

Tax Sineews of Politics

EXAMINE THAT AGGLOMERATION of tax-collectors called The State and you find the component parts not a bad sort. Some may be psychopathic cases; some may have become what they are because of their deadening non-competitive environment. On the whole, however, they are in their private capacities like normal people: trying to get along as best they can. When you know them, you wonder how the State got the way it is, as in Russia, Germany, Greece, or even the United States. Since the human make-up of The State is exactly like that of the Siwash College Club or the Hilltown Hardware Society, what element in its collective character makes it different from all other human categories?

Well, there is the power to tax, which is so common to every known variety of State, past and present, that one can hardly think of the one without the other. The power to tax is to the life of The State what sap is to the life of the tree.

Whether it calls itself a despotism or a democracy, a constitutional monarchy or a theocracy, whether it adopts this or that set of slogans, coat-of-arms or flag, even if it assumes an ideology and proclaims a social goal, the power to tax is the essence of its existence. Without that there is no State.

Furthermore, the extent to which The State exerts its taxing power has a direct bearing upon the political formula with which it cloaks itself. In a democracy, where the possibility for public resentment to this pilferage of private property may upset the personnel of The State, taxation is more gradually applied. The power is insinuatingly exercised. When the fiction of by-the-people government interferes with the power of tax, a method for dropping the fiction presents itself.

Now, the fellows who make up The State would not put on the pressure if the people willingly gave up their property to it. It is because the producers—labor and capital—object to the continuous and increasing confiscation of their production that the use of force becomes necessary. It is because perverse human minds cling to the concept of private property that The State takes recourse to instruments of repression, which frequently, for the purpose of reducing resistance, assume alluring forms.

But, whether Communism, Fascism or New Dealism is the flavor, the castor oil in the concoction is always taxation. And it is significant that as the power to tax is increasingly used the shift from a lenient to a more repressive political form takes place.

This brings us to the current American scene with

its apparent political trend. Let's hope, because it is pleasanter to do so, that the symptoms are false, or that America will be the exception that proves the rule.

There is a lot of talk these days of "profitless prosperity." Standard Brands, for instance, reports to its stockholders that during 1940 its dividend payments to federal, state and municipal authorities totalled more than eleven millions. True, a goodly portion of these tax payments was recovered from the public; it is also true that the dividend collectors must in turn hand over some of their income, and as consumers must further add to the coffers of The State. The point is that a great deal of the



production of this company was confiscated.

The tax bill of General Motors in 1940 was \$125,100,000 as compared with \$44,852,000 in 1929. Scott Paper Company says its taxes went up 56.8%. American Can reports an increase of 5% in its sales, 37% in taxes. F. W. Woolworth records the highest sales volume in the history of the company, its lowest net income since 1932; cause, mainly taxes.

In terms of human satisfaction this constant drain on production must result in a lower standard of living. People live on things; not on bonds or in Utopias. If the things are shot out of cannons or used to fatten parasites, the people do not live so well. The social result of a mounting tax bill is manifest in Russia where, in the name of an ideology, everything that isn't privately stolen goes into commissariat coffers.

Maybe our mounting tax bill means nothing, politically or socially. Maybe there is something in our American tradition or psychology (since we have no "racial" heritage) that can defy and withstand economic forces. Maybe history proves nothing. But the fact is that political set-ups and social standards, in other countries anyway, have always followed a pattern cut by the tax-bill.

And another fact worth noting is that our national debt and our taxes during the past ten years have kept pace with an obviously socialistic trend. Just a coincidence, we hope.