him who practiced industry, self-denial and thrift. And it cannot be too often said that the encouragement of thrift and enterprise is of the utmost desirability under the circumstances in which the world finds itself, because it is only by the intensified creation of wealth through savings and production that the world can be re-established on an even keel after the ravages and the waste of the war.

Furthermore, business men, of necessity, have only a limited amount of their capital in liquid or quickly realizable form, and through the absorption by the inheritance tax of a large proportion of such assets, many a business may find itself with insufficient current capital to continue operations after the death of a partner. This effect is not only unfair in itself, but is made doubly so, as being a discrimination in favor of corporations as against private business men and business houses, inasmuch as corporations are, of course, not amenable to inheritance taxation.

Whilst in the case of the rich we discourage saving by the very hugeness of our taxation, or make it impossible, we fail to use the instrument of taxation to promote saving in the case of those with moderate incomes. And the enormous preponderance of saving which could and should be effected does not lie within the possibilities of the relatively small number of people with large means, but of the huge number of people with moderate incomes.

Moreover, while the rich, in consequence of taxation, limitation of profits, etc., have become less able to spend freely since our entrance into the war, workmen and farmers, through increased wages, steadier employment and higher prices of crops, respectively, have become able to spend more freely.

Workmen are in receipt of wages never approached in pre-war times, many of them making incomes a good deal higher than the average professional man, while the profits of business, generally speaking, are rather on a declining scale and certain branches of business have been brought virtually or even completely to a standstill.

Of our total national income, conservatively estimated at, say, \$40,000,000,000 for the last year before our entrance into the war, i. e., the year 1916, it is safe to say that not more than \$2,000,000,000 went to those with incomes of, say, \$15,000 and above, whilst \$38,000,000,000 went to those with lower incomes.

A carefully compiled statement issued by the Bankers Trust Company of New York estimates the total individual incomes of the nation for the fiscal year ending June 30, 1919, at about \$53,000,000,000, and calculates that families with incomes of \$15,000 or less receive \$48,250,000 of that total; or, applying the calculation to families with incomes of \$5,000 or less, it is found that they receive \$46,000,000,000 of that total.

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Whilst the House Bill imposes luxury and semi-luxury taxes, it fails--as I have mentioned before--to resort to consumption taxes of a general kind--a deliberate but, in my opinion, unwarrantable omission.

My advocacy of consumption and similar taxes, such as stamp taxes of many kinds, is not actuated by any desire to relieve those with large incomes from the maximum of contribution which may wisely and fairly be