



Tax- and Transaction-Related News and Commentary from S.Crow Collateral Corp.

## Dealburt Gives Some Reasons Why He's Proud to Be an American—Even a Tax-paying American

**Dear Reader:** As much as anyone is, I'm in favor of postponing and minimizing the payment of taxes as much as the law allows, and I'm in favor of avoiding the payment of taxes which can be legally avoided.

It's not easy to find good things to say about income taxes other than that some taxes are necessary, but here's a good thing to say: our income tax system, as convoluted and counter-productive as it is, is largely *voluntary* in the sense that it

does not impose a tax simply on existing; it imposes a tax on doing certain things, which to a considerable extent, we can choose to do or not to do. The tax code implicitly says, "If you do this, then you will be taxed in such-and-such a way"—but you can choose whether to do that thing. *If you have capital gains, if you have gainful employment, and so on*—but you really do have the right as an American to choose to be a tax-free bum.

Here's something even better about being an American: unlike in a totalitarian system, everything that isn't prohibited is legal, whereas in a totalitarian system nothing is legal except that which is explicitly made lawful. Therefore, our freedom as Americans is *residual*; it covers everything that is left. The natural tendency of government, though, is to continue to take control over ever-larger portions of civil life.

Jean-Baptiste Colbert, Louis XIV's finance minister, said that taxing is like plucking a goose; the aim is to get the most feathers with the least hissing. I believe that taxes ought to be pro-growth, *i.e.*, to tax at such a rate and in such a way that tax revenues are optimized, by which I mean that revenues are maximized and distortions and inefficiencies in the private economy are minimized. Also, for us to be free, taxes ought also to be explicit rather than hidden, so that we know it when we are paying them.

As Americans, we are free to organize, contend and persuade in the pursuit of these objectives. The very act of doing so helps to preserve these freedoms!—Dealburt



**Happy Independence Day  
from Dealburt!**

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