

The Confiscatory Income Tax

By HENRY WARE ALLEN

IN VIEW of steadily-increasing taxes it would seem to be in order to consider the source of greatest revenue, the income tax. It was the shrewd founder of state socialism, Karl Marx, who in the year 1848 in his manifesto urged the adoption of a graduated income tax as an effective way to equalize the ownership of property. In the early years of the present century a demand was generated in the Middle West for a federal income tax in retaliation against the advantage enjoyed by eastern manufacturers from the protective tariff. This was the reasoning of politicians: that two wrongs cancel one another, thus resulting in what is right. It happened, however, at that time that a federal income tax was declared by the Supreme Court to be unconstitutional. This was fortunate but not conclusive. For the Sixteenth Amendment which became effective in the year 1913 was passed and it opened the way for the income tax as we have it today.

During the fiscal year ending June 30, 1950, there was collected by the federal income tax, by the unfair consideration of ability to pay instead of payment to the government for equivalent services rendered, the great total of \$37,957,131,768.37. The effect of this tax was not only the confiscation from one class for the benefit of another class, but it had the further effect of turning over to Congress a huge revenue not previously enjoyed and consequently to provide new ways of spending public money with consequent advances into the realm of state socialism.

The graduated income tax is in reality not a tax at all. It is confiscation pure and simple. An honest tax is a payment by a citizen for the equivalent value of services rendered to him by the government. Incidentally, the value of these services is registered most accurately by a tax upon land values. The graduated income tax, on the other hand, bears no relation whatsoever to specific services rendered by government to the individual. The equalization of wealth was its original intention and that is its actual effect.

From an ethical standpoint it is quite as wrong to steal from a rich man as to steal from a poor man even though the rich man might not suffer at all while the poor man might suffer severely, and in this connection it is equally true that the same moral code that applies to individuals applies with equal force to governments.

Who can measure the unfortunate effect of unjust laws and regulations upon the public mind? Subconsciously or otherwise it will be assumed by many that if the government habitually confiscates the wealth of citizens without giving equal services in return, why is it not legitimate for the individual to do the same

thing? Such reasoning would, of course, justify shoplifting and stealing of all kinds, particularly where no direct suffering would result. The very fact that detective agencies report an unusual amount of dishonesty at the present time may well be regarded as an effect of such unjust laws as the graduated income tax. The objection that the income tax collects money for the good of all the people while the thief steals for his personal benefit is no excuse for governmental breaking of the moral code and will not stand.

The fact that the income tax during the last fiscal year provided Congress with additional

spending money of nearly forty billion dollars is explanation enough for the terrific waste of public funds on questionable measures and particularly the astronomical amounts of wealth that we have sent to Europe and Asia. It may be remembered that when Grover Cleveland was president he vetoed a bill which provided twenty-five thousand dollars relief for unfortunate farmers in the South and that with his veto message explained that that measure was wrong because it was unconstitutional and because it was the province of the people to support the government but not of the government to support the people. That we have strayed far away from the principles that prevailed in Cleveland's time is largely due to the huge sums of money that have been given by the Internal Revenue Department to the Congress to spend as it pleased.

The income tax has led to many unfortunate results, some of which are as follows:

It involves a serious move away from free enterprise toward state socialism. The number of employees in the Internal Revenue Department for the last fiscal year was 55,551. It is fair to assume that these individuals would have been engaged in productive enterprises but for their engagement in this unproductive measure.

The income tax forms are so complicated that they require expert advice for their preparation with the result that the principal work of an entire profession, that of certified accountants, is devoted to this service for twelve months of the year involving a heavy total of expense to taxpayers.

The income tax has added greatly to the cost of government, the total expense of its administration in the last fiscal year being over \$230,408,200.

The income tax provides opportunity, which has been frequently used, for the political party in power to exercise both punishment and coercion over its political enemies and likewise to favor its political friends.

In providing Congress with a huge additional revenue the income tax is directly responsible for governmental extravagance with welfare projects at home and contributions to the nations in Europe and Asia.

The income tax has set an example of excessive taxation and spending to the states, thirty-five of which now have state income taxes while thirty have state sales taxes.

The inquisitorial character of the income tax has the effect of prying into the private affairs of citizens and is abhorrent to the people of a free country.

In taking from those that have for the benefit of those who are less fortunate it sets an example for the individual citizen to do the same thing.

By imposing a wrong system of taxation upon the nation it prevents consideration of the right system of taxation as proposed by Henry George.

It is unfair. It confiscates profits but refuses to share in losses. In effect it says to the taxpayer, "Heads I win, tails you lose."

Its influence is unfortunate in creating conflict and friction between citizens and their government.

Hon. T. W. Phillips, Jr., former Representative from the 25th Congressional District of

Pennsylvania, in May 1938 started a movement for the repeal of the income tax, which he characterized as an effort "to show up the fallacy and inherent dangers of taxation based on ability to pay." Said Mr. Phillips, "The Sixteenth Amendment to the Constitution of the United States makes it possible for the Congress by Statute law to change completely our form of government from the Republic to a Socialistic State, in fact if not in name. . . . Unless the Sixteenth Amendment is repealed or drastically modified, our system of government as established by the founding fathers will perish. While the Sixteenth Amendment is permitted to remain in the Constitution, the possibility of general prosperity for any considerable length of time is unattainable. The Sixteenth Amendment hangs like the sword of Damocles over all business. So long as it remains intact confiscation of property is imminent, regimentation of producers is impending and conscription of labor is threatened."

It is much more difficult to repeal a bad law than it is to enact it in the first place. Nevertheless, repeal of the federal income tax is a challenge to the American people that must be met sooner or later.

Henry Ware Allen of Wichita, Kansas, on his 90th birthday last July, received congratulations from thousands of friends. Although blind 25 years ago, he is an inspiration to many. The local press called him "a valiant soul" and an "advocate of Henry George."

