

girl already." She hesitated a moment and then she whispered in a terrified voice:

"What do you suppose the rest of the family will say to us?"

"I don't know," was my guilty answer.

(To Be Continued Monday.)

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WAR MONEY WILL BE RAISED IN LOTS OF WAYS—PUBLIC PAYS

By Gilson Gardner.

Washington, D. C., April 25.—The cost of war with Mexico, if war is necessary, will be levied on the users of beer, tobacco, drugs and on commercial transactions represented by checks, drafts, stock transfers and similar dealings.

This is the usual method of financing a war. It was employed in the Spanish-American war. The beer tax was increased nearly one-third, and the result was smaller glasses of beer. The tobacco tax was increased in about the same proportion, and the tobacco trust took it out of the public by decreasing the sizes of the packages, allowing the price for standard makes to remain the same. The commonest tax, the one noted in commercial transactions, is that on checks. Everybody paying by check had to have a two-cent stamp on the check, and in course of time the check books were issued with the stamps printed on the checks, and a charge was made for the book to cover the international revenue tax.

The stock exchange transfer was theoretically aimed at rich people transferring valuable properties in stocks. It was successfully evaded by all large firms like Morgan & Co. by various tricks, such as making no official record of stocks bought and sold on the stock exchange. All the nominal sales by margin of such stocks escaped the war tax.

The beer and tobacco tax was easily transferred to the consumers of these articles, and even the tax on checks was handed down to the people who pay the bills. In other words,

Wars are financed by taxes on the producing public rather than upon the possessors of accumulated wealth.

At present revenues are scant and a deficit is piling up in the treasury. The first step in financing a real war would be the issue of bonds.

These are the source of profit to big financiers and to large banking firms floating them, but the real cost, which is the interest payments and the repayment of principal, comes out of the consumers of the country through future taxation to take care of such interest and principal.

The income tax, now made thoroughly constitutional, affords an excellent opportunity for financing the Mexican war. During the civil war a large amount of money was raised by an income tax, no question then being raised as to its constitutionality. A sharply-graduated increase in the income tax could very easily be arranged by a brief amendment to the present income-tax law. The administration of such a measure would be simple, since the returns are in and the government knows who must pay income taxes.

It would be necessary only to send a notice to those who have paid that their bills will be a certain percentage higher, according to the graduated increase which might be made by congressional amendment.

An inheritance tax could very easily be added by Congress, and this would be an even more certain way of tapping accumulated wealth rather than levying the burden of war on the poor producer and consumer.

The cost of a war depends entirely on circumstances. If the war is short and quickly terminated a hundred million would do to start with, and the cost would pile up from this, with accumulated pensions and incidentals, until it reached probably a billion dollars. That for a short war.

It is impossible to estimate how many billions a war would cost that lasted over a year or two.