

# Taxation—Secret Weapon

by URQUHART ADAMS

AL CAPONE was sentenced to a seven-year stretch in Alcatraz federal penitentiary. For murder? For kidnapping? For extortion? For robbery with violence? No indeed. For evasion of income tax.

The New York Times carried an article by Senator Eugene McCarthy of Minnesota last July, which stated that Uncle Sam is regularly defrauded of \$25,000,000 each year by income tax evasion. Assuming an average of \$1,000 each as the reward for their finesse, the result is an estimated 25,000,000 individuals guilty of the crime for which Capone was sentenced. This, I believe, is more than half of the registered voters in the U.S.A. If not, it is still a lot of people.

The power to tax is truly the power to destroy. It is also the power to control, to regiment and to enslave the people of a country. When used unwisely or with sinister design this power is like a pistol used for armed robbery.

Though much has been written about the rise of Hitler in Germany and the ruinous inflation, the effect of post-war taxation under the Weimar regime seems to have escaped notice. It is interesting to recall, therefore, that between World War I and World War II, in a public speaking group in our town, a German butcher reported on some of the tax practices in post-war Germany.

He had a butcher shop there he said, and the sales tax, which was collected with typical German thoroughness, applied even to a couple of pork chops that one of the workers might take home for supper. The audience laughed when he told of a sales tax inspector who called on a farmer who

was raising a pig. Because the pig was not quite ready for the market, the inspector announced that if he chalked the pig on his side he would soon rub the chalk mark off, so he would put the mark on the door of the pen. When the farmer sold the pig he neglected to notify the inspector, who called later and wanted to know what became of him.

"There was no mark on the pig so I didn't think I had to notify you," the farmer said. "There is a mark on the gate, and when I sell that I will let you know."

This story suggests the expense and trouble involved in the collection of a thorough-going sales tax—also the lengths to which the Weimar Republic was committed in the enforcement of a vicious system of taxation. It is no wonder the Germans, eager for some kind of change, accepted the only available alternative—Hitler and his Nazi doctrines.

Politicians do little to interfere with taxation, for it is the secret weapon with which they protect their friends and punish their enemies, often doing very well for themselves. But this power of taxation could be advantageously directed against criminal elements that destroy democracy, and especially against speculators, big and little, who gamble with the good earth as their stake.

The power to tax and the punitive powers necessary to enforce collection are so far-reaching that after fifty years as an enthusiastic Georgist, I am more aware than ever of their sinister effects. They can turn the most advanced democracy into an absolute despotism in short order, while actually retaining democratic or republican forms.