

### REALISTIC TAXES

An uncompleted tax bill is pending before Congress. It would raise an additional 2 billion in taxes. The President asks for a realistic tax bill that would raise 10½ billion. It could be anything but realistic. Already, nearly one half of our war costs are derived from taxes. The so-called "gap" between what money people have to spend and what goods they can buy is one of those statistical things. Perhaps it cannot be closed by taxes unless it is proposed to destroy the hope of reviving our economic system. It is estimated that people have about 35 billions in money for which there is no equal amount of purchasable goods. In consequence, experts believe that they will pay higher prices for what goods are available and that such a procedure is inflationary.

### IS PUBLIC PSYCHOLOGY INFLATIONARY?

There is cause for doubt as to whether public psychology is inflationary. There is no real evidence that people were foolish or wasteful at Christmas time. Moreover, it would be interesting to know how much of these so-called excess funds that people are supposed to have are used to pay debts, pay insurance premiums, taxes and other fixed charges. Money as such is not inflationary. It is money plus human behaviour with money that produces an inflationary danger. People are today aware as never before of a huge national debt and have become cautious. An awareness of debt plus the patriotism of the people is after all the real antidote to inflation.

### PRESENT TAX LEVELS

Taxes have a definite effect on morale. It is disclosed from time to time in the mails. At what point might public morale be definitely impaired by taxes that are too burdensome. That is an interesting speculation. Today we can boast that we are the most heavily taxed nation in all the world. On a per capita basis, taxes in the United States are now higher than in Canada or Great Britain.

### TAXES AND THE FUTURE

The soundness of a tax policy must more than ever be gauged by its effect on the future, when the task of reconverting from a war to a peace basis is upon us. We as a nation are faced with two tasks. The first will be to support a huge debt structure, pay the interest on that debt and make some effort to reduce the principal. The second task is to find jobs for demobilized service men and workers in war plants. These tasks will require a high level of national income. Perhaps it must remain at 125 billions annually. But national income is derived in the main from jobs and from business profits. When there are no jobs or when business is lax, there is no income or profit to tax. That means that there must be speed in the matter of re-converting factories from the production of war goods to the production of motorcars, ice boxes, tires, and the thousand and one other commodities to which we are accustomed. In addition, there must be new enterprises

### THE REQUIREMENTS OF BUSINESS.

To re-convert from war to peace speedily so as to provide jobs and to bring about the establishment of new business enterprises requires brains, capital and an incentive in the form of a reward. For years, the capital markets have been stagnant. The facts can be gleaned from reports of the Securities & Exchange Commission. Men with business brains are in many instances putting themselves in a kind of risk-less position because of the uncertainties of the future. Taxes have to some extent destroyed the incentive for taking risk. If this be true, and certainly the facts warrant these conclusions, what of new industry, of re-converted industry and of jobs in the post war period. If jobs are lacking, national income is diminished. If income is diminished, what of our debt load and what of social security for the future. Perhaps, the most realistic kind of tax program after all is elimination of waste and consequent tax reduction. It's the future that gives most concern as we contemplate taxes, because they constitute the most important of all factors in determining a happy solution of the problems which will inexorably come in the post-war period.