

## How high taxes destroy jobs

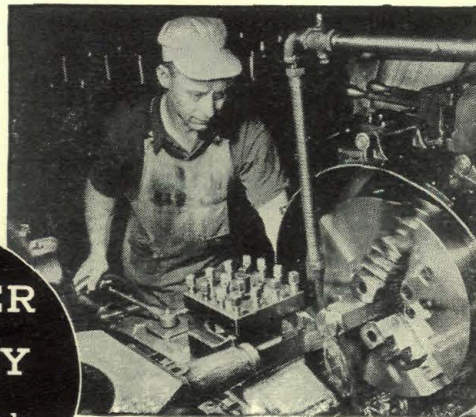
**J**OHN SMITH is a good mechanic who saves his money and starts a little alley shop making widgets. He works hard, hires two good fellow-workers, his wife keeps the books, and he prospers. He keeps costs low, sells widgets at \$2 each, and has a good year—he makes \$1000 profit.

He's delighted. Now he'll buy modern machinery that will cut costs so he can sell widgets for \$1.50. He knows he'll sell so many he can hire 3 more men and raise everybody's wage. Progress!

But no! The government steps in and takes

a big part of his \$1000 for taxes. So John Smith cannot buy the new machinery, 3 new jobs are not created, wages cannot be raised.

In other words, the expansion which would have increased widget supply and cut their cost from \$2 to \$1.50 does not take place—exorbitant taxes have throttled progress, kept supply restricted, and have kept prices high; taxes have held down the standard of living. In other words, taxes have reduced jobs and wages, and injured progress. *Just as high taxes always do.*



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