TYRANNY

Taxation System a Device for Exercising Despotic Pressure

At the inquest on Alfred Morris Baker, aged 52, a solicitor, of Rock Close, Kington, who was found shot, a letter was read in which the deceased had written that "Insomnia has at last got the best of me, and the inspector of taxes at Ludlow has driven me mad with worry ... Now that the tax people have completely murdered another breadwinner, perhaps they will let my wife and children have peace." It was represented at the inquest that, the tax inspector had been scrupulously fair. (Daily Telegraph, January 7.)

In a considerable number of the cases of suicide so constantly recorded, a somewhat similar complaint of worrying by the Taxation Authorities may be noted.

Mulcting the Public

When the history of these times comes to be written, it will be regarded as almost incredible that the population of this or any other country making any claims to civilisation should have permitted the continuous levy in favour of financial institutions which now passes under the name of "taxation." To what amount the British public is mulcted per annum is difficult to estimate, since the direct taxation, including rating, in favour of such institutions, which is certainly not less than two hundred and fifty million pounds per annum, by no means tells the whole of the story.

The debts which form the basis of the claim were, of course, created by the loan of bank-manufactured money, just as the interest on them is for the most part payable only in bank-manufactured money. Where taxation is levied upon producing firms they are compelled to include it in the price of articles produced. As a result, either the price level is raised, thus reducing the purchasing power of all
incomes, or, alternatively, production is strangled and the unit cost of production is raised by an excessive ratio of overhead charges to direct charges.

**Fraudulent Taxation Methods**

But the intolerable nature of the modern taxation system is by no means confined to the economic depredation which it now carries on, almost unchecked by Parliament or even by public opinion. The business methods which are employed in connection with the assessment and collection of taxation would, if employed by an ordinary business firm, result either in its rapid liquidation or the appearance of its proprietors before the Court upon a succession of charges of fraud.

No business firm would dare to send in a bill for three or four times the amount owing to it, leaving its clients to prove that it was incorrect. But this is done as a matter of course by officials of the Inland Revenue.

No business firm would consistently charge three or four times for the same article, but this is the essence of the division of Income Tax into Schedules, so that a charge may be repeated in a disguised form.

No business firm would consistently dare to charge for articles which had never been received.

**But there are hundreds of thousands of people in this country who are paying Tax upon an Income which they have never received.**

No business firm, while owing large sums to a client, would insist on the payment of smaller sums which he owed to them. But the Inland Revenue Authorities are constantly doing this.

**Tyranny of Experts**

There is, of course, a sense in which taxation is right and proper. We all obtain certain services which we do not pay for directly and which involve consumption, and this consumption requires to be provided for communally. There is, in my opinion, however, little doubt that the present abominable tyranny of taxation arises not only from the magnitude of the taxation (although that is wholly inexcusable), but also from the fact that it is arbitrarily imposed in accordance with the ideas of a body of experts, generally
anonymous, who provide the Chancellor of the Exchequer with his Budget scheme.

Taxes, of course, under the existing organisation of society must be paid in money, and since practically all money is created by financial institutions it is quite obvious that the ultimate beneficiaries of all taxation must be those institutions, chiefly in the form of visible and undivided reserves, rather than dividends. They are, in fact, the only institutions which can in no circumstances effectively be taxed, since the greater the monetary taxation imposed upon any country the greater is the necessity for the services of those institutions which alone can make the money with which to pay the taxes.

Attempts to Justify Taxation

The principle which is employed to justify taxation is, I think, twofold. In the first place, the common and general ignorance of monetary matters makes it easy to suggest that taking money off Mr. Jones, who has five hundred a year, is the only way that a Dole can be paid to that excellent fellow Bill Johnson, who is out of work. There is, of course, not an atom of truth in this. Taking money in taxation off Mr. Jones merely means that Mr. Jones buys less.

If the money were transferred directly to our friend Bill Johnson, which, most certainly, it is not, Bill Johnson would not buy the things which Mr. Jones was prevented from buying; he would merely buy some of the things of which there is already a surplus, and the surplus would be transferred to those articles which Mr. Jones has not bought. But, in fact, at least 30 per cent. of the money which is taken off Mr. Jones goes into sinking funds of various kinds and into reinvestment. In the case of sinking funds, it causes an additional shortage of purchasing power, and in the case of reinvestment it produces a surplus amount of capital production for the output of which there is no market.

The second principle which is involved is the capitalisation of the less attractive emotions of human nature. The peculiar form of sadistic Puritanism, which is humorously called "Temperance," has been used to justify on "moral" grounds the raising of the price of whiskey for about half-a-crown a bottle, which is several times its cost of manufacture, to twelve and sixpence. This provides about ten shillings a
bottle directly or indirectly for the Exchequer, of which banks and insurance companies ultimately get about five shillings, directly or indirectly.

**Taxation the Instrument of Mammon**

Agitation on the Land question, for the most part completely unintelligent, has been made the excuse for punitive taxes frequently paid directly to insurance companies as premiums on insurance against Death Duties. These have transferred the eligible land in this country from the hands of private administrators, who had a sentimental as, well as material incentive to proper administration, into the hands of soulless corporations, whose works are evident by ribbons of jerrybuilt houses punctuated by magnificent corner edifices raised in the honour of the Religion of Mammon, displacing the churches in which, on occasions, unpleasant things were said about the money-changers.

The realities of taxation could, of course, be met by a very small rise in a price level which had been adjusted much below that existing at the present time, taxation in its present sense, with its horde of officials and its worries, being abolished. But that would take away what is called the "power of taxation," and this remove one of the major obstacles to economic freedom. In other words, the present taxation system is not primarily an economic device, it is a device for exercising despotic pressure. Until we recognise that self-government is better even than good government, just so long shall we have an increasing number of catastrophes similar to that of Mr. Baker.

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