

TARIFFS AN INSANE M

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(Reprinted from the YORKSHIRE OBSERVER, 29th April.)

Bad taxation does more to encourage corrupt and extravagant government than anything else. That is one of the reasons why we, as a league (the Yorkshire Land Values League), concentrate our efforts on trying to secure a system of taxation that, besides being just, will encourage economy and open the way to production. It will give also encouragement to producers by securing to them the right to enjoy the results of their industry.

Taxes on trade always tend to dry up the sources from which revenue can be derived. They open the way to the speculator while closing the door to the honest producer, and that is not the way to bring about good trade and industrial peace.

About eighteen months ago I met a gentleman who happened to be a Civil Servant engaged in the Customs Department. We discussed the question of tariffs, land value taxation, etc., and afterwards exchanged letters on the subjects. The following extract is from one I received, and as it throws some light on our discussion I trust that, coming from one with practical experience—not a mere theorist—it may be deemed worthy of reproduction. It was as follows:—

In continuance of our conversation, I append a few points about our present indirect taxes you may find interesting and amusing:

Motor cars which are to be used for pleasure are liable to a duty of 33½ per cent. of value. Motor cars which are to be used in the course of "trade or husbandry" are exempt from duty under the Act.

This means that every car or chassis imported free which is capable of adaptation for pleasure purposes (a large proportion are of such a nature) has to be watched during the whole of its working life to see that such adaptation does not take place. I leave you to imagine the hefty nature of this proposition.

Then, in the case of the genuinely dutiable article the first difficulty is to assess the value. The valuation of a piece of land would be easy in comparison, and would have the advantage of standing as a basis for all future revaluations, whereas in the case of the motor the job has to be done afresh every time. The value for duty is defined as the value at the ship's side in this country, and includes all charges incurred up to that stage in the history of the goods—original cost, foreign commissions, packing cases, freight, insurance, and all profits which will eventually reach the foreign exporter. A lovely job!

There also arises such questions as the following: Motor hearses. Can the corpse be said to be out on a pleasure trip? Our authorities decided that such a vehicle was free. Motor hearses and mourning coaches combined: It being agreed that the "corp" was not out for pleasure, there can be no doubt that the mourners are, and therefore such a vehicle is liable to duty.

Then the fact that all component parts and accessories are dutiable on the same terms as whole vehicles gives rise to some horrid complications.

Engineers' tools are specially exempted.

Cotter pins are dutiable, but cotter-pin extractors are free.

Engine paint is free, but, of course, if it is on the engine it is liable to duty.

Hub cap wrenches are dutiable, but socket wrenches are free, and the officers are supposed to know the difference.

Tyres are free (specially exempted, and if fitted to a complete vehicle their value must be deducted in assessing it for duty), but the wheel and rim that holds them is not free unless it is only suitable for solid tyres.

Valve grinding tools are dutiable, but, engineers' hand tools being free, there is evidently something very vicious about a valve that must be discouraged. Incidentally, since valve grinding compound is free, perhaps my suggestion is doing the valve an injustice. In any case, we don't know where we are, as the old song says.

I could go on in this strain all the week, but these are fairly representative samples of the insane mess into which our taxation system has developed. The other ad valorem duties on musical instruments, clocks, and

watches are just as bad. The sugar duty is a nightmare, and causes incalculable loss, waste, and delay to all sorts of goods into which sugar does, or may, enter as an ingredient—ranging from confectionery and canned goods to boot blacking and dyestuffs.

Bad as things are, I can see worse coming along when Imperial Preference gets really going—such questions as the proportion of the value of an article which is due to labour, or expenditure within the Empire as distinct from labour, etc., outside the Empire! Civil aircraft are also going to give us a lot of trouble.

I don't blame the higher officials of our department—in fact, I rather sympathise with them. When I see the poor devils painfully struggling along to achieve the impossible I always think of that story of the Wild West dancing saloon in which there was a large printed notice stuck up over the piano, "Please don't shoot the pianist, he is doing his best."