

CAPITAL TAXATION

These proposals have taken a more definite and serious form in the last six months. The War Emergency Workers' National Committee in common with the Trades Union Congress, the Labor Party and the Industrial Triple Alliance are demanding "definite conscription of riches as a substitute for the raising of more money on loan." The Committee suggests three methods:

(1) A capital tax graduated to 20 per cent; a death duty on everybody who dies with property of £500 or more.

(2) Double the present income and supertax.

(3) Sequesterate all unearned income, establishing a public trustee to provide subsistence allowances.

It will be seen that what appeared as a theory of justice is now shaping itself into a political demand that may be forced upon the government as a financial policy.

Without going into the question of the accuracy of the statement regarding the increase of individual capital holdings it is sufficient to consider the principle involved. The state must first acquire the part of the wealth it is proposed to take. This is in many forms. The supposition is that the owner would pay the levy made upon him either by check on his bank account or by the sale of his property. This would involve many difficulties of a far reaching character, leading to the lowering of prices and the demoralization of the market for such commodities. If the state entered upon this project the simpler method would be to require all holders of property to pay the levy made against them in government scrip. If not paid out of property holder's income the scrip would have to be acquired by loans from banks, enormously increasing the inflation now complained of. In the final analysis such a levy is in fact an income tax based on property whose valuation at any time is a matter of great difficulty. It has long been recognized that an income tax is superior to a property tax, for it deals justly between spenders and savers.¹

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