

THE COST OF TAXATION

Charles E. Stone, on the "Cost of Taxation," read before the Institute of Chartered Accountants in St. George's Hall, on Thursday evening. In fact the paper made such an impression on the Chartered Accountants that it was decided to meet again in two weeks for more thorough discussion. The paper reads:

It is in the belief that it is not the tax alone, nor chiefly, but its effect upon the lives, industries and morals of a people which is of paramount importance, that I have chosen for the subject of my paper the title of the "Cost of Taxation;" the word "cost" in this instance being intended to convey a meaning deeper than the purely fiscal consideration of the question, to which, however, the chief portion of this paper must necessarily be devoted, leaving largely to inferences which may be drawn from its title and references, that which properly belongs to the domain of ethics.

THE PURPOSE.

It will be my purpose to endeavor to conduct a short enquiry into the working and effects of the methods of taxation commonly in use in this country, and the testimony of experience as to their results.

The constant interference with business which many forms of taxation involve would alone afford justification for directing the attention of accountants to the subject, apart from the fact, I believe, that in past years questions contained in the examination papers of this institute have implied that the applicants for its charter have been expected to have given some attention to the study of economics, of which taxation is an important branch.

APPEAL TO ACCOUNTANTS.

In so far as the question is a fiscal one, there is no class of men to whom, from its very nature, it can appeal with more force than to gentlemen following the profession of accountancy, nor can I think that the public would give greater weight to the opinions of any body of men on the subject than to the deliberate expressions of the members of the Institute of Chartered Accountants, to whose individual guidance are entrusted with every confidence some of the most important branches of their financial and industrial operations.

APPEAL TO OTHERS.

The question of taxation is one of such scope and magnitude that the difficulty in preparing a short paper of this kind consists not so much in what to say as in what can be eliminated from that which one feels it necessary to say, and still have each point touched upon, if ever so

lightly, and touched upon in such a manner that any thinking person, even though he hold a diverse opinion, shall at least concede for each argument a foundation in reason; and when we come to consider that every man who works is a taxpayer, we must perceive that this includes a large class of men, who, believing themselves free, are perfectly careless of the whole matter. How many young men, for instance, who fill the numerous boarding-houses of every large city, and have successfully avoided the small income or statute labor tax, know themselves to be taxpayers at all? And of those who know this, how many have been brought to see, that in proportion to their earnings and the benefits they receive from government, they are among the heaviest taxpayers and are, moreover, as a class, among the chief sufferers from any maladjustment of the social system which can be traced to the effects of unwise and inequitable taxation, when by its instrumentality the concentration of wealth is facilitated, burdens are imposed and opportunities withheld.

ORIGIN OF TAXATION.

I hardly consider it necessary, nor is it easily possible in the limited space of a paper of this kind, to dwell upon the origin of taxation, because such an enquiry, carried to its logical conclusion, would lead us to an investigation into the origin of government. It is sufficient for our purpose to know that we have government and to concede that we are not aware of any means of dispensing with it, and wherever government exists, it, in the nature of things, implies the necessity of a revenue to provide for the benefits of communal existence.

WHAT IS TAXATION?

Taxation is the indispensable condition of government, it is the term by which we designate that portion of the product of our industry which we devote to a common fund, ostensibly to provide for such needs as we find we have in common, and which multiply as civilization grows more complex, advantages to be derived from it apparently enhancing with its growth; and it would certainly seem that if equity governed the collection and expenditure of this fund, it must yield benefit to every member of a community equivalent to his payment.

It is with mistaken solicitude that we devote almost all our attention to the manner in which our taxes are expended, neglecting almost entirely to appreciate that in an inequitable system of collection lurks an evil infinitely more far reaching in its effects upon the individual and upon the community.