

CHAPTER IV.

THE BURDEN OF TAXATION.

OUR system of taxation, based upon the principle of securing "the greatest good to the greatest number," has been devised merely for the purpose of providing revenue to cover the cost of administering the government of the country. For this purpose, taxes are levied on imported goods, on Railway, Postal, and Telegraphic services, on commercial transactions, on various businesses, on sheep, and even on the administration of justice. From all sources, the revenue of New South Wales for the year 1889, was a little over £9,000,000 sterling; or roughly about £9 per head of the population. Taking an average in this way would, however, prove very deceptive, and would conceal all the mischievous workings of the system. When the actual incidence of the taxes is sought, and the question is asked "who pays?" no direct reply is given; but an examination of the figures provided by the Government Statistician discloses some astounding facts, which place beyond doubt the restrictive and punitive effects of taxation upon productive enterprise. We find there that those engaged in the pastoral industry alone are made to pay about fifty times the average amount of taxes. The figures given in "Coghlan's Wealth and

Progress of New South Wales," 1890, page 225, show that there are engaged in the pastoral industry the following persons:—

Holding Pastoral Leases, 1,613; who pay rent,	£526,447
„ Occupation Licenses, 1,495; „ „	£252,121
Total, 3,108	£778,568

In addition to this, they pay "one-third of the earnings of the goods traffic of the railways of the colony" (page 431). The total earnings of the railways for 1888 were £1,748,334, one-third of which amounts to £500,000 nearly. Adding this to the sum paid for rent, we have £1,278,568 as the contribution of 3,108 persons for one year, being an average of over £400 per annum for each person. Each of these pays further taxes for passenger traffic, Custom House and other items, an additional sum which cannot be allotted with the same accuracy. Neglecting this, the sum given above is sufficient to fill us with amazement, when we consider that this plunder is extorted from those who produce about 75 per cent. of the total exports of the colony. The average of £9 per head of the population looks very insignificant beside this enormous impost; but it proves that "the greatest number" must pay an average of very much less than £9 per head, and it also proves that in the matter of taxation, our Law secures *their* "greatest good" at the expense of those who do most to promote the progress of the colony.

As far as the pastoral industry is concerned, it is thus made plain that our system levies on productive enterprise a tax so heavy, that it cannot but exercise a most discouraging effect.

With regard to agriculture, no figures are given by which the incidence of taxation upon that industry may be shown, but a tolerably accurate general conclusion may be arrived at, and the amount a small farmer is compelled to pay, may be gathered from the following example. Let it be supposed that he has secured a farm of 50 acres, valued at £50 per annum, in the district of Singleton, 147 miles from Sydney, where he buys the goods he requires to start with, and sends them to Singleton by Railway. For doing so much, he will have to pay a tax of £90 in addition to the cost of the goods, as shown by the following statement:—

GOODS.	COST.			DUTY.			FREIGHT.		
	£	s.	d.	£	s.	d.	£	s.	d.
Timber for Buildings ...	75	0	0	11	5	0	15	0	0
Doors and Sashes... ..	8	0	0	1	4	0	2	2	2
Galvanised Iron	40	0	0	4	0	0	4	16	10
Furniture	50	0	0	Nil.			6	6	6
Sundries... ..	20	0	0	0	5	0	1	0	0
Paints, etc.	5	10	0	0	12	6	0	10	0
Galvanised Tank	7	0	0	Nil.			3	0	10
Fencing Wire	20	0	0	2	0	0	4	16	10
Machinery and Tools ...	100	0	0	Nil.			7	10	0
Tea	3	0	0	0	12	6	0	3	0
Sugar	12	10	0	3	6	8	1	10	1
Flour	9	0	0	Nil.			0	13	3

THE BURDEN OF TAXATION.

GOODS.	COST.			DUTY.			FREIGHT.		
	£	s.	d.	£	s.	d.	£	s.	d.
Tobacco	7	10	0	7	10	0	0	3	0
Whisky	1	12	0	1	12	0	0	3	0
Fruit Trees	20	0	0	Nil.			0	12	0
Seed Wheat	2	10	0	"			0	3	0
" Maize	0	12	0	"			0	3	9
" Lucerne	7	0	0	"			0	3	0
" Potatoes	8	0	0	"			1	6	6
Cart	10	0	0	"			2	9	6
Horses (2)	40	0	0	"			3	14	6
Bags (1,000)	25	0	0	"			1	4	7
	<u>£472</u>	<u>4</u>	<u>0</u>	<u>£32</u>	<u>7</u>	<u>8</u>	<u>£57</u>	<u>12</u>	<u>4</u>

TAXATION.

Custom-house Duties	£32	7	8
Railway Freight	57	12	4
Total	<u>£90</u>	<u>0</u>	<u>0</u>

From this, it may be seen that the intending farmer, for merely proposing to produce, must pay to the public revenue a tax of £90, before we will allow him to produce anything at all. The Law says to him, "You are fined £90 for wishing to increase the wealth of the country. If you will abandon your intention and remain idle, no further punishment will be inflicted upon you. But if you persist, you will be fined more heavily still, the more wealth you produce. You will have the satisfaction of knowing that the fines you pay tend 'to secure the greatest good to the greatest number' by saving them from the necessity of contributing to the revenue."

The deterrent effect of this tax must be clear enough, but to remove any doubt upon the subject, let us suppose that a governmental tax of £90 is levied upon every young man who intends to become a lawyer, and that it must be paid before he takes the first step in that direction. Will any contend that such a tax will not prevent many young men from becoming lawyers? May it not be considered the natural result of imposing taxes on productive enterprise that there should be such a rush of stalwart manhood into the ranks of the "Devil's Brigade," upon which there is no tax?

But suppose again that our intending farmer is an obstinate man, and is determined to be a producer in spite of the Law. Having paid his £90 prohibition tax, and so made things comfortable for "the greatest number," he works industriously at his farm, until he has ten acres each of wheat, maize, lucerne, potatoes, and fruit trees in full production. He gathers in his harvest, and sends it off by railway to Sydney for sale. The result may be figured up as follows:—

CROP.	PRODUCE.	VALUE.	FREIGHT.
Wheat	... 200 bushels	£45 0 0	£3 12 10
Maize	... 300 "	60 0 0	5 9 3
Lucerne	... 30 tons	120 0 0	45 4 2
Potatoes	... 50 "	150 0 0	33 2 6
Fruit	... 500 cases	125 0 0	54 13 0
		£500 0 0	£142 1 9

It is thus apparent that his contribution to the revenue, out of his total production of £500, reaches the respectable sum of £142 1s. 9d. for the benefit of "the greatest number." It must not be forgotten that this is the *annual* tax on this 50 acre farm, increased or diminished by good or bad seasons; but equally oppressive and iniquitous in any case. In addition to this "crusher," he must pay freight and taxes on all he consumes—postage, telegrams, stamp duty, railway fares, and so forth; so that the full amount of his annual tax cannot be less than £150. In fact, his little 50 acre farm is made to pay taxes for himself and fifteen or sixteen others, who pay nothing because they belong to "the greatest number," for whose benefit the Law restricts and punishes agricultural enterprise.

With regard to the mining industry, exact facts and figures are not available to show the average amount of taxation falling upon each individual who undertakes the responsibility of engaging therein. Taking into consideration all the items of which it is composed, to set it down at £100 will not appear too high a figure. This, of course, is only a guess; but it will serve for the present, as at least an approximation to the true amount. Thus it will now be clear to all that the three great productive industries of New South Wales are made to bear much more than their share of taxation, and, together with the manufacturers, may be said to pay for all the rest of the population. And

so it must always be under our system, that producers pay everything; consumers nothing. Wherefore to tax producers to death, would be to kill off consumers as well. To this fact, producers are indebted for so much mercy as is shown them by our laws in checking taxation just a little short of the point at which production would become impossible. Hitherto our policy with regard to them has evidently been restrictive almost to prohibition, has been as short-sighted, as it is unjust, is calculated to impede the progress of the whole community, and therefore inflicts injury upon "the greatest number," whose advantage it was supposed to secure. For if one producer can maintain 100 consumers, two would keep them in comfort, three would give them abundance of everything, and four would provide them with every luxury of life.

Hence to encourage production is a wiser policy than ours, even if we still continue to seek only the good of "the greatest number." To back up all the obstructions we heap in the path of progress, our system exercises punitive effects that are most disastrous to our welfare. Its influence is irresistibly destructive, because the crushing burdens we put on them compel the abandonment of enterprises set on foot in spite of all restrictive or prohibitive taxation; enterprises in which much capital is embarked, and much labour employed, whose abandonment involves a treble loss. 1. Loss of the Capital. 2. Loss of the

wealth that Capital and Labour would have produced.

3. Loss through adding to the numbers of those already made idle by the action of the restrictive and prohibitive influences a constant reinforcement from the ranks of those whose employment is taken from them by the destructive influence. This threefold loss is so much the worse for the country, that it adds to the number of consumers, who have to be maintained by a smaller number of producers. For if 500 producers employ 5,000 labourers and maintain 5,000 consumers, and we reduce the number of producers to 250, we thus add 2,750 to the number of idle consumers, and each producer has to maintain 31 consumers instead of 10, or three times as many as before, while each consumer will have only one-third of his former share, because there are now 7,750 to be maintained by only 250 producers. The effects of the continual repetition of this process can only be an increasing aggravation of the people's suffering and of their discontent and irritation. That the process must be repeated and its evil effects increased continually is plainly to be seen in the fact that the taxation which causes it all is continually increasing. Thus the average taxation per head of the population for the years 1860, 1870, 1880, and 1889 was £3 17s., £4 5s. 9d., £6 15s. 5d., and £8 4s. 2d. respectively.* It is plain then that we are rapidly tending toward the consummation of that dire calamity, already

* Tregarthen, New South Wales, 1860 to 1889, p. 16.

looming large on the horizon of possible events, a universal rebellion against the existing order of things that will unite in one common destruction the system that produces these evils and the grandeur that has been attained in spite of it.

Because the volcano has not yet reached the point of active eruption and the earthquake has not yet overthrown and destroyed us, there are many who urge that there is no danger—that no change is needed—that our present system is good enough to last a long time yet—that the impeachment of it is based on a fallacy—that the proposed New System is the dream of a visionary enthusiast—and so on. But when we know how great is the tension in other countries, and how the explosion draws nearer and nearer day by day, when we see how imminent is the danger even in England—shall *we* go on quietly along the road that we know must in the end bring us into the same condition? Delay means danger, with destruction and death following close at its heels. Action may avert it—inaction makes it a terrible certainty.

To the statesmen and politicians who rule Australia, to whom is committed the trust of providing for her present and future welfare, these considerations should seem sufficiently powerful to induce them to devote a little thought to their responsibility with regard to them.

The people themselves, instead of following their blind leaders, should grasp their destiny with a firm

hand, and, seeing how they have been beguiled into by-paths of folly for the benefit of this party or that, and to their own infinite loss and injury, should demand an immediate return to the ways of wisdom, in which alone can national safety be found.

The graziers, the farmers, the miners, and the manufacturers should awake to the momentous value of a reform that will no longer permit them to be made the slaves and tax-payers for those schemers who avoid the payment of their due share by saddling it upon them; that will also avert the threatening calamity that else will surely overwhelm us.

The labourers—the “working classes”—who have formed themselves into the mightiest combination for their common advantage that the world has ever seen, should now see where their true advantage lies. It is not in violence or destruction, or in putting an end to that productive industry upon which their own and their children's lives depend. It lies in simply returning to the path of wisdom and justice, by insisting that our rulers shall abandon their present heathen policy, together with the heathen maxim upon which it rests, and adopt a new and better system that will take for its aim “the good of all,” and work in harmony with the precepts of the Son of God.
