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TAXES—THE PRICE OF GOOD SCHOOLS

THE need for constructive economy in government is urgent. Wasteful expenditures of public money for schools or for any other purpose must be condemned by every patriotic citizen. But we are equally obligated to reject those glittering but false economies which weaken the important social functions of our government. The panic psychology which demands school tax reductions without proper regard for results must be cured by a better understanding of the nature of public education and of taxation.

In seeking such an understanding we must deal with such questions as these: Are school taxes now levied fairly on the entire economic ability of the people? What relationship exists between public expenditures for schools and private expenditures for other necessities? Is education a productive enterprise?

When we hear the word *taxation*, most of us think first and only of the taxes levied on land and buildings. This habit will have to be broken before we can successfully deal with the problem of taxation as a whole. True, the general property tax furnishes three-quarters of all state and local tax revenues, but there is no reason except our own indifference why this condition should continue. Our almost exclusive reliance on this unfair and inefficient tax is condemned by all competent students of taxation. These experts, while avoiding panaceas for all tax ills, are nevertheless rather well agreed on the broad lines of a program for improvement. But as yet only a handful of states have even begun to develop a broad tax program which is in ac-

cord with twentieth century economic conditions. This is not the time to describe, even in general terms, the nature of such a program. The important points to be made now are these: that there are other kinds of taxes than those levied on farms and homes; that these other taxes should be used to supplement or reduce the property tax; that in most states there are sources of public revenue which are escaping their fair and proper contribution to the support of government; and that taxes on real estate might not climb so high if these other sources of revenue were properly used. Before we conclude that the total load of taxation is too heavy, let us make sure that everyone is carrying his fair share of it.

A balanced view of taxes and public education will not be secured until we rid ourselves of the fallacy that tax payments constitute a form of charity. It is becoming popular to seek the applause and support of taxpayers by insinuating that tax payments constitute a benevolence for which the taxpayer receives no adequate return. This attitude may be illustrated in many ways. A recent editorial in a metropolitan newspaper will serve to place it before us. The article asserts that the average American worker is required to work sixty-one days a year without pay to support his government. It abounds in such expressions as these: "Sixty-one working days for which you are not paid"; "you must toil *gratis*"; "one hour and thirty-six minutes per day with no wages." The editorial concludes with a dire warning that we all may soon spend all our time working for the support of government and have nothing left for ourselves at all.

Such statements as these are dangerously misleading, for they convey to hasty and uncritical readers the impression that citizens are being imposed upon by a parasitic gov-

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ernment which snatches away without due return a large portion of every toiler's income. Are such views justified?

As part of the answer to this question let us note that our modern complex life requires collective action. If the American people want the schools to be kept open, if they want their children to have good educational opportunities, they must expect to pay for these services. And by far the most economical way of buying these services is by public action through general taxation. The schools owe no apology to the taxpayer. On the whole, their services have been built up in response to demands dictated by the needs and wishes of the people. These services have been supplied at a fair and reasonable price.

Few people realize the tremendous additional responsibilities assigned to the schools in the past few years. High school enrolment has doubled every ten years since 1880. The Census Bureau reports that in 1930 eighty per cent of all children five to seventeen year of age were attending school. Since 1930 additional thousands of young people have poured in. If the ratio of school attendance to population which prevailed in 1930 were unchanged today, over two and a half million additional young people would be added to the already critical competition for jobs. Without public schools our bill for educational services would mount to many times its present proportions and the poor man would see his children grow up in ignorance unprepared for the needs of life.

With these considerations in mind let us return to our newspaper editorial, which you will remember bitterly objects because the people are required to work without wages for the support of governmental services. Such statements appear on the surface to be plausible and frequently win popular approval, but they cannot stand searching analysis. It would be just as

reasonable to lament because the average American works about 150 days for his landlord and grocer. Can you imagine a newspaper publishing indignant editorials because the American people work about 45 days out of every year for automobile manufacturers and several days every year for the support of the newspaper business? Of course, the American people have to work for the things they get, including the support of their schools and their government. While every possible saving should be effected, particularly in this time of economic difficulty, the American people are willing to pay the necessary funds for the maintenance of needed governmental services and especially for the uninterrupted education of their children.

Our attitude toward school taxes will naturally depend somewhat on the results obtained from them. It is fair to ask to what extent expenditures for public schools are productive outlays. The goods of this world are made by raw materials plus labor. But back of the workman is the workman's training. As natural resources are used up, human resources must take on increasing significance. We must therefore have an educational system by which we can pass on to our children our heritage of skill, knowledge, and social wisdom. Untrained and untaught minds can neither use, conserve, nor increase our material wealth. All civilized nations, therefore, invest a portion of their wealth in education. That portion of our wealth which we pass on in tangible form to the next generation may easily be lost or destroyed through ignorance. The wealth which is invested in education and passed on in trained minds and wholesome attitudes is an imperishable asset which, once given, can never be taken away.

An immediate tangible return for money paid for school taxes is seldom obvious. However, economists who have given care-

ful study to this problem recognize in general education one of the principal factors in material progress. Since 1900 the output per wage earner in American factories has doubled. Corresponding increases have been registered in the average income and average wealth of the American people. The judgment of expert economists and the weight of statistical evidence combine to show that the principal factor associated with these material gains is the parallel advance in education and scientific research. Those nations and states which have modern and progressive school systems are the ones which are furthest advanced in material and industrial progress. In 1890 our national wealth was sixty-five billion dollars; in 1930 it was 323 billions. No one could safely claim that all of this increase has been due to the greater effectiveness of our schools. But even though a small fraction, say one-tenth, of the increase in wealth has been due to education, the money spent to improve schools has been a most profitable investment. Setting aside all cultural, spiritual, and civic values, education remains a productive industry. Good schools ultimately pay their own way.

The most serious handicap to a complete understanding by the public of the relationship between schools and taxes is still to be mentioned. This is the unfortunate habit of thinking of school taxes as an enterprise apart from the ordinary economic life of the people. But the operations of public finance and of school finance are in many respects like those operations of private finance by which you and I conduct our personal affairs. Money is transferred by taxation from "A's" pocket to the public treasury. The treasury in turn pays most of the money to "B" for personal services as teacher, policeman, contractor, or clerk. The remainder of the money is spent for sundry goods—for textbooks, pencils, sacks of cement, fire engines, and traffic lights.

Money spent for schools, or for any other useful purpose, is not a final depletion of our national income. Two billion dollars spent for schools instantly becomes two billion dollars of income, most of which is immediately spent again by the school employees. The school is part of the full economic circle of getting and spending.

If we look at this question of tax collections calmly and objectively, therefore, we find that there is nothing peculiarly sacred or peculiarly profane about public expenditures. Like private expenditures, they may be wisely made or unwisely made. They may be spent worthily or unworthily. Our insistence that taxation is a useful device does not for one moment imply approval of unnecessary taxation or of extravagant, incompetent, or dishonest spending of one cent of public money. Economy in public affairs, like real economy in personal affairs, is both difficult and desirable. The schools are not exempt from the requirement of operating their affairs with sound economy, which means a dollar's worth of service for every dollar spent. But to begrudge every cent spent for schools or other necessary governmental operations is neither sound economy nor sound economics. In the long run we shall find that school taxes are simply the price of education for our children and that good schools are ultimately better and less costly than cheap schools.

WILLIAM G. CARR

Public sentiment is everything. With public sentiment nothing can fail; without it, nothing can succeed. Consequently, he who moulds public sentiment goes deeper than he who enacts statutes or pronounces decisions. He makes statutes and decisions possible or impossible to be executed.

ABRAHAM LINCOLN

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