

CHAPTER XVI.

PUBLIC DEBTS AND INDIRECT TAXATION.

THE more we examine, the more clearly may we see that public misfortunes and corruptions of government *do* spring from neglect or contempt of the natural rights of man.

That, in spite of the progress of civilization, Europe is to-day a vast camp, and the energies of the most advanced portion of mankind are everywhere taxed so heavily to pay for preparations for war or the costs of war, is due to two great inventions, that of indirect taxation and that of public debt.

Both of these devices by which tyrannies are maintained, governments are corrupted, and the common people plundered, spring historically from the monopolization of land, and both directly ignore the natural rights of man. Under the feudal system the greater part of public expenses was defrayed from the rent of land, and the landholders had to do the fighting or bear its cost. Had this system been continued, England, for instance, would to-day have had no public debt. And it is safe to say that her people and the world would have been saved those unnecessary and cruel wars in which in modern times English blood and treasure have been wasted. But by the institution of indirect taxes and public debts the great landholders were enabled to throw off on the people at large the burdens which constituted the condition on which they held their

lands, and to throw them off in such a way that those on whom they rested, though they might feel the pressure, could not tell from whence it came. Thus it was that the holding of land was insidiously changed from a trust into an individual possession, and the masses stripped of the first and most important of the rights of man.

The institution of public debts, like the institution of private property in land, rests upon the preposterous assumption that one generation may bind another generation. If a man were to come to me and say, "Here is a promissory note which your great-grandfather gave to my great-grandfather, and which you will oblige me by paying," I would laugh at him, and tell him that if he wanted to collect his note he had better hunt up the man who made it; that I had nothing to do with my great-grandfather's promises. And if he were to insist upon payment, and to call my attention to the terms of the bond in which my great-grandfather expressly stipulated with his great-grandfather that I should pay him, I would only laugh the more, and be the more certain that he was a lunatic. To such a demand any one of us would reply in effect, "My great-grandfather was evidently a knave or a joker, and your great-grandfather was certainly a fool, which quality you surely have inherited if you expect me to pay you money because my great-grandfather promised that I should do so. He might as well have given your great-grandfather a draft upon Adam or a check upon the First National Bank of the Moon."

Yet upon this assumption that ascendants may bind descendants, that one generation may legislate for another generation, rests the assumed validity of our land titles and public debts.

If it were possible for the present to borrow of the future, for those now living to draw upon wealth to be created by those who are yet to come, there could be no

more dangerous power, none more certain to be abused; and none that would involve in its exercise a more flagrant contempt for the natural and unalienable rights of man. But we have no such power, and there is no possible invention by which we can obtain it. When we talk about calling upon future generations to bear their part in the costs and burdens of the present, about imposing upon them a share in expenditures we take the liberty of assuming they will consider to have been made for their benefit as well as for ours, we are carrying metaphor into absurdity. Public debts are not a device for borrowing from the future, for compelling those yet to be to bear a share in expenses which a present generation may choose to incur. That is, of course, a physical impossibility. They are merely a device for obtaining control of wealth in the present by promising that a certain distribution of wealth in the future shall be made—a device by which the owners of existing wealth are induced to give it up under promise, not merely that other people shall be taxed to pay them, but that other people's children shall be taxed for the benefit of their children or the children of their assigns. Those who get control of governments are thus enabled to get sums which they could not get by immediate taxation without arousing the indignation and resistance of those who could make the most effective resistance. Thus tyrants are enabled to maintain themselves, and extravagance and corruption are fostered. If any cases can be pointed to in which the power to incur public debts has been in any way a benefit, they are as nothing compared with the cases in which the effects have been purely injurious.

The public debts for which most can be said are those contracted for the purpose of making public improvements, yet what extravagance and corruption the power of contracting such debts has engendered in the United States is

too well known to require illustration, and has led, in a number of the States, to constitutional restrictions. Even the quasi-public debts of railroad and other such corporations have similarly led to extravagance and corruption that have far outweighed any good results accomplished through them. While as for the great national debts of the world, incurred as they have been for purposes of tyranny and war, it is impossible to see in them anything but evil. Of all these great national debts that of the United States will best bear examination; but it is no exception.

As I have before said, the wealth expended in carrying on the war did not come from abroad or from the future, but from the existing wealth in the States under the national flag, and if, when we called on men to die for their country, we had not shrunk from taking, if necessary, nine hundred and ninety-nine thousand dollars from every millionaire, we need not have created any debt. But instead of that, what taxation we did impose was so levied as to fall on the poor more heavily than on the rich, and incidentally to establish monopolies by which the rich could profit at the expense of the poor. And then, when more wealth still was needed, instead of taking it from those who had it, we told the rich that if they would voluntarily let the nation use some of their wealth we would make it profitable to them by guaranteeing the use of the taxing power to pay them back, principal and interest. And we did make it profitable with a vengeance. Not only did we, by the institution of the national banking system, give them back nine-tenths of much of the money thus borrowed while continuing to pay interest on the whole amount, but even where it was required neither by the letter of the bond nor the equity of the circumstances we made debt incurred in depreciated greenbacks payable on its face in gold. The consequence of this method of

carrying on the war was to make the rich richer instead of poorer. The era of monstrous fortunes in the United States dates from the war.

But if this can be said of the debt of the United States, what shall be said of other national debts!

In paying interest upon their enormous national debt, what is it that the people of England are paying? They are paying interest upon sums thrown or given away by profligate tyrants and corrupt oligarchies in generations past—upon grants made to courtizans, and panders, and sycophants, and traitors to the liberties of their country; upon sums borrowed to corrupt their own legislatures and wage wars against both their own liberties and the liberties of other peoples. For the Hessians hired and the Indians armed and the fleets and armies sent to crush the American colonies into submission, with the effect of splitting into two what might but for that have perhaps yet been one great confederated nation; for the cost of treading down the Irish people and inflicting wounds that yet rankle; for the enormous sums spent in the endeavor to maintain on the continent of Europe the blasphemy of divine right; for expenditures made to carry rapine among unoffending peoples in the four quarters of the globe, Englishmen of to-day are taxed. It is not the case of asking a man to pay a debt contracted by his great-grandfather; it is asking him to pay for the rope with which his great-grandfather was hanged, or the fagots with which he was burned.

The so-called Egyptian debt which the power of England has recently been used to enforce is a still more flagrant instance of spoliation. The late Khedive was no more than an Arab robber, living at free quarters in the country and plundering its people. All he could get by stripping them to starvation and nakedness not satisfying his insensate and barbarian profligacy, European money-lenders, relying upon the assumed sanctity of national debts,

offered him money on the most usurious terms. The money was spent with the wildest recklessness, upon harems, palaces, yachts, diamonds, presents and entertainments; yet to extort interest upon it from poverty-stricken fellahs, Christian England sends fleets and armies to murder and burn, and with her power maintains the tyranny and luxury of a khedival puppet at the expense of the Egyptian people.

Thus the device of public debts enables tyrants to intrench themselves, and adventurers who seize upon government to defy the people. It permits the making of great and wasteful expenditures, by silencing, and even converting into support, the opposition of those who would otherwise resist these expenditures with most energy and force. But for the ability of rulers to contract public debts, nine-tenths of the wars of Christendom for the past two centuries could never have been waged. The destruction of wealth and the shedding of blood, the agony of wives and mothers and children thus caused, cannot be computed, but to these items must be added the waste and loss and demoralization caused by constant preparation for war.

Nor do the public misfortunes and corruptions of government which arise from the ignorance and contempt of human rights involved in the recognition of public debts, end with the costs of war and warlike preparation, and the corruptions which such vast public expenditures foster. The passions aroused by war, the national hatreds, the worship of military glory, the thirst for victory or revenge, dull public conscience; pervert the best social instincts into that low, unreasoning extension of selfishness miscalled patriotism; deaden the love of liberty; lead men to submit to tyranny and usurpation from the savage thirst for cutting the throats of other people, or the fear of having their own throats cut. They so pervert religious perceptions that professed followers of Christ bless in his name

the standards of murder and rapine, and thanks are given to the Prince of Peace for victories that pile the earth with mangled corpses and make hearthstones desolate!

Nor yet does the evil end here. William H. Vanderbilt, with his forty millions of registered bonds, declares that the national debt ought not to be paid off; that, on the contrary, it ought to be increased, because it gives stability to the government, "every man who gets a bond becoming a loyal and loving citizen."* Mr. Vanderbilt expresses the universal feeling of his kind. It was not loyal and loving citizens with bonds in their pockets who rushed to the front in our civil war, or who rush to the front in any war; but the possession of a bond does tend to make a man loyal and loving to whoever may grasp the machinery of government, and will continue to cash coupons. A great public debt creates a great moneyed interest that wants "strong government" and fears change, and thus forms a powerful element on which corrupt and tyrannous government can always rely as against the people. We may see already in the United States the demoralization of this influence; while in Europe, where it has had more striking manifestations, it is the mainstay of tyranny, and the strongest obstacle to political reform.

Thomas Jefferson was right when, as a deduction from "the self-evident truth that the land belongs in usufruct to the living," he declared that one generation should not hold itself bound by the laws or the debts of its predecessors, and as this widest-minded of American patriots and greatest of American statesmen said, measures which would give practical effect to this principle will appear the more salutary the more they are considered.

Indirect taxation, the other device by which the people are bled without feeling it, and those who could make the most effective resistance to extravagance and corruption

* Interview in *New York Times*.

are bribed into acquiescence, is an invention whereby taxes are so levied that those who directly pay are enabled to collect them again from others, and generally to collect them with a profit, in higher prices. Those who directly pay the taxes and, still more important, those who desire high prices, are thus interested in the imposition and maintenance of taxation, while those on whom the burden ultimately falls do not realize it.

The corrupting effects of indirect taxation are obvious wherever it has been resorted to, but nowhere more obvious than in the United States. Ever since the war the great effort of our National Government has not been to reduce taxation, but to find excuses for maintaining war taxation. The most corrupting extravagance in every department of administration has thus been fostered, and every endeavor used to increase expense. We have deliberately substituted a costly currency for a cheap currency; we have deliberately added to the cost of paying off the public debt; we maintain a costly navy for which we have no sort of use, and which, in case of war, would be of no sort of use to us; and an army twelve times as large and fifteen times as expensive as we need. We are digging silver out of certain holes in the ground in Nevada and Colorado and poking it down other holes in the ground in Washington, New York and San Francisco. We are spending great sums in useless "public improvements," and are paying pensions under a law which seems framed but to put a premium upon fraud and get away with public money. And yet the great question before Congress is what to do with the surplus. Any proposition to reduce taxation arouses the most bitter opposition from those who profit or who imagine they profit from the imposition of this taxation, and a clamorous lobby surrounds Congress, begging, bullying, bribing, log-rolling *against* the reduction of taxation, each interest protesting and insisting that

whatever tax is reduced, its own pet tax must be left intact. This clamor of special interests for the continuance of indirect taxation may give us some idea of how much greater are the sums these taxes take from the people than those they put in the treasury. But it is only a faint idea, for besides what goes to the government and what is intercepted by private interests, there are the loss and waste caused by the artificial restrictions and difficulties which this system of indirect taxation places in the way of production and exchange, and which unquestionably amount to far more than the other two items.

The cost of this system that can be measured in money is, however, of little moment as compared with its effect in corrupting government, in debasing public morals and befogging the thought of the people. The first thing every man is called upon to do when he reaches this "land of liberty" is to take a false oath; the next thing he is called upon to do is to bribe a Custom-House officer. And so on, through every artery of the body politic and every fiber of the public mind, runs the poisonous virus. Law is brought into contempt by the making of actions that are not crimes in morals crimes in law; the unscrupulous are given an advantage over the scrupulous; voters are bought, officials are corrupted, the press is debauched; and the persistent advocacy of these selfish interests has so far beclouded popular thought that a very large number—I am inclined to think a very large majority—of the American people actually believe that they are benefited by being thus taxed!

To recount in detail the public misfortunes and corruptions of government which arise from this vicious system of taxation would take more space than I can here devote to the subject. But what I wish specially to point out is, that, like the evils arising from public debts, they are in the last analysis due to "ignorance, neglect or con-

tempt of human rights." While every citizen may properly be called upon to bear his fair share in all proper expenses of government, it is manifestly an infringement of natural rights to use the taxing power so as to give one citizen an advantage over another, to take from some the proceeds of their labor in order to swell the profit of others, and to punish as crimes actions which in themselves are not injurious.