

Curiosities of Taxation

IN the evolution of a community from barbarism to civilization the systems of taxation first to be adopted differ but little from brigandage and piracy. They partake of the nature of both, and are polite concessions to the growing dislike of violent methods for diverting wealth into the pockets of those who do not earn it. Those who earn it are too busy earning it to study methods of keeping it, and those who do not earn it have all the time there is for devising methods for extracting it. The most successful of these methods is taxation—brigandage simplified and highwaymanship translated into forms of law. It is cheap and convenient and lacks the element of personal risk. It possesses the counsel of precaution. It permits of multifarious devices ingeniously hidden from public view, and is what Turgot (or was it Colbert?) called it, "the art of plucking the goose without making it cry out."

So strong are the motives of self-interest in the classes concerned in imposing and continuing taxation, that history has been wrested from its true purpose as a faithful chronicler to blacken the characters of some of the most eminent and patriotic rebels against taxation—Watt Tyler and Jack Cade. We are taught to regard these men as two of the most odious enemies of constituted authority. They are made to serve as examples of all that is most ignorant and dangerous in the present day demagogues, real or accused, whose reputation it is desirable should be painted in colors dark as possible. Yet what is the truth? One must dig deep into history and reject some very respectable interpretations—Shakespeare's among the rest—to arrive at a true knowledge of the causes that gave rise to these men and the characters of the men themselves.

When the taxing power passed—theoretically, at least—into the hands of the people, the masses vaguely recognized the inequality in the distribution of wealth, and sought to arrest it by divers inventions of new methods of taxation. They started out on a career of experiments, largely frustrated, to compel a partial restitution by the wealthy into the coffers of the State. These attempts were foredoomed to failure. Indeed, a great share of the missing wealth of the poor is to be sought for in the attempts to reach capital by taxing it. Whether wielded by friends or foes of the people taxation still remains the most perfect instrument of extortion, and always reacts upon those least able to pay. This is true even of taxes whose equitable enforcement would not so result, but whose practical operation makes them all that could be desired by the predatory classes, to whom evasion of taxes is an art and a science. The personal property tax belongs to this class. Widows and orphans, whose funds are in trust, pay almost to the final penny. Farmers, whose belongings are visible and known to all their neighbors, pay the most of it.

Taxation has always been aristocratic. It always takes from two to twelve times more from the poor and middle classes than from the rich. In the days of protection in

England the monstrous inequality in the customs duties helped to overthrow it. The coarsest teas and the poorest tobaccos paid from 100 to 200 per cent. more than superior grades. So with the stamp taxes of past times, which bore on the poorer classes with amazing disproportion, making their tax five per cent. against one per cent. for the rich.

It is sometimes urged that certain taxes ought not to be imposed because they cannot be shifted, and again we often hear that as a particular tax distributes itself—i.e., can be shifted—it is therefore a tax that ought to be imposed. Now what is the true recommendation of a tax—that it can or cannot be shifted? If the object is to tax certain objects of wealth it is a sneaking method that will try to do it through a third person. But we shall seek in vain for any agreement between authorities on the canons of taxation.

Perhaps the one most generally accepted is that taxation should be levied upon individuals in proportion to their ability to pay. The application of this principle is amusingly illustrated in the instructions sent to the Commissioners of Counties by Archbishop Morton in the reign of Henry VII, to the effect that such as were sparing in their manner of living might be assumed to have saved money—therefore they were able to pay, and those that lived in a splendid style showed evidence that they were in the possession of wealth—therefore they were able to pay! In the times of the Norman kings revenue was derived from assessments for offenses against the powers. Individuals so assessed were *in misericordia regis*, and the same ingenuity was practiced in the invention of supposed offenses that is today brought into play for the invention of new tax systems. It was a kind of taxation that survives in municipal fines for drunkenness, etc., but in those days it was assessed on all those who incurred the ill-will of the king; and the suggestion of ill-will was to be found in the worldly possessions of the offender. In this respect it conforms to the predatory canon of thoughtless teachers of taxation that taxes should be levied upon individuals in proportion to their ability to pay—a theory of taxation that would find unanimous approval in a community of pirates.

It is related of Edward IV of England that his methods of taxation were especially effective, owing to his handsome countenance. Thus a rich widow of whom he requested a "benevolence"—for so in delicious euphony certain taxes in those days were called—gave him £20, accompanied by a compliment on the beauty of his person, whereupon he kissed her, which so delighted the lady that she gave him another £20. It must be confessed that most of the necessary operations between the payer and the tax collector in modern times have rarely been accompanied by any such delightful civilities.

In Puritan times in England a weekly meal tax was once levied—a tax upon every person the price of one meal per week. A "hearth tax," known to the public by the

less dignified term, "chimney tax," was also in vogue in England during the reign of the Stuarts. It was objected to on the ground that it "exposed every man's house to be entered into and searched by persons unknown to him." For a short time there prevailed taxes on marriage and burials—varied in amount not according to the degree of desirability of entering those states, but by the social standing of the unfortunate. Thus a duke could be buried at an expense of £50 and a plain "gentleman" at £1, which no true gentleman could object to. The same proportion was observed as to the penalty for entering the marriage state, gentlemen getting in at about the same rate. The tax on births stood in about the same relation to dukes and "gentlemen," births of dukes yielding £30 to the State and "gentlemen" in swaddling clothes getting into the kingdom at the paltry expense of £1. Certainly this was not unfair, for the dukes cost the country about 30 times as much.

Among the taxes which ruled at various times in England was one on postmasters, on persons keeping carriages, the tax increasing according to the number of carriages kept. It is interesting to note that an increase of this tax brought into existence the gig as a substitute very largely for the more expensive phaeton. There was once a tax on establishments employing ten men servants, which was said to be the "reduction of the proud animal man to a taxable commodity on the same humiliating level of salt, soap and candles." A tax on "establishments of women servants" lasted only six months, owing doubtless to its obvious want of gallantry toward the sex. Newspapers, which Pitt regarded as a luxury, once bore a special tax, but this was finally abolished in the early 50's, along with the tax on advertisements appearing in the public prints. A tax on shops imposed by Pitt was objected to by Fox on the ground that it was a tax on a particular class. Pitt, however, maintained that this tax was recouped by shopkeepers from their customers, and in this he was undoubtedly correct.

The ingenuity of man has been exhausted in the attempt to invent new tax devices. England once had a hat tax. At the beginning of the last century hair powder, of course greatly in demand at that time, was subjected to a tax which brought in nearly £200,000 annually. At a later period it did not yield nearly so much, and perhaps its general disuse may have been occasioned by the tax, which was one guinea a year. Watches and clocks were taxed specifically at the latter end of the eighteenth century in England, and this netted a revenue of £250,000. At this time few people carried watches, so the tax must have fallen more largely upon clocks, and therefore upon the poor and middle classes. From the first the imposition of taxes on commodities provoked remonstrance. Thus in 1610, when a tax on coals at the pit was proposed, the fear was expressed in a petition to the king that "the reason of this precedent may be extended to all commodities of this kingdom," which prophesy was fulfilled, though we cannot but wonder at the sensitiveness of our British forefathers which experience in the sons has made more callous.

About 1784, when a number of new taxes were imposed, a rhymester of that day broke forth in the following:

Should foreigners staring at English taxation
Ask why we still reckon ourselves a free nation,
We'll tell them we pay for the light of the sun,
For a horse with a saddle to trot or to run;
For writing our names—for the flash of a gun;
For the flame of a candle to cheer the dark night;
For the hole in the house, if it let in the light;
For births, weddings and deaths; for our selling and buying,
Though some think 'tis hard to pay three-pence for dying.

The most popular taxes in the old days of England were those levied upon the Jews. This department of the national revenue was one of the most flourishing under Henry II and King John. David A. Wells tells us in his "Theory and Practice of Taxation," that there is a writ of Henry III, in which, in payment of a debt to his brother, Richard of Cornwall, he assigns and makes over to him "all my Jews of England." Foreigners under the Plantagenets were considered a legitimate source of revenue, and were made to yield a good return.

Bacon said: "He that shall look into other countries and consider the taxes and tallages and impositions will find that the Englishman is most master of his own valuation, and the least bitten in purse of any nation in Europe." If this were truly so most wonderful indeed must have been the tax systems of the continent. Yet even this is not hard to believe. Peter of Russia levied a tax on beards, probably to get rid of a source of dirt among his not over cleanly subjects. In Weimar there was once a tax on musical parties. It is related that a musical troupe having arrived at the frontiers of Saxony with a crown of laurels awarded to them were taxed on the laurels as spice. The tax on windows was general both in England and on the continent. To escape the tax, windows were sometimes blocked up, or houses made with as few windows as possible. A ten per cent. tax on the winnings of bookmakers at the race tracks was in vogue in Austria. France derived an income from the same source. A tax on marriages and a tax on bachelors were two taxes once concurrently enforced in England. A tax on plum pudding even is said to have been for a short time in vogue.

Taxes have been provocative of many great wars. They are alluded to by Boadicea before the battle with Suetonius. Spain, the proudest of monarchies, and Holland, staunchest of republics, were reduced by taxation to the position of third rate powers. David A. Wells says: "Few of those who consider themselves well read and well informed realize that the terrible decadence of Spain up to 1808 is attributable to the tax on sales (the Alvalaca) more than to any other cause."* The revolt of the American colonies

*The Tax on Sales, is a favorite tax reform measure of the *New York World*, which has apparently not heard of the experience of Spain.

was due to the successful efforts of a landlord parliament to transfer from themselves to the shoulders of consumers the burdens of government. The stamp tax and the tax on tea and other commodities had to be resorted to because of the reduction of the taxes on the land. S. Baring Gould in his novel, *Gabrielle Andre*, has used the awful taxation preceding the French Revolution as the ground-work of his story. Harriet Martineau also wrote a novel to illustrate the evil effects of the window tax and other taxes common in her time, taxes which in England led to a less bloody but more far reaching revolution.

Let us not plume ourselves even at this late day on any notion of our superiority in tax methods. The United States is the only country in the world that taxes debts and credits. This country is the only one that ever attempted to impose a tax of over 1,000 per cent. in excess of the cost of the article. This distinction was attained by the tax on distilled spirits in 1864.

We have said there is no agreement anywhere on the true canons of taxation. Most economists teach that there is no science of taxation, just as they teach that there is no science of political economy. If it then be asked what are the economists engaged in teaching anyway, or what these professors are professors of, no satisfactory answer can be given.

Certainly taxation is the only universal practice that lacks any generally accepted axiom or principle. It is the only universal practice to which the average man pays no heed save to object strenuously to his own assessment. Every man's efforts have been made to evade his own direct taxes, in which attempt he has only saddled himself unknowingly with a greater burden of indirect taxation.

It would take more space than can be given here to enumerate the many fallacies with which this subject is surrounded. Thus it has been held that the productiveness of a source of taxation justifies the tax, yet a very light tax may permanently dry up such sources, which feed the most profitable channels of the nation's industry and commerce. So, too, it is sometimes held that "equal" taxation should be the equal taxation of all property, and that any system which provides for the exemption of any kind of property is therefore unequal. Yet this is manifestly absurd. One of the most elementary recommendations for a tax is that it should be levied but once, yet even this rule is violated constantly. The observance of this rule gained for Napoleon's marshal in Egypt, General Kleber, the name of "The Just." How does our own system accord with this principle? The contempt of our legislators for such principles as have been worked out by those who have given their lives to the study of the subject is on a par with the lofty indifference of those who draw large salaries as professors of a science which they say has no existence.

Certainly no part of our system reveals greater absurdities and inconsistencies than our tariff. No one has yet begun to touch the humor of it. The argument that sus-

tains the system—full as it is of every conceivable fallacy known to logicians—is of itself an inexhaustible chapter of humor. From the major premise that upholds it in the minds of the masses—i.e., that it is needed for the protection of American labor—to the minor arguments in its defense, all form when taken together such an incongruous and contradictory jumble as to make it inconceivable how as "a body of doctrine" it could find any place outside of Bedlam.

Truly the reason for the continued existence of all these crazy tax and tariff laws must reside in the absence of any genuine sense of humor in the American people. A people who boast of their Literature, Science and Art, and yet lay such burdens on all three; whose growth in Industry and Commerce are two causes for self-approval, who talk everywhere of "opening up new avenues of trade," yet who hamper industry and commerce by medieval restrictions, must be intellectually deficient at some point. Yet we are perhaps as intelligent as any people on earth. We should have made as much progress as the United Kingdom in tax reform, but we have not. Even Japan in 1873 abolished over 1,000 miscellaneous taxes, an exemplification of advancing civilization even more important than Togo's victory in the Japan Sea. Are we too busy making wealth to stop to consider the laws that conserve it, among which the abolition of taxation and the resort to the natural source of revenue is not the least important?

It is idle to talk of "reforming" taxation—that is, it is idle for Single Taxers to talk of it. It is no part of our work to "reform" it. It is unfortunate that the taking of ground rent in lieu of taxation should ever have been associated with the name of "tax," though that is now unavoidable. But the confusions arising from the adoption of the name need not be perpetuated.

It is, of course, no small recommendation of the so-called Single Tax that it will supplant all these methods of taxation, confused, harsh, restrictive, impolitic, extravagant, cruel, inquisitorial and vexatious. The substitution of natural for artificial methods of revenue is important. But it is not nearly so important as the restoration of the rights of the individual to the land by which and from which he must live. The Single Tax is the philosophy of the natural order. The abolition of all taxation must follow as a necessary consequence. But the rights of all men to the earth, and their equal participation in the enjoyment of values due to the presence of the community, is the gospel which Henry George preached, and which is accepted by those of his followers who have not forgotten the doctrine learned at the feet of the Great Emancipator.

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BUT it is still evident, as Adam Smith said, that labor (in the sense of exertion) is "the real measure of the exchangeable value of commodities," "the only universal as well as the only accurate measure of value, or the only standard by which we can compare the values of all commodities in all times and in all places.

—HENRY GEORGE.