



YOUR TAX BURDEN

I. FRUITS OF INTOLERANCE

TAXES are now taking your earnings for almost twenty minutes out of each hour of work, if you are a typical United States citizen. The proportion is higher than that which was taken by the governments of any of the leading European nations a quarter of a century ago, including Germany and the dictatorship of Russia.

Not only are these taxes a terrific economic burden on everybody at all levels of income, but they represent a serious loss of liberty as well.

Some careful students of the subject, who have watched our taxes increase rapidly over the last half century and have compared our experience with that of other nations, believe we have already gone beyond "the point of no return." They believe, in other words, that despite our surface evidences of prosperity and welfare and a carefree life, we have already gone as far as to undermine the economic, intellectual, and moral foundations of our civilization to a point where we shall

surely slide into another dark age. The undermining, they believe, is as hidden from common view and realization as are the depredations of termites which eat away the foundation of a building before anything serious happens to what can be seen on the surface — happens while the roof and outside walls remain intact, and appear as sound as ever when viewed superficially.

Such a prophecy of doom is gloomy indeed. We all tend to dislike having shadows cast on the horizon of the rosy future for which we yearn. All pessimism is detested, even when it is soundly based on correct analysis. If the going is currently pleasant, we are prone to project our momentary pleasures into future hopes. And that seems to be the reason why most persons prefer to walk into their troubles blindfolded to reality.

I do not know whether such a gloomy prophecy is correct or incorrect. It is a question too large for me to presume to be able to

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answer. But I at least reject it as an *inevitable* future in store for us. Every collapse of a civilization must have been a man-made destruction. And in theory, at least, all man-made destruction is avoidable by man. The only question is: Are we wise enough to avoid it? Can we learn in time to avoid another dark age?

Time alone will reveal the answer. But an initial step in prevention is for us to understand the problem. One must know what it is that can lead to a collapse of our civilization. Knowing the problem and the cause, we then know the means of its avoidance.

So, in this article I shall begin to diagnose the tax problem. Taxes, in one way or another, have provided the path over which civilizations have collapsed economically throughout history. What, really, are taxes?

Taxes Defined

Taxes are the economic burden we impose upon one another by means of force through government, in attempting to deal with those human differences which we refuse to tolerate. They are the expenses incurred when some persons try to control or change the conduct of other persons by means of the government as a monopoly agent of force.

In explaining the meaning of

taxes, I have not included any qualifier as to whether or not these differences between persons should be tolerated. The definition merely states that taxes are a cost of attempting to repress or eliminate these differences by the governmental agency, without either approving or condemning these differences *per se*. The definition of taxes does not attempt to ascribe to any particular aspect of conduct the quality of either good or evil.

Those moral aspects of human conduct are important, to be sure, and will be considered later. At another point we shall consider conduct from the standpoint of good and evil, together with a consideration of various methods of dealing with evil conduct from the standpoint of the wisdom and effectiveness of the method employed.

The condition which gives rise to taxes can be seen most clearly, I believe, if we will consider first and in some detail this problem of human differences from which taxes are spawned as an economic cost in society.

Good and Evil

Superficial observation blinds us to the extent of human variation among us. We hear remarks like this, for instance, from our first day on earth: "He looks ex-

actly like . . . ,” or, “He is a spit and image of”

I recall how all Chinese persons looked almost exactly alike to me when first I met a few of them. They appeared as alike as grains of rice. Only after becoming better acquainted with them did their innumerable differences come into focus for me, which at first I had been unable to discern. Only after closer observation did I come to realize that Chinese persons are as different from one another as are Englishmen, Irishmen, and Germans.

You, too, at an earlier age, have probably sensed this seeming likeness among some race of humans then unfamiliar to you, or perhaps among trees or elephants or something. But as your perception became sharper, the differences — differences which had always been there — came into focus.

Human Variation

Perhaps one of the most distinctive things about humans is their extreme variation. Humans are said to be the most advanced and complex form of life, thus exhibiting differences that are presumably greater, one individual from another, than for any other form of life.

No two persons are exactly alike, not even so-called identical twins. Terrific differences exist

among us in size, shape, color of hair and skin, muscular development, sensory astuteness, mental equipment, and in many other features.

Take, for instance, the one matter of man's “mind.” One authority, who has made extensive study of the human mind, claims to have identified over forty totally separate dimensions of the mind. He speculates further that there are probably as many as sixty dimensions in all.¹ Ponder the scope of just this one aspect of variation. With sixty separate dimensions of the mind, each of which can be anywhere along a wide range from high to low for any one person, an endless variety of patterns of the human mind becomes possible. The mental processes of any one person may, therefore, be quite beyond the comprehension of most other persons.

It is only the most learned observers who can see these innumerable human differences of all sorts. They know best how infinite is the extent of human variation. So I shall not attempt to explain human variation in full here. I shall leave that to the masters of

¹“The Structure of Human Intellect” by Professor J. P. Guilford, University of Southern California. A paper presented before the meeting of the National Academy of Sciences, Pasadena, California, November 2-4, 1955.

biological and philosophical knowledge, such as Professors Roger Williams and Hans Thirring.² I shall pass that over and go on to the point of our concern here. We need only, for our purposes here, to realize the extent of human variation and to appreciate the nature of its terrific impact on all affairs of man's relationship to man in society.

Human variation becomes, on the one hand, a price we must pay for the exceedingly high development embodied in the human form of life. For if we were a simple form of life like the algae, variation would be far less extensive and life would be far less complex. The algae do not have the problems we have, such as that of taxes with which we are here concerned. But, on the other hand, neither do the algae have the potential of attainment that humans have.

So in our variation we live with

²For instance, see Professor Williams' recent book, *Biochemical Individuality*, New York: John Wiley & Sons, 1956, and also his earlier book, *Free and Unequal*, University of Texas Press, 1953; Professor Thirring's *Homo Sapiens*, Vienna: Ullstein Verlag, 1947, and his recent article, "The Step from Knowledge to Wisdom" in *American Scientist*, October 1956, pp. 445-56; *Liberty, a Path to Its Recovery* by F. A. Harper, Chapter 8 and Appendix II, Irvington-Hudson, N. Y.: The Foundation for Economic Education, 1949.

a powerful tool for attainment, which is also a powerful tool for self-destruction. If we can learn how to deal with these human differences so that they fructify rather than sterilize attainment, variation can be a blessing instead of a suicidal plague. The consequences of failing to use it as a good instead of an evil could mean the extermination of our civilization. The consequences could even eliminate human life itself, though I believe this to be unlikely. If we should persist in pursuing suicidal endeavors on which we have embarked, however, we could dive into another dark age.

It is precisely this quality of human variation which develops into all sorts of problems, at all levels of social contact — within the family, within organizations, within and between nations, and the like. Our immediate concern, however, is to focus the way in which human variation becomes involved in the matter of taxes — the economic burden of government which we impose upon one another by means of force, in an attempt to cope with certain human differences which we refuse to tolerate.

Government: To Govern

Government is engaged in governing — *government*. To *govern*

means to rule, control, hold back, restrain, shackle, bridle. *Government* refers to the means or the agency in the name of which one or more persons govern others.

Governing, of course, means the forcing by some persons upon other persons of some form or degree of unfreedom. For it would obviously be ridiculous to say that a person who is being governed is being left alone to do as he deems proper and wise — who is, in other words, being allowed to operate as a truly self-governed and self-controlled person. On the contrary, he is being governed to the extent he is not allowed to be self-governed, self-controlled.

In common usage and as related to taxes, then, the word *government* refers to the sole legal agent of compulsion among persons. It refers to the business that is engaged in performing the "service" of governing.

Compulsory or Forbidden

In a completely governed society, as the saying goes, everything that is not compulsory is forbidden. A completely authoritarian government holds unlimited powers to rule, to control, and to restrain all the citizens except the governor himself, who sets the rules of restraint for all others. The governor is the victim of his task, but he is not otherwise in a

condition of involuntary servitude.

I should point out again that I am not attempting here to differentiate between acts which should be restrained and those which should not be restrained, from the standpoint of morals or propriety. Governing is composed entirely of restraint, which may be the restraint of the good as well as of the bad. It is unrealistic to assume that all governing will be of one moral hue. And so to govern is to restrain, whether of good or of evil.

Intolerable Differences

We govern one another as a consequence of our differences rather than our similarities. If we were all completely alike in all respects, including our beliefs as well as our conduct, I fail to see how there should be any governing demanded at all. For then everyone would be conducting himself exactly as others must deem proper. Any constabulary under such a circumstance would be a foolish wastage, and surely we would not burden ourselves with taxes for such as that. So there would presumably be no government among a completely homogeneous population.

All governing, then, arises from differences rather than from similarities among people. Yet, not all differences grow into government,

either. Some differences are tolerated or even welcomed. In those instances no control of one another is attempted. To illustrate, differences that are accepted and even enjoyed are reflected in the admissions paid to see major league ball games or the opera, or to view some human freak exhibited in the side show at the county fair. We are willing to pay in order that these may endure; we do not want them destroyed or restrained.

Some differences, however, are ones we refuse to tolerate. And these are the ones which become embodied in the processes of government. That is why the human form of life, with its highly developed differentiation between individuals, is so susceptible to the threat of a cancerous growth of government. For with infinite variation between persons, intolerance of differences can easily lead to inordinate growth and economic suicide.

When such intolerance grows unchecked, we more and more engage ourselves in a futile attempt to remake mankind from his biological pattern of variation; to saddle ourselves with more and more of the costs and wasted effort involved, toward an end where we would eventually starve. Fortunately, however, the urge to survive always exceeds the urge to

reform. And so it is that the human race has never yet laid itself entirely on the altar of any sacrificial efforts to attain conformity among humans. The robber Procrustes, whose bed of violent conformity became legendary, never became much of a success as a leader of societal betterment.

Costs Become Taxes

The task of governing requires both material means and human effort. These both have value in the market. They are among our economic goods and services, in competition with the production of bread and shoes and shelter. And that is why there is a money cost in governing. That is why taxes are assessed to pay the costs of this collectivized service of governing, collectively hired and performed by government.

True, some governing may be gratuitous, as when the citizens join voluntarily in a posse to track down a murderer, and the like. When that is the case, there is no direct money cost involved and no taxes are collected for it. The only cost involved is what the participants might otherwise have done with the time and tools they devoted to the hunt.

It is probably fair to say that as governing moves further and further away from controlling

those forms of conduct which essentially all the people deem to be reprehensible, the process becomes more and more expensive. This is because fewer and fewer people are willing to contribute their time and means voluntarily under these circumstances. Governing then becomes merely a job for those employed in governing. They demand pay for their work — as much pay as the market would offer them, perhaps, to dig ditches, to practice medicine, or to do something else in workaday life.

As things stand today, an insignificant part of the processes of government is in the form of contributed time and means by those who do the tasks of governing. Essentially all of it, other than conscripted military personnel, is now hired and bought in the wage and product market places. And the price may be high.

Collected by Force

The service of governing involves, then, costs which are financed by these taxes. Taxes are collected by force from the citizens on some predesigned pattern of assessment. Customarily, government employees themselves decide to whom the bills shall be sent.

Using an analogy, and remembering that governing is merely a service performed at a price, the process is something like this: Let

us say that a lady — as does the government — goes shopping to buy a hat or a dress or a mink coat, which she “needs.” After she has decided what she wants, she buys it. She then decides to whom the purchase will be charged: “Put this on the bills of all persons in the nation, in the following amounts . . .”

Government must pay its costs this way because it has no net worth. It is constantly insolvent, obligating itself to spend something it does not yet have. It has no earned revenues from prior services rendered and sold in the market at a net gain, as you do when you go shopping with money you earned at yesterday’s work. The government, instead, must obtain by force of taxation the revenue with which to pay its bills.

An exception to this description might seem to be certain fees charged those who use certain government services. But the revenue from such sources is minor and insignificant as compared with the total cost of government. And furthermore, even in these instances, with hardly an exception, the service which the government offers is one which it has assigned to itself under a strict monopoly. So even these exceptions are charges that you must pay at a monopoly price, or go without the service altogether.

Tax assessments to pay almost all the costs of government are imposed by force. Payment is obligatory on everyone, whether he wants the "service" or not—whether he uses it or not. He must accept it from the government source at a dictated price, even though he may know a better and cheaper way of obtaining a service he wants. So all tax collection rests on intolerance—intolerance for all persons who may believe that those human differences being governed should be tolerated rather than controlled; all who believe that even if there is to be an attempt to control, there is

some better and more efficient way to do it.

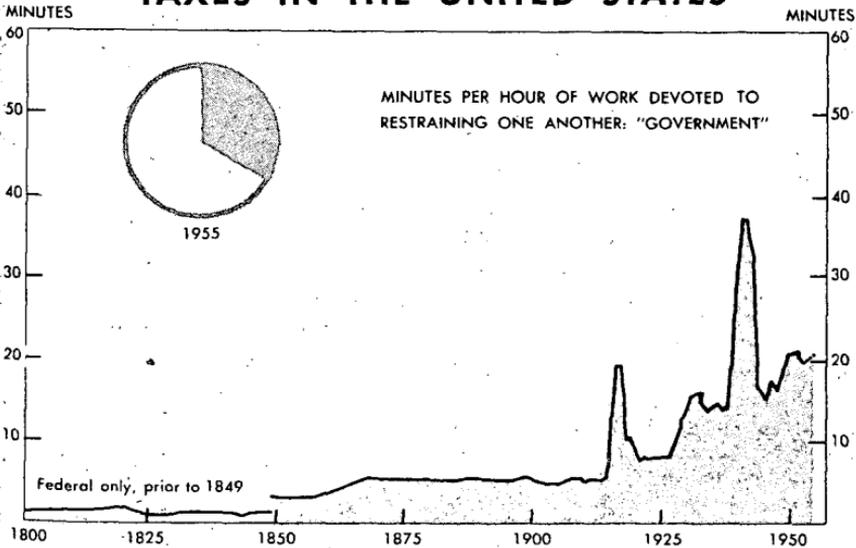
The Long-time Pattern of Taxes

With this background of the nature of government and taxes, the long-time changes in the tax burden in the United States may become especially meaningful in new perspective.

The accompanying chart shows, for almost the entire period of our nation's history, the changing level of taxes.

The tax burden is shown on the chart in terms of the part of each hour of work taken to pay the costs of government. It represents

TAXES IN THE UNITED STATES



SOURCE: Derived from Department of Commerce figures on national income.

the part of our labor product taken to govern one another, taken to restrain and control human differences. By expressing the tax burden in this manner, the problems of changing population, of changing hours of work, of changes in rates of pay, and the like, are all eliminated from view so that we can more clearly see the point of our concern — taxes.³

The concept may be seen by first considering only two persons on a desert island. If one of them should become so concerned with restraining the peculiarities of his neighbor that he catches the neighbor and sits on him all the time, a full 60 minutes out of each hour of his work would then be devoted to governing the island's population. And the victim, being totally restrained, could produce nothing either. So all the island's "production" would be absorbed by government. Both would then starve, unless they were to discover how to tolerate some of their human differences and do something besides govern.

Now suppose that some ungoverned action is to be allowed. Some

time can now be spent gathering coconuts and catching fish. As more and more freedom is allowed, the proportion of the time absorbed in controlling one another would decline to 50 minutes, 40 minutes, etc., out of each hour of work.

Perhaps the two would never be able to figure out how to reduce government to zero. Perhaps intolerable differences would persist. These become "government," due to efforts to control what is not tolerated. This part would persist as a cost of governing. Let us say, for instance, that one of the two persons persists in trying to filch the coconuts which the other has gathered, causing the other to devote some time standing guard or building some sort of protective storage. This would become a cost of government, in one form or another. In this instance, the process would be considered as "good business," and a wise expenditure of time and means. And in that sense, governing would be a valid cost of doing business, a wise way to spend part of one's time.

But it is likewise true that the process described above might be exactly reversed and be worse than wasteful. Perhaps the one bent on filching what someone else has produced is the bigger and brawnier man of the two. By one means or another, then, he will be-

³The method by which this is done is to relate the total costs of government in the United States to the total of all personal incomes. All incomes finally become the incomes of one person or another. This ratio was then expressed in terms of minutes out of each hour of work, taken as taxes.

come the governor, living on loot taken by force of sheer strength from the hard-working producer of coconuts and fish.

So the costs of government are not necessarily the costs of controlling evil acts of other persons, in the interests of what you and I deem to be moral, or ethical, or proper. It may be precisely the reverse. Witness, for instance, the predominant pattern of governments throughout all history, as they have become more and more corrupt.

All we can say — all we shall say at this point — is that the costs of government are the costs of controls which the dominant faction in any nation is able to impose on the others. These controls may take any form. The one sure thing is that it will be the rule of coercive might.

One-Third of Our Effort

Referring to the chart again, we see how the proportion of our productive effort in the United States which has been taken in the attempt to control the actions of one another has grown fabulously and dangerously over the years. It was relatively insignificant in earlier years. But for a century it has grown and grown,

until now taxes take about twenty minutes out of each hour of work.

This growth is in spite of all the business efficiencies which should have made it possible to cut costs in the devices of governing — automobiles for the policemen, business machines to help in all sorts of tasks, and all the rest.

The question with which I shall end this discussion is: Has the average person in the United States become so much more corrupt and evil over the years that we must spend one-third of our time in controlling each other? Does the present generation require six times as much governing as their grandparents and great-grandparents did? I think not. But even if they do, is this the means by which to regain honor and self-control?

If we are not so much more evil than our ancestors, then we must look upon this growing burden of government as a suicidal expression of growing intolerance for human differences — differences which are the mark of a higher order of creation in the form of mankind which could, instead of inducing a cancerous growth of government, become the means of unbelievable human attainment.

EDITOR'S NOTE: *Other articles on "Your Tax Burden" will appear in subsequent issues.*



Christmas Presents

IT HAS BECOME customary in Mexico to give Christmas presents. In many cases, members of a family give to one another as a sign of their joy on such an important occasion and also to show their affection. In most homes, the head of the family pays for all the presents, those which he buys directly as well as those bought by members of his family. Either way, the money comes from his own pocket.

Many persons think of the government as a bona fide source of Christmas presents. But, like the head of the family, we ourselves pay for each such gift we receive. The money comes from our own pockets.

Many journalists write with enthusiasm of the enormous sums scheduled by the national budget for various projects. Optimism spreads and countless persons imagine that they will benefit by gifts from the government. But the fact is that the government has no money except what it takes from the people through taxes.

A part of the money the State

collects it spends for the cumbersome bureaucratic machinery which every day increases and embraces more and more. In addition to the federal budget, there are twenty-nine state budgets and innumerable municipal budgets, each of which supports its own legislature with great numbers of deputies and senators. There is the federal executive plus thirty state executives. There is the federal judicial power and thirty local judiciaries. And, there are thousands and thousands of municipal presidents, councils, and city governments. All these hundreds of thousands of civil servants are supported by the people whom they govern.

Another sizeable part of the money collected by the government goes to pay for public works which are, or should be, of general utility.

Unfortunately, another large portion of the tax money is used to establish, develop, or encourage official or semiofficial enterprises. These projects, justifiably or not, are considered to be in the public