

THE JUST TAX

by

GEOFFREY DOBBS

ACKNOWLEDGMENT

The articles herewith being brought out in booklet form were first published in THEOLOGY, a British journal, in the issues for October and November, 1952. Dr. Dobbs' approach to the subject remains unchallenged, and the points he raises have become even more pressing than when they first appeared in print. Grateful acknowledgment is owing to the editor of THEOLOGY and to the Director of the S.P.C.K. for permission to make this important study available in the United States. It is earnestly hoped that fresh attention to the Christian view of taxation can be aroused.

Dr. Dobbs is a scholar of broad interests and is well qualified to initiate a discussion. He was at one time Lecturer in Botany at King's College, and is now Senior Lecturer in Forest Botany at the University College of North Wales, Bangor.

T. Robert Ingram

First printing March, 1964

THE JUST TAX

I

The subject originally suggested to the writer for an article was “The Just Limits of Taxation,” but this presented difficulties, for there can be no just limits to an unjust tax; and in due course it became clear that the nature rather than the limits of taxation must be considered. But with so large a field, if the subject is not to be lost in a general discussion of the nature of just government, a great many assumptions must be made.

The title chosen has reference to “The Just Price,” a matter in which the Church has a *locus standi*. Nowadays, when the Government expends over 40 per cent of the national income, so large a proportion of price is made up of taxation that for this reason alone it becomes necessary to face the problem of the moral basis of taxation; and in fact taxation takes so large a place in everyday life that the challenge cannot be escaped.

This article, therefore, has been written in the hope of opening up thought and discussion on a subject on which it is imperative that Christians should clarify their thoughts. It has devolved upon the writer because no one better qualified would undertake it, and it is put forward rather more for the purpose of gaining information than of giving it.

It will be well to start by asserting what seem to be the relevant principles of justice in the matter; and in this part of the article the paper on *Christian Philosophy in the Common Law* by Richard O’Sullivan, Q.C., has been found particularly useful.

It is evident that the first principle is that of consent. Wealth, labour, and money have been exacted from people by *force majeure* since the beginning of history, but such exactions are the very type of injustice, the commonplace of tyranny; for they ignore the fact that “by virtue of his nature man is free,” and therefore responsible, which the Christian centuries have brought within recognition of the law. Whatever the degree of mercy or moderation shown by the taxing power, or of “equality of sacrifice” experienced by the taxed, *justice* in the Christian sense does not begin to enter into the transaction until it ceases to be unilateral; that is until a contractual element begins to enter into it, involving the government in obligations to the people in return for the payments received.

Mr. O’Sullivan quotes May’s *Parliamentary Practice* (1946 edn) to show that the doctrine of consent can be traced to the Church: “by attributing to the Lateran Council of 1215 the motive source, to the practice of the English Church Councils from 1226 onwards the precedents, and to ecclesiastical leaders the principle applied first in connection with taxes on ‘Spiritualities’ that taxation demands both representation and consent.”

So much has been heard in recent centuries of the principle of “no taxation without representation” that we are in danger of forgetting that representation is a secondary thing, a mere method of ascertaining consent which in any particular instance must stand or fall by its effectiveness. Consent is the fundamental thing, and it is the implications of consent to taxation which seem to be insufficiently appreciated.

From this point of view there seem to be three aspects of taxation which need to be considered: first, the *purpose* of the tax; second, its *constitution* or composition, in the sense of the stuff of which it is made; third, its *amount*. Whenever the taxpayer concerns himself only with the third aspect it is a sure sign that consent is lacking; to him it is merely an impost, a lash under which he seeks to escape as lightly as possible.

The first desideratum for consent is that the purpose of the tax must be sufficiently explicit to be approved or disapproved by the taxpayers. The just tax is in fact a *price*, the price of something undertaken, and which ought to be carried out, by the government; and a price attached to no ascertainable thing is almost unavoidably an imposition and a fraud.

There is, however, one function and duty of government so fundamental that the consent of the governed to it must be assumed—namely, the maintenance of what is called “law and order,” upon which the very existence of the community depends. But this implies also that the rulers shall not impose their own

will on others under the name of law, but regard themselves as “holding the ring” so that a Natural Law, which is acknowledged to be higher than the Government’s law, may operate in society, preventing the imperfections of men from upsetting its balance beyond recovery. The primary purpose of a just tax is thus the maintenance of a just government, defined as a government “under God and the Law.” That such a government must have a balanced constitution, providing checks upon absolute power by a separation of powers within the State, is well enough known; but to enlarge upon this aspect is beyond the scope of this article.

The function of defence against external attack is also often claimed to be equally fundamental since the existence of the community is said equally to depend upon it. But very often it is the existence of the particular government in power rather than the existence of the community which is threatened; and the extent to which the people will willingly defend a government gives an indication of the extent to which it governs with the consent of the people. Obviously a government which imposes a heavy burden of unwanted taxation will have to rely on compulsion for its defence, for a large proportion of the taxpayers might well prefer to exchange it for another government rather than endure, and inflict upon others, the horrors of war.

In recent years the Christian conscience of many who are not themselves in sympathy with pacifism has established the right of conscientious objection to military service. This is again a matter of consent; but if it be admitted that it is wrong to force a man against his conscience to fight or kill, there can be no case for regarding it as right to force him to pay others to do these things for him. Certain pacifists who went to gaol before the last war for their refusal to pay a proportion of their income tax which they reckoned to be spent on military preparation took up a more consistent and respectable position in relation to their belief than did those who tried to contract out only when they were required to use the armaments for which they had helped to pay.

Whatever be the right in this difficult matter there can be no hope of reaching it unless the defence tax is specific, as, originally, in English history, it was. But as the tax was broadened in purpose and application into a general source of revenue, resistance to it developed; and it is surely significant that the two great struggles for the establishment of the principle of consent to taxation were largely concerned with scutage and ship-money, both examples of taxes of this kind.

In other matters it was in former times even more obvious that a tax was a bargain between rulers and taxpayers. Much of the freedom which we still enjoy, or enjoyed until recently, was bought for us by hard bargaining between our predecessors and their Norman rulers. When the burgesses of Leicester agreed with the Earl to pay a threepenny rate on gabled houses in the High Street in return for the right of trial by jury instead of by combat, they got something specific and worth having for their money, and it was in this spirit that Parliament functioned in its early days.

It can scarcely be denied that the great liberating influence which moderated the feudal system and established the concept of the free and responsible man of the Common Law, governed by his own consent, was the Christian religion, as brought to bear by the Church upon rulers as well as ruled. Today the contrast could hardly be more marked. Parliament, far from being the main check and limitation on taxes, is itself the Power which imposes the heaviest taxation in history and admits of no limitation to its powers in doing so. Its taxes are unspecific and unidentifiable as to purpose, being lost in a general budget, so that the whole idea of consent or resistance to them on grounds of purpose has been by-passed. In practice, the over-riding purpose of modern taxation is usually a matter of the application of a financial or economic theory or policy which few taxpayers could understand, even if they had time for the necessary study, or would be likely to assent to if they understood. Furthermore, Parliament no longer considers that it derives its authority from the consent of free and responsible individuals, but from the right of a secret, anonymous, and therefore completely irresponsible statistical majority to over-ride the will of individuals or minorities.

This departure from the Christian conceptions would be less serious if Christians were less confused about it. The prevailing idea of justice has become comparative; a matter of “fairness” in the distribution of rewards and punishments between classes or individuals, rather than that which is based upon Natural Law and the sanctity of agreement between free and responsible men. The writer is no expert on the New

Testament, but to him the parable of the workers in the vineyard appears quite clearly to contrast these two conceptions of justice, and to say that the second is that which obtains in the kingdom of Heaven.

These elementary facts may well seem sufficiently obvious not to need iteration, but political events in recent years show that their significance is not widely grasped, even among church people. As the State has taken over more and more of the functions previously performed by people in voluntary association, the principle of consent has been jettisoned on every occasion, without much serious opposition from any accepted moral authority. Some general warnings have been issued from time to time, by church leaders and others, about the danger of too much interference with personal freedom and responsibility, but seldom have these warnings been sufficiently explicit to exert influence on events, neither have they given evidence of an active faith in the alternative to what was being done.

When the critical stage in this long retreat was reached with the foundation of the Welfare State, the case for retaining the consent of participants, at least by conceding to them the right to contract out of paying for services which they did not want, or which they preferred to receive on the customary voluntary basis, was very nearly allowed to go by default; very nearly, but not quite. For the National Insurance and Health Service Acts, being specific as to purpose, and establishing services to be paid for in part by specific taxes which it was found expedient to call by the name of "contributions," suggestive of their customary voluntary nature, offered an exceptional opportunity for raising the issue of consent in the form of the right to contract out. In the event a small group of people supported by two weekly papers (*The Weekly Review*, formerly *G.K.'s Weekly*, and *The Social Crediter*) made a determined effort to secure this right, and succeeded so far as to make it an issue which was brought before the Government through a petition to the King, and was discussed both in Parliament and by the medical profession.

The writer has not yet forgotten the bewilderment of many people, who had always regarded the right of consent in such matters as fundamental to a Christian society, when they discovered that it was being defended only by such slender forces. A special effort was made to gain the support of most of the Christian communions, and an appeal was made to the Lords Spiritual as representing the moral authority of the Established Church in Parliament; but in general the issue was not recognised as having any great importance to the Church or to the Christian faith, the arguments of expediency, of administrative convenience, and of compulsory "charity" won the day, and the Welfare State was given a structure which cannot tolerate the principle of consent, and which therefore is unchristian.

Nevertheless the issue was raised and is alive; and so soon as the necessary faith is recovered the principles of consent and of responsibility can and will be restored to our national life.

In this connection a recent suggestion in the Church Assembly that the Church Rate might be restored on a voluntary basis is encouraging. What was wrong with the old Church Rate was that it was compulsory upon dissenters and others who did not consent to its purpose. It should not have been abolished, but the right to contract out of it should have been allowed. If restored now on that basis, it would provide a useful precedent and example of what a just tax ought to be; that is, specific as to purpose and paid only by those who consent to that purpose, who also will enjoy to a greater extent than others the benefits derived from what they have willingly paid to maintain.

There is no particular intellectual difficulty in devising a parliamentary and electoral system which would work on these lines. All that is lacking is sufficient faith in what St. Thomas Aquinas calls the *law of liberty*, as compared with that implicit reliance upon compulsion which prevails, even among Christians, in the world today. When this faith begins to stir and to recover its courage, as the writer feels that it is beginning to stir, it will move the petty mountains of government and bureaucracy as it has moved them before, and we cannot be too soon in preparing in thought and in action for that movement.

Obviously, the secret ballot, which makes the voter into an irresponsible statistical unit and the triumph of irresponsibility a mathematical certainty, must be abolished. It is a mystery why it has not been opposed by an informed body of Christian opinion ever since its introduction in 1872, since it transforms the electoral system into a system of mass temptation in which each voter is invited to vote himself benefits at the expense of other people with the certainty that the responsibility can never be brought home to him. At the

same time the purely numerical handling of the results ensures that the population must be grouped into classes struggling for gain, or to limit the loss, from taxation, thus rendering the culmination of class war in some sort of communist State merely a matter of time, so long as this policy is persisted in.

This spirit of irresponsibility which is inherent in the political system is now spreading and permeating the rest of life; for the universal excuse of “circumstances beyond control,” making it difficult or impossible for individuals fully and honestly to honour their obligations, is too great a temptation for many people, who are liable to add their own little bit of fraud or inefficiency to the snowball, under the justifiable conviction that where so much has gone before it is unlikely to be distinguished from the rest. The enormous increase in costs due to taxation also acts as a cloak to profiteering, a cause of widespread suspicion and ill-will, and a discouragement to responsible initiative and effort on a small scale. What we are witnessing is the undermining of that individual credit upon which a voluntary society rests.

If this evil tendency is to be reversed it will mean carrying the war into the enemy’s camp, the invasion of the field of politics by the ordinary standards of responsible conduct as established in a largely Christian society. When this happens voting will necessarily be open and recorded, so that the voter can take responsibility for his choice and also receive the consequences, whether good or bad, in order that he may appreciate what he is prepared to mete out to others. The right to contract out will be greatly extended, and if the parties are to survive they must present their programs in a responsible way, as tenders showing the estimated cost of the separate items, taxation being afterwards allocated according to the recorded voting.

The fact that any such system would embody principles the opposite of those which prevail at present ought not to discourage people from considering it very seriously, for it is evident that the wrong principles are in operation now; and from the point of view of those who look for immediate applications there are many more than are commonly realised, including matters already mentioned; but it is difficult to approach special cases with confidence until the general lines of advance are clear in the mind.

II

Although the question of the *purpose* of taxation and consent to it has been taken first and at greatest length, that of its *constitution*—the nature of the stuff which is demanded of the taxpayer—is of no less, though of less obvious, moral importance.

The old church tithes, paid in kind, provide a good example of a tax essentially just in constitution. Here again the cause of trouble was primarily the absence of consent to their purpose; but assuming that it be agreed that the clergy should be freed from physical production, there is nothing intrinsically unjust in the payment of part of the produce of the land for their maintenance. The debt is always payable in bad times as in good, and need never accumulate, placing the debtor in the power of the creditor. The husbandman in order to support the parson must either consume a little less or work a little harder. This is in accordance with Natural Law and the belief that the soil, rightly treated, will produce enough for all. The same arguments may be applied to the maintenance of a properly constituted government.

But the inconvenience of such a payment in kind in a money economy becomes intolerable, and it would clearly be unjust to demand payment in, say, wheat from a city dweller. The convenience and benefit to both parties of substituting a fixed payment in money for a proportional payment in kind are so obvious that other consequences of using this medium commonly escape notice. Money is not a thing created by God, nor is it produced or obtainable by the taxpayer from Nature, but is a pure artifact, a numerical expression of “credit” or belief, created and controlled by a very restricted group of men. The conditions under which this medium, indispensable to taxpayers and all other debtors, may be obtained from those who bring it into existence inescapably determine whether or not, in the aggregate, demands for money such as taxes can be met in full without injustice and without merely transferring the debt elsewhere.

If the money system reflects, as closely as the wit of man can devise, the real nature of the created world and its potentialities, whatever is naturally possible will also be financially possible, and a tax which is payable in produce will be no greater burden in money as well as being more convenient. But it is painfully clear that this correspondence between the real world and the financial world has never been closely approached, and never less so than today, when we have “managed” currencies reflecting only the judgment and the will of certain men.

Unfortunately the defenders and custodians of knowledge about the modern financial system do not make it easy to understand its moral basis, and many of those church people who in recent years have inquired into this important subject have been confused and discouraged from pressing their inquiry by a babble of technical arguments, controversial opinions and expert pronouncements. It is most sincerely to be hoped that this article will not start any such discussion. It is not the techniques or the economics but the faith and morals of the matter which urgently require the attention of Christian people.

The fundamental fact, from the Christian point of view, about the modern money system is that it denies the redemption of debt; and therefore denies deliverance from that temptation which debt brings to bear upon debtors. Money, nowadays, is virtually synonymous with financial credit, which comes into existence only as a debt repayable to the issuers, so that by its very nature such debt is irredeemable and must increase and accumulate power in the hands of the creditors; although of course, in each particular case, the debtor may free himself by transferring the burden to others. This terrible moral strain permeates all that part of life into which monetary considerations enter.

It is also a fact that modern governments finance their day-to-day expenditure, not out of taxation as is commonly supposed, but by incurring debt which it is the function of taxation to repay. The power to tax, in other words, is the security upon which the loans are raised, which is one powerful reason why compulsion must be used; for since debts in general can never be met in full, compulsion is the only way in which governments can ensure that their own liabilities are met in full, so that they remain “credit-worthy.”

There is no possibility of justice when taxation is levied in such a medium, obtainable in the first place only as debt, manipulatable as to value, and bearing an inverted relationship to the real potentialities of the world. It has not yet been forgotten that, within living memory, physical plenty has been accompanied by

widespread monetary poverty; that the threat of the return of such a state of affairs still dominates the political scene; and that the floodgates of financial credit have been opened widely only for destruction. It is not long since the value of the pound in terms of the dollar was radically changed by edict, so that, to comply with the will and judgment of certain men whose identity is not generally known, a whole nation had suddenly to provide some 50 per cent more work for a given return. A tax payable on these terms is merely a means of power over the taxed, and in recent years taxation has been used quite openly as a means of controlling the lives of the taxpayers, rather than purely a source of revenue for the purposes of government.

This process has reached its culmination in the U. S. S. R., where tax and price have become scarcely distinguishable, being manipulated from day to day by Government edict for the purpose of controlling consumption according to plan. The winter surcharge imposed on domestic consumers in 1949 by the British Electricity Authority was of the same nature. There seems to be no challenge from any moral authority to the right of the Exchequer annually to manipulate the personal and cultural habits of the people—their eating, drinking, smoking, amusements, the quality of foods they buy, even the design of motorcars, houses, and other things. The whole structure of life is distorted and interfered with by taxation: if the robin on a Christmas card has a red breast it bears a higher rate of purchase tax; the owner of a piece of waste land must certify that he has committed “no act of husbandry” upon it if he is to escape property tax; the building or improvement of many homes is penalised or prevented by development charge and increased rating assessments. But taxation is also openly used to destroy independence, to concentrate power, and to bring about social changes—the African whose money is cattle has had to work in the white man’s plantations to get the wherewithal to pay his poll tax. The heirs or executors of the English landowner must break up his estates in order to pay death duties, deliberately levied for that purpose at a rate which could not be met out of the current produce of the land. The control of such bodies as the universities is passing to the Government by the simple process of so reducing the net incomes of their staffs by taxation that they have to be made up again by grants of “public money.”

But the tax which is most subtle, pervasive, and radical in its social effects is the purely monetary tax of inflation—the modern equivalent of coin clipping—which undermines continually the value of all fixed endowments, and must in time deprive all traditional institutions, and notably the Established Church, of their property and financial independence.

The worried look which is nowadays habitual to the parish priest as he goes about his business is not unrelated to these facts, and though an understanding of them will not help to solve his financial difficulties, it will enable him to face them with a clearer mind and a greater courage. A known enemy is less formidable than an unknown, and, though it is not usual to think about it in this way, a false credit system must necessarily rest upon a false faith which is at variance with the Christian faith, and which is all the more powerful when it is taken for granted. It can scarcely be denied that the great challenge to the faith of this age is what is usually called the economic challenge, but which is more correctly called the financial. A money system cannot serve two masters, or two functions. It cannot be an accurate reflection in accountancy of the created world, enabling whatever can be done to be done, whatever can be made to be bought, and all just debts to be redeemed in full, and at the same time a means of power and control over the lives of men. The redemption of debt has more than a verbal bearing upon the redemption of men.

It may be that, unless the Church becomes fully aware of the weapon which is being used against her, she will be forced back to the last ditch of her defence in poverty, celibacy, and martyrdom. For credit is a thing which ought to lie within the field of religion and moral authority; and the crying need of the world is for a credit system which is not a means of centralized power, and which possesses in its policy and principles that integrity which we rely upon in the administration of our local branch bank. There was a time when money was issued under the authority of the Church, and it may be that something of the sort may again be necessary. But to prevail against the terrible weapon of a false credit a faith is needed deeper and stronger, as a motive of action, than the implicit confidence which the ordinary man, even the ordinary churchman, feels in those paper notes, bearing a false promise of the redemption of debt, which symbolize the main operative faith of this world. To avoid misunderstanding it should be added that even a false confidence is better than none, but that a Christian (that is a debt-redeeming) financial system would be the most beneficent invention of mankind. *Corruptio optimi pessima.*

III

There remains finally the third aspect of taxation, the *amount*; but this can be dealt with shortly, for in so far as a just tax is a price the amount will be determined by the cost, and any gross excess will be limited by the right to contract out. It is true that the service of an ever-increasing financial debt must progressively inflate taxes as well as other prices beyond their natural limits, but any honest system which brings this fact accurately home to the mind and pocket of the elector and taxpayer will also tend towards the application of the remedy.

There is, however, a basic part of taxation to which these considerations of cost cannot be applied fully—namely, that part which supplies the maintenance of the Government, or of the clergy, or of other people whose duty it is to serve the community in ways which could never be entirely computed in money or wealth. Here it is possible to say only that *custom* supplies the answer. St. Thomas Aquinas quotes Tully's *Rhetoric* as follows: "that justice has its source in nature; thence certain things came into custom by reason of their utility; afterwards these things which emanated from nature and were approved by custom, were sanctioned by fear and reverence for the law."

Certainly the inconstancy of modern taxation with its innumerable arbitrary changes, destroying faith and security in personal arrangements and undertakings, is utterly at variance with natural law, custom, and morality. Trollope shows in *The Warden* how the mere threat of a legalistic justice could destroy the peace and happiness both of the old bedesmen in the almshouse with their 6d a day, and of the warden in his comfortable home with his 800 pounds a year derived also from the charitable bequest; yet it can scarcely be denied that this division of the bequest represented an injustice, but not one of which the warden was guilty. The harking back to ancient wrongs at the expense of a settlement established by custom seems always to increase the injustice.

This idea of justice applied to the question which first stimulated the writing of this article, as to what constitutes a just limit to taxation, cannot give any simple or quantitative answer; but the amount of one-tenth formerly accepted for tithes has behind it the weight of long-established custom, and may therefore be helpful in indicating what must be a reasonably just proportion.

It may be taken for granted that almost any expert on modern government and finance would say that the suggestions here put forward are hopelessly impracticable; but that is merely a statement of adherence to a different belief. All society hangs utterly upon faith, whether the faith be false or true, and the Church ought not to abandon her proper ground because the politician and the economist have invaded it.

The writer is painfully aware of his unfitness to present this subject to the readers of THEOLOGY, and begs others who are better equipped to criticize and to clarify the moral considerations involved; but if the image of rightness is to be held up to the world it must be defined in practical terms; and if it is right, it is practicable, and requires only faith to bring it about.

Geoffrey Dobbs