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Deep in the Heart of Taxes

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*American Tax Resisters*
By Romain D. Huret
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To pay the expenses incurred in fighting the Civil War, the government of the United States sold bonds and levied several taxes, including a small graduated income tax. Despite the threat to the Union, an observer noted, "a Federal tax is always odious to the people." Each citizen of the United States "pays a tax every hour of the day," another man complained, "either directly or indirectly; for his income as well as his expenditures: for his business as well as his pleasure."

In *American Tax Resisters*, Romain Huret, a professor of American History at the University of Lyon 2 in France, reminds us that anti-tax crusades have deep roots in American political culture, dating back to the Boston Tea Party. A marginal movement until the Civil War, tax resistance gained momentum and entered the political mainstream in the twentieth century, he argues, when progressive taxation (based on the premise that government should redistribute wealth to address poverty and economic inequality by providing what came to be known as a social safety net) gained traction.

In recent years, Huret emphasizes, tax resisters have had a significant impact on public policy. Although they failed to exterminate the income tax, rates have plummeted from their World War II peaks, the "death tax" (on inheritance) has been drastically scaled back, and the impact of income transfers has been reduced. And, with the shutdown of the federal government by Tea Party radicals, who are determined to drive a stake deep in the heart of taxes, a vision of a tax-free world has "cascaded" into the twenty-first century.

Drawing on public debates, the records of local and national anti-tax organizations, and petitions to Congress, Huret tracks the ebbs and flows of tax resistance. In 1895, he indicates, although dissenters deplored the use of the specter of socialism to frighten Americans from laying taxes on individuals in proportion to their ability to pay them, the U.S. Supreme Court declared the income tax unconstitutional because it discriminated between those who earned $4,000 and those who did not. In response, the Sixteenth Amendment to the U.S. Constitution was adopted in
1913. In 1923 the Court declared that citizens did not have a right to withhold their taxes because they did not approve of a specific program or programs to which they would be directed.

Huret is less effective, however, is sorting out the sources of support for tax resistance movements. Following World War II, he suggests, not quite accurately, large corporations "accommodated themselves" to the progressive tax structure and a "grassroots subculture" emerged "behind the scenes of the nascent conservative movement." Puzzling as well is his assertion that the close alliance between corporations and Republicans "increased the limit of tax resistance" until the 1960s and '70s, when "some big corporations decided to rejoin the anti-tax parade, even though it was a difficult decision to make." It may well be more accurate to say that, although corporate executives concentrated on business taxes and the identification of loopholes, they have always marched in the anti-tax parade.

Huret also does not address a fundamental paradox of American political culture. Despite the breadth, depth, and growth of anti-tax sentiment in the United States, and claims (cited by Huret) that evasion is on the rise, Americans exhibit very high levels of tax compliance. Recent studies, for example, indicate that the United States has a higher "tax morale" than any country in Western Europe. And America's underground or shadow economy, which, of course, is untaxed, represents about 8.6% of Gross Domestic Product, by far the smallest among the countries which were surveyed (China's, by comparison, is 12.7%, Germany's is 16%, and Russia's is 43.8%). Since scholars tend to correlate tax compliance with an individual's identification with and loyalty to his or her democratic government, and with active participation in the political process, one wonders whether the loss of confidence in the competence and character of the federal government, which has been stoked by Tea Party radicals, has begun to erode the intrinsic motivation to pay taxes. And whether the 33% increase in cases recommended for prosecution by the Internal Revenue Service between the 2009 and 2011 fiscal years are manifestations of that erosion.

"The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least amount of hissing," Jean-Baptiste Colbert, King Louis XIV's controller general of finance, once quipped. Bankrolled by the Koch brothers and other anti-government zealots, the Tea Party has made certain that American citizens feel "thoroughly plucked;" our nation's politicians, Democrats as well as Republicans, are afraid of casting any vote that will incite their ire. And, as Romain Huret implies, we are now a long, long way from having "a well-digested tax system in the name of equality and social justice."

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