

X - 78 - 108. Unidentified half-sheet of mimeographed material concerning Chinese taxes and money.

the North and South Poles, the financing of the war can only be done by what seems to be the easiest and simplest method; namely, the almost unlimited issue of notes. Taxing the rich is out of the question.

It is true that there is a nominal profit tax in China, with a maximum rate of fifty per cent. But it has not been very well administered, for many speculators and war profiteers have found evasion easy. Even if it were enforced, the rate is ridiculously low compared with the rate of present wartime profits. Net profits in transportation, industry, and trade are at present usually four or five times total capitalization, not to speak of other enterprises which are of a purely speculative nature. When such excessive profits are derived from non-productive spheres, real industry only receives discouragement.

It is clear that the only way to bring down prices and to stabilise the purchasing value of the Chinese dollar is to demand political improvement from the Government. The recent formation of the Federation for Political Democracy in China is evidence of the common cry from all parties and political groups, apart from the Communists and Kuomintang, for a change in governmental policy. Only by the carrying out of a democratic platform and by treating public finance as public finance, can the currency problem of today be adequately dealt with.