

## Curiosities of Taxation

BY JOSEPH DANA MILLER.

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."

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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. Practically it almost wholly exempts the rich.

Widows and orphans, whose funds are in trust, pay almost to the final penny. Farmers, whose belongings are visible and known to all the 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. Even today in England the duty upon all grades of tea is the same; on finer grades of cigars but little more than on the poorer; and the duties on beer, spirits and wine make no distinction between the kinds consumed by the rich and poor.

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 cowardly 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.

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Perhaps the one most generally accepted is that taxation should be levied upon individuals in proportion to their ability to pay. Clearly, this principle cannot be carried to its final analysis, since that would mean robbery. Its application 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 legalizing 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 at the price of a 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 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.

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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 prophecy 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.

One of the most popular taxes in the old days of England were those 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 a revenue 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 in 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 Alvacala) more than to any other cause." The revolt of the American colonies 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. Taxation has caused almost every great revolution in history. 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 debits 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.

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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. That taxation is susceptible of laws which would insure the maximum of revenue with the minimum of burden, never seems to suggest itself to the majority of our citizens. 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 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. Yet the history of tax reform is and will continue to be the history of the progress of nations.

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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 sustains 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.

Note, for example, how the arguments contradict themselves. "The tariff is paid by the foreigner," says the advocates of this system; yet we have a "drawback" on foreign importations entering into the manufacture for export. It does not raise prices, we are told, yet after the Chicago fire a Republican Congress took the duty off building materials to cheapen them. Then came the "reciprocity" proposition as a denial from the leading protectionist of his time of the good claimed for it—"free trade on the half shell," as the late Kate Field happily called it. Thus has an anonymous scribbler lampooned the theory in doggerel:

The reciprocity proposition:  
Says the farmer, suggests me to ax  
Why wait to get rid of a tax by treaty,  
When we might remove the tax?

"I will give you," says the protectionist to the laborer, "a system that will raise your wages; to you, the manu-

facturer, a system that will increase profits; and to you, the consumer, a system that will lower prices." Wages and profits are to be increased, and these are to be drawn from lower prices to the consumer. Yet cheapness, the protectionist will tell you, is not to be desired, for did you not hear, long ago, that "a cheap coat makes a cheap man?"

Many years ago the writer examined some of the humors of the tariff and printed the results. Some of these absurdities have been changed in subsequent revisions, but most remain:

"Wood bears a heavy duty, but burn it into charcoal and it comes in free. Earth may be sent in at a penalty of \$1.50 per ton, but let it not be ochre or ochery earths, for it is then subject to a duty of one-half of one cent per pound; pour oil on it and grind it fine, and the duty is increased to one cent per pound. Whalebone comes in free, but stick it in a corset and it bears a duty. Fresh fish may be sent in free; and ice may be sent in free, but be careful not to put your fish on ice, for it is then subject to a duty as preserved fish.

"If any one has a bell which he wishes to bring into the United States he can get it in by breaking it, since 'broken bell metal' pays no duty. If a man has a few pet birds he can get them in by killing and stuffing them.

"The importation of life-saving apparatus is to be encouraged when undertaken by societies incorporated or established for the saving of human life. Life-saving on the part of individuals is therefore to be discouraged. Sea weed, moss, and vegetables used for bedding are free; but let not the thoughtless wrap these in tick, for they are then subject to duty as mattress.

"If a vessel's cargo should be sunk and remain under water for two years, it could then be admitted duty free.

"A necessary precaution, though not strictly protective of American industry, is that which places on the free list 'wearing apparel in actual use.' This wise provision enables the foreigner to enter our ports and walk to the nearest hotel with his nakedness entirely covered."

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 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 those of taxation are not the least important?

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The abolition of all taxes whatever ought not be considered an impossible thing. In fact, the inauguration of such an era may be regarded as the dawning of the thousand years of peace, and not at all an unlikely event. Two things are said to be certain—death and taxes. But this is not so. We can really get along without taxes. To think otherwise is merely a superstition. For the state is rich in revenue from its own domain. There were no taxes in feudal times, yet all that was needed for such public purposes as were necessary, and for defense, was forthcoming. Montesquieu, who saw things clearly enough, held it as the soundest of principles that governments ought to be supported from revenues drawn from the public domain. Both theory and ancient practice make this clear. Our methods of taxation, infinite as they are, confused, harsh, impolitic, extravagant, cruel, may be superseded by a mere charge by the public for the use of its valuable domain.

## Stop The Leak

A STORY WITH A MORAL

SOME years ago a corporation with many stockholders was formed to build a large steamboat. The boat was built and for many years operated profitably. As the ship grew older, there developed a small leak on one of its trips. A hand pump was set up and a few seamen were set to work pumping out the water. A pumping crew was employed for this purpose. But the leak kept on increasing with each trip and an extra crew was found necessary. At first the work was divided up between two crews working twelve hours each. As the leak increased more men were employed and finally they organized a union. Their leader soon began to agitate for three shifts of eight hours each. He demanded the same pay for eight hours work as for the twelve hours. The directors of the corporation refused and the union members all went on a strike. Non-union men were employed and the ship was boycotted by a sympathetic strike of other unions. The additional expenses incurred was cutting big holes in the net income of the ship corporation.

A meeting of the stockholders was held and a statement read showing that the boat was losing money every trip. The question then arose as to what to do about it. One of the stockholders, a man named Syntax arose and said: "Stop the leak." But this was too simple a remedy. It did not meet with the approval of the stockholders. Another stockholder arose and said: "What we need is a steam pump, (which had just been invented) and thus save the expenses of the pumping gang." Some of the