

A NOTED AMERICAN SPEAKS OUT

TAX HIDDEN TAXATION

We can and must adjust government expenses to lower taxes
or our system of private enterprise will be destroyed

by **Douglas MacArthur**

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IF BUSINESSMEN were to be allowed a wish, I am sure it would be unanimously for lower taxes.

The tax burden now is so oppressive as to be almost confiscatory of venture capital.

As Secretary of the Treasury Humphrey recently testified before a Congressional Committee, "... the present heavy tax burden will seriously hamper necessary economic growth," adding that "... spending under existing government programs will rise as fast as the increase in revenues resulting from economic growth unless Congress and the Administration alter and reduce those programs."

Taxes for 1956 came to a staggering total of more than 100 billion dollars. The Treasury received 70-billion dollars and state and local governments the other 30 billion dollars.

This means that the cost of government consumes almost one-third of the national product which is the sum of all goods and services by the entire population of the United States.

The government's aptitude for taxes has grown steadily and inordinately. In 1885 the per capita tax take was \$1.98. In 1917 it was \$7.92. During World War I it rose to \$35.70. In 1932 there was a drop-off to \$12.48.

The high point of World War II was hit in 1945, at \$312.86. The fiscal year of 1956 was the costliest of all, \$446.86 per head for every one of us.

Such jet-propelled figures are difficult to comprehend. Much is hidden from direct view in the form of unseen nibbles at the pay check after payment of the direct income tax. You never know you are paying because they appear as part of the purchase price of the items you buy.

Americans will pay for government this year more than they will spend on food, clothing, medical care and religious activities combined.

Before you sit down to a meal, morning, noon or night, this is what happens:

The tax agent collects from the

farmer who grew your food. He collects from the fertilizer companies and farm equipment manufacturers who supplied the farmer.

He collects rail and truck transportation taxes, manufacturers' excise taxes, telephone taxes, property taxes, sales taxes, income taxes, social security taxes, gasoline taxes, license fees, inspection fees, permit fees; all of these—and so many others that nobody even knows what they are.

When you buy a dozen eggs you pay at least one hundred tiny taxes which do not appear on the bill.

There are 151 taxes on a loaf of bread, at least as many, and maybe more, on a pound of beefsteak, a box of soap, a can of beans.

Billions a year are drained off which should be invested in new or enlarged enterprises or spent on the products of these enterprises.

I do not hesitate to predict that if government continues to wrest from the people the basis for future industries and businesses, our rapidly increasing population may eventually outgrow the number of jobs available and industrial labor will then face its greatest threat.

THERE SEEMS to be no restraint in this lust for taxes. It began with the Federal Income Tax Law of 1913 which gave unlimited access to the people's wealth, and the power for the first time to levy taxes not for revenue only but for social purposes.

Since then the sphere of government has increased with a kind of explosive force.

Thomas Jefferson's wise aphorism, "That government is best which governs least," has been tossed into the wastebasket with ridicule and sarcasm.

Whether we want it or not, we pay now for almost unlimited government; a government which limits our lives by dictating how we are fed and clothed and housed how to provide for old age; how the national income, which is the product of our labor, shall be divided among us; how we shall buy and sell; how long and how hard and under what circumstances we shall work.

Actually, the national budget now governs the economy. Unfortunately, it is growing more and more abnormal.

For years we have been spending far beyond our means. Our indebtedness is now estimated to be nearly 700-billion dollars, a sum greater than the combined debt of all the other nations of the world.

The Russian dictator, Lenin, that implacable foe of the free enterprise system, predicted as early as 1920 that the United States would eventually spend itself into bankruptcy.

How many of our leaders still hear the echo of Thomas Jefferson's voice when he warned with reference to the future of this country:

"I place economy among the most important virtues and public

debt as the greatest danger to be feared. To preserve our independence, we must not let our leaders load us with perpetual debt.

"We must endeavor to reduce the government to the practice of rigid economy to avoid burdening the people and arming the Magistrate with a patronage of money which might be used to corrupt the principle of government . . .

"The multiplication of public offices, increase of expense beyond income, growth of the public debt, are indications soliciting the employment of the pruning knife . . . It is incumbent on every generation to pay its own debt as it goes."

How incomparably different in philosophy from Karl Marx, that patron saint of Communism, who fifty years later, while planning the destruction of all constitutional government, said:

"The surest way to overturn the social order is to debauch the currency."

HE REFERRED, of course, to the process of inflation, induced by extreme taxation; the process of "planned economy;" the process of controlling economic conditions and thereby controlling the lives of individuals—a control of fiscal, monetary and general economic forces which produces higher prices and a gradual devitalizing of the purchasing power of money.

"Taxation," with its offspring, inflation, said Lenin in support of the

basic thesis of Karl Marx, "is the vital weapon to displace the system of free enterprise"—the system on which our nation was founded—the system which has made us the most prosperous people of all history—the system which enabled us to produce over half of the world's goods with less than one-seventh of the world's area and population—the system which gave our people more liberty, privileges, and opportunities than any other nation ever gave its people in the long history of the world.

No wonder Herbert Hoover recently exclaimed in reviewing our situation, "The spirit of Karl Marx no doubt rejoices. . . . He recommended some such actions as the road to socialism."

And by socialism he meant the forcing of a centrally controlled economic life upon all persons in the nation, under an authoritarian monopoly that is politically managed.

The collectors and dispensers of socialistically-used funds, the planning committees and enforcement bodies, the services they presume to render and the pyramids they build, the votes they coerce to maintain control—all these expressions of socialism are but the offspring of excessive taxation.

If we want economic liberty—want to be free to work most productively and to have what we produce—our concern must focus on the tax roots to shut off the revenue

which nourishes the disease.

To work at the other end and merely bemoan the detailed projects of socialism or damn the persons who happen to be manning those projects at the moment, or even to change political personnel, would be about as effective in stopping socialism as changing undertakers would be to stop death.

EXCESSIVE TAXATION produces results somewhat resembling the evils of slavery and serfdom in days of old.

To illustrate: the government takes in taxes over a third of the income of the average citizen each year. This means that he or she is required to work entirely for the government from January first until May tenth.

This begins to resemble the Soviet forced labor system. It practically reduces the citizen for protracted periods to what amounts almost to involuntary servitude.

It is indeed the modern although humanized counterpart in the Twentieth Century of the abandoned slavery and serfdom of the preceding centuries. We will be fortunate if it does not finally reduce individuals to the universal status of robots.

The present tax structure is even now probably adequate eventually to socialize the United States.

Our tax take is already greater than that of the admitted national socialistic countries, whether on this

or the other side of the Iron Curtain.

The effects may not yet be fully evident to the superficial eye, but the erosion of incentive, ingenuity and integrity that results will be as deadly as the hidden cancer is to life.

It can in time change the basic character of this great nation as it has every other nation where it has become indelibly affixed.

In the last two decades our tax system has resulted in a creeping inflation which has devitalized the American dollar to 40 per cent of its previous purchasing power.

If the present trend continues, the dollar may well sink to half its present value within another decade.

Those who suffer most from such fiscal debasements are the men of small means—those living on fixed incomes, wages, annuities or pensions—especially the working man.

But inflation does even more than debauch a nation's currency; it also debauches a nation's morals. It creates a false illusion of prosperity; it discourages thrift and honest effort; it encourages the kind of speculation that expects something for nothing.

History shows how difficult it is for a nation to recover once it is in the sway of an irredeemably depreciating currency. The tendency is for prices to go higher and higher, the value of money to go lower and lower.

Sharks of Quemoy

Nationalist Frogmen Dodge Unending Red
Assaults To Keep Quemoy Outposts Potent

by Freeman Long

SWIMMING AND SKIN DIVING are, of course, popular seacoast sports everywhere; but in Chinese waters, they have become maneuvers indispensable to the defense of Quemoy and its outlying islets, particularly in keeping the latter supplied.

Tatan and Ehrtan, only two and a half miles off the Chinese Communist mainland, are two of Quemoy's strategic outposts. Lying smack in the mouth of Amoy Harbor, their basic invulnerability mocks the Peiping regime on its very threshold.

Supplying these islets by sea convoy is impractical because of their extreme proximity to the Communist shore batteries. The Tans have a combined area of 0.39 square miles. They have been pounded by Communist artillery on an average of one shell to each hundred square feet since August, 1958, when the Communists launched their attempt to blockade the offshore islands by artillery warfare. The smallness of the area makes it equally hazardous to supply by air-drop. Yet supplies must be got to the Tans somehow, so the Nation-

alists began training frogmen. Superficially, with their goggles and flippers, the Quemoy frogmen resemble skin divers seen on a Hawaiian or Miami beach. Actually, they are combat athletes. The sharp knives they strap around their waists add a gladiatorial touch to their bronze-muscled bodies.

Supplying the Tans is a task that calls for sheer bravery and intelligence.

Comes nightfall, the frogmen ride their supply-laden motor boats to the surrounding waters of the Tans. They wait for the three minute reloading intervals between the Communist barrages. This is still much too short a time, however, for the frogmen to sprint their boats safely to the landing points on the beach. They have to zig-zag through the sea-lanes, dodging Red shells and spotlights. The frogmen dump their supplies on shore and set about evacuating the wounded.

Nearly always, it's a frogman's brute strength that brings him through. For the autumn moon festival, which fell on September 27 last year, frogmen from