

In The Letter Box

TAXATION AND LIVING COSTS.

Editor Daily News:

A tax is tribute exacted to meet the expenses of governing a State, etc., and it is in proportion to the protection, benefits and privileges enjoyed that citizens should contribute and without recourse, to the maintenance of governments. All taxes levied under constituted authority are direct and confiscatory. The indirect tax is one that is privately imposed by including it in the price of some article or in the cost of rates or services.

The succession duties (inheritance tax) which is a direct tax on capital and no doubt, for this reason is being assailed by the special interests, is the only tax that in some manner cannot be shifted to the shoulders of others and that, because it is levied in each case as it arises and therefore no co-operative action is possible whereby it may be passed on.

Cause of High Prices

The taxes that are levied as a result of the war are largely the cause of the high prices that prevail and to which are due the high costs of living and production. Prices rise and fall for various reasons but when high taxes are imposed, prices which are subject to control, rise in proportion to the amount of the taxes levied. That high taxes mean high prices is due to the fact that in certain industries the taxes may be added to the prices as expense items and passed on to the consumer and user in the form of high prices. Those who do this pay taxes only as consumers and without respect to their wealth or property holdings. A monopolist for example, one who controls the production and distribution of some necessary article, may exempt himself in fact, from taxation both direct and indirect by including all taxes, rates, etc., in the price of his controlled commodity. The same exemptions may be enjoyed through co-operative action in cases where the co-operators are sufficiently limited in point of numbers to make such action effective.

A system of taxation which permits the shifting of all taxes from the manufacturer to the wholesaler and from the wholesaler to the retailer, then from

the retailer to the consumer is wrong in principle and results in the burden being placed on many who cannot pass it on and who are not able to bear it. The passing on of taxes is an old practice but since the war and the imposition of high war-taxes; that high prices prevail and will continue should cause no surprise. For, owing to the approximately fixed charges and high costs of government a substantial reduction in taxation cannot be expected in the near future. Taxes may be reduced slightly by reducing the cost of government, the forms may change, but the high taxes will remain and so will the high prices alluded to.

Fundamental Principle

The fundamental principle upon which a return to sound and permanent economic conditions depends is a continuous and substantial reduction of the bonded debt of the country beside which other features pale into insignificance. The taxes that are levied to meet the interest payments on the increased bonded indebtedness and those which are due to the greater costs of governmental operations, particularly in respect to the railway, soldiers' civil re-establishment, civil service and public works departments, explain the difference between the taxes of to-day and those of the pre-war period. These taxes are largely the cause and to a great extent determine the prices of commodities that are fixed within the national boundaries and which account for the differences between the present prices of most of these commodities and those which obtained before the war.

The relation between taxes and prices may be shown thus: Those who import articles for re-sale pay the tariff rates (taxes) to the Customs authorities but when the articles are placed on the market these taxes are included in the prices. This places the importer in the position of a collector of taxes rather than a tax payer. Those who are enabled by reason of the protection a tariff affords, may raise the prices of their products to the level of those of similar imported articles. This increase in the prices of protected commodities is a form of taxation, because it is determined by and depends upon a tariff rate which is levied on imported articles of like quality.

Benefit Private Persons

This tax is in a class by itself for it is levied by and for the benefit of private parties and a government derives no revenue therefrom. It is virtually a product of partial legislation which upsets the principle of equality before the law, because its direct benefits apply only to certain industries and communities and which are derived at the expense of and to the detriment of others.

The manner in which an effective tariff operates may be shown by means of an illustration, thus: If, for instance, shoes were on the free list and an ad valorem duty of 50 percent were placed on imported shoes, a pair of these shoes valued at say six dollars with the tariff rate added which would be, when these shoes were placed on the market, would increase the price to at least nine dollars. This

increase in the price of the imported article due to the inclusion of the tariff rate would establish a level to which there is nothing to prevent the home manufacturer raising the price of his shoes to like quality. From this it may be seen that an increase in effective tariff rates must of necessity increase prices and thereby increase the cost of living for it can be met in no other way.

Tariff and Income

If therefore behooves those who acclaim the high tariff proposals to address to themselves the serious question, as whether the increased tariff rates which add to their burdens, would also increase their incomes proportionately. If not, they are simply the victims of misplaced confidence, who, by their folly not only enslave themselves but also their fellowmen.

After the American civil war, war taxes in some cases were collected by placing boxes in retail establishments in which purchasers would place the war-tax on any article they bought. If this plan were adopted under tariff operations it would be necessary to place two boxes to receive the tax. In the case of the shoes referred to one would be needed for the importer who must pay the duty on the shoes, and the other for the shoe manufacturer. In the importer's box the purchaser of imported shoes would place three dollars the tariff rate which would have been paid to the Government, and pay the six dollars for the shoes—the value. In the manufacturer's box the purchaser of the home-made article would be compelled to place three dollars also, the privately imposed tax of the manufacturer, and pay six dollars for the protected shoes. In the one case the consumer pays a tax that the Government has received, in the other he pays tribute to a private party who has been privileged to exact it by a legislative Act. This should show how a high tariff exploits the buyer. It would also show that general tariff rates of this kind would penalize the consumer to the extent of 33 1-3 per cent of every dollar in his possession.

Having a vote why should he submit to such excessive exploitation? The answer may be that this is a democracy and although the democrat has the power to control his economic destiny like a pig with a parasol he is unable to use it.

When a high tariff penalizes an industry, which it does in the case of agriculture, lumber and pulp, fishing and mining, by increasing the costs of construction and production therein without increasing the prices of the products, the tendency is towards a reduction rather than an increase in the number of jobs.

Consumer Must Pay

In addition to those taxes mentioned there are many other forms which when added to the operating expenses and passed on, the last man, the consumer must bear. It is thus that the retail prices of commodities may be increased to the extent of all taxes levied on an industry, its products and profits in cases wherein the artificial control of prices may be exercised. There are two classes of consumers, viz., those who can pass the invisible taxes such as tariff rates, etc., to others because of their ability to control their prices and rates or the cost of their services.

The price-fixing privilege of the protected industries is limited only to a level at which outside competition would act as a check, hence those connected therewith as consumers find no trouble in passing the invisible tax along. The professions such as the medical, law, dentistry, etc., as associations are by reason of organization able to include the invisible tax (high cost of living) in their service costs and fees and thereby pass it on. Some labor unions chiefly those engaged in protected industries wherein the wage scales reach as high a level as 100 per cent, above pre-war, are also in a position to pass the invisible tax to others which they are compelled to pay when purchasing the necessities of life.

Invisible Taxes

The success achieved by passing the invisible taxes to others depends upon the market. For when the price of the protected commodity is doubled its sale is seriously affected. When the professions double their fees or the cost of their services they find that such services are dispensed with whenever possible. When labor unions double the



Under the Shadow

OVER YOUR HOME IT HANGS... the mortgage which made your ownership possible. It is your hope to see it fade gradually away until the home is yours... free of encumbrance.

But if your presence should be removed... what then?

Will the threatening cloud descend to engulf the home and plunge your loved ones into need and privation?

Banish that cloud forever... remove the ever-present fear from your mind. Cover the amount of your mortgage with Life Insurance Protection, as many other wise men have done.

Then, whether you be here or not, the home is safe... your loved ones are secure. It is easy thus to insure the continuation of the home you have established.

Ask any representative of Life Insurance Service for full details of the plan.



Life Insurance Service

"The Love that Never Dies"

EVERYONE SEEMS TO BE TRYING TO SHOW HOW ELECTION WILL RESULT... Quebec Newspaper Gives Liberals Good Majority Over All Others... All interested in politics seem to be trying to show how the particular party to which they belong is bound to win in the election on October 29. La Presse, the leading French journal of independent tendencies gives it as follows:

Table with 2 columns: Party Name and Libs. Cons. showing election results for various provinces.

Advertisement for Wood! Wood! Hyde Transfer, 139 Second Avenue, Phone 580, WE BUY BOTTLES.

Advertisement for FORD Improved models will be on view this month. We have two present type Sedans upon which we are offering special inducements. S. E. Parker Ltd.

Another tumbler special... Just received. Another special shipment of Cut Glass Tumblers at a special price on account of taking enough to make a freight shipment. These are very nice and for Saturday and Monday we will sell for \$1.20 Per Half Dozen.

John Bulger Jeweller... M. R. P. has sent a... would like to mention this... Pacific Milk Co. Limited Head Office, Vancouver Factories: Ladner and Abbotsford, B.C.

Pacific Milk Co. Limited... Head Office, Vancouver... Factories: Ladner and Abbotsford, B.C.

Taxi 75 Taxi... You like to have the best... Phone 75. Kingston Hudson Super... and Dodges. First and... 7 passenger Sedan in... All new closed cars.

TAXI 75 TAXI... Rates: 4 Passengers \$1.00, 6 Passengers \$1.50, 8 Passengers \$2.00, Passenger Sedan per hour \$4.00, Passenger Sedan per hour \$5.00, Cold Storage and Across Hays Creek Bridge, 1 or 2 passengers \$1.00, each additional passenger 50c each.

New Fall Coats... DRESSES and MILLINERY... "DEMERS" Phone 27, P.O. Box 327

Dr. Alexander Smith Block Phone 575 DENTIST

NOTICE. IN THE MATTER of an application for the issue of Provisional Certificates of Title for Lot 3, Block 2; Lots 9 and 10, Block 8; Lots 7 and 8, Block 11; Lots 5, 6, 7 and 8, Block 12; Lots 1 and 2, Block 15; Lots 3 and 4, Block 16; Lots 3, 4, 7, 8, 11 and 12, Block 17; Lots 14 and 12, Block 20; Lots 9 and 10, Block 21; Lots 10, 11 and 12, Block 22; Lots 1, 3 and 4, Block 24; and Lot 3, Block 8, all in the First Addition, Township of Fort Simpson, Map 413; And, the East half of part 12 acres of Lot 9, Range 5, Coast District.

LAND ACT. Notice of Intention to Apply to Purchase Land. In the Land Recording District of Prince Rupert, and situate on Big Falls Creek which flows into the Estival River about 18 miles from its mouth.

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MINERAL ACT. Certificate of Improvements. Spokan Mining Division of Cassiar District, on the west side of Big Horn River to the east of and adjoining the Edwin Mineral Claim.

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GOVERNMENT LIQUOR ACT. Notice of Application for Beer License. NOTICE IS HEREBY GIVEN that on the 15th day of October, 1925, the undersigned intends to apply to the Liquor Control Board for a license in respect to premises, being part of the building known as Skidegate Boarding House, situated at Skidegate, upon the lands described as Lot 19, Block 4, according to a registered map or plan deposited in the Land Registry Office at the City of Prince Rupert and numbered 948, for the sale of beer by the glass or by the open bottle for consumption on the premises.