

# BLOOD FROM A STONE

A CARTOON GUIDE TO TAX REFORM

FEATURING:



JOHN DOUGH



ONLY ERNIE

## CHAPTER 1 HISTORY

**T**AXES ARE AS OLD AS THE HILLS, AND ABOUT AS HIGH...

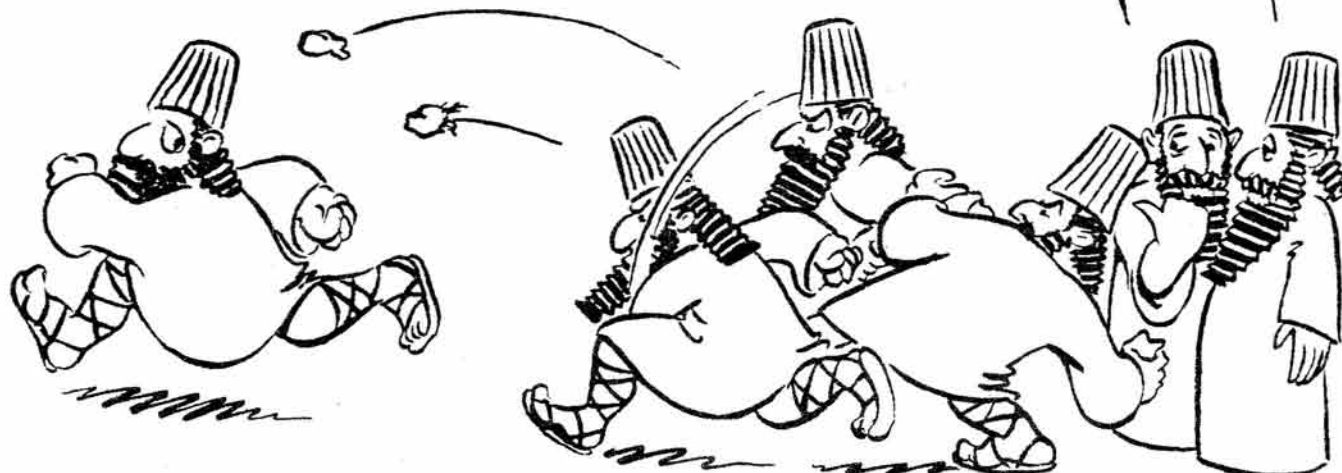
TEXT: STEVE ATLAS  
PICTURES: LARRY GONICK



FOR EXAMPLE, AS FAR BACK AS 700 B.C., THE ASSYRIAN GOVERNMENT WAS RAKING OFF A PERCENTAGE OF ALL PROFITS FROM THE SALE OF WINE, TIMBER, AND SLAVES. THIS DIDN'T SIT WELL WITH THE TAXPAYERS, WHO CHOPPED UP ONE TAX MAN AND RAN HIS PARTNER OUT OF TOWN.

WHAT ARE THEY THROWING AT HIM?

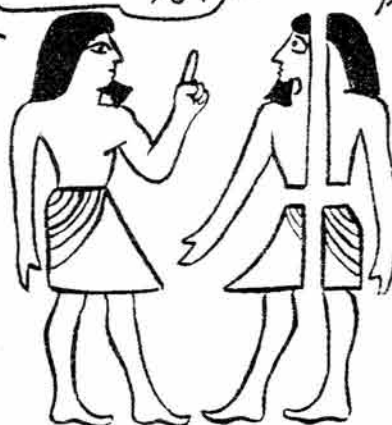
PIECES OF THE LAST GUY!!



THE EGYPTIANS WERE EQUALLY CIVILIZED: THEY TURNED OVER A FLAT ONE-SIXTH OF ALL THEIR PRODUCE TO THE TAX-COLLECTOR —OR ELSE FACED UNPLEASANT CONSEQUENCES, LIKE BEING DRAWN AND QUARTERED...

THAT IS WHY OUR MATHEMATICIANS INVENTED  $\frac{1}{6}$ !

AND  $\frac{1}{4}$ !



FROM THE TIME OF CAESAR AUGUSTUS (27 B.C. - 14 A.D.) ALL SUBJECTS OF THE ROMAN EMPIRE WERE OBLIGED TO PAY A PERSONAL TAX IN COIN OR IN PRODUCE. LANDOWNERS PAID A PROPERTY TAX AS WELL.

FOR FILING A RETURN, THESE ROMAN NUMERALS ARE MURDER?

HM... WHAT IS XVI PERCENT OF MDCLVIII?

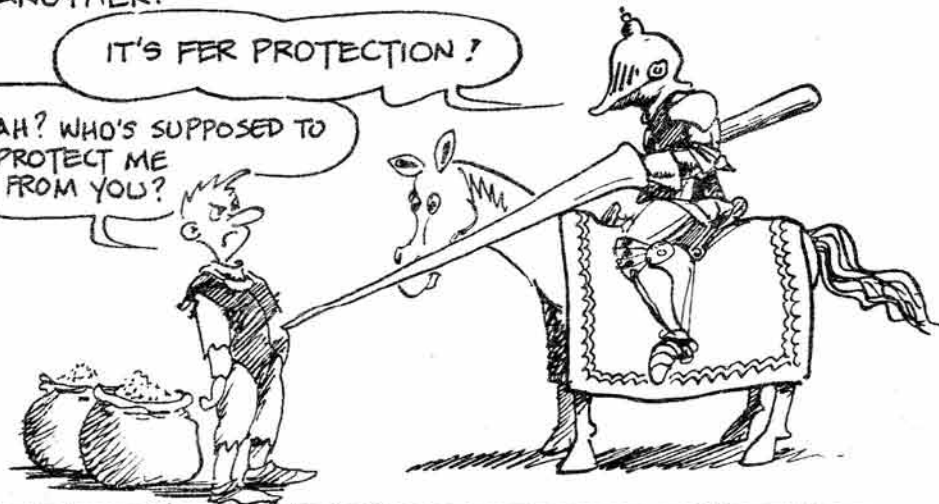
THE SIZE OF THE CONTRIBUTION DEPENDS ON THE TAXPAYER'S TRADE OR OCCUPATION AND ON THE ASSESSED VALUE OF HIS PROPERTY.



LATER, DURING THE MIDDLE AGES, IT WAS A RARE FARMER OR ARTISAN WHO DIDN'T HAVE TO CONTRIBUTE A SHARE OF HIS EARNINGS TO ONE NOBLEMAN OR ANOTHER.

IT'S FER PROTECTION?

YEAH? WHO'S SUPPOSED TO PROTECT ME FROM YOU?





THE DISCOVERY OF AMERICA WAS NOT ALL GOOD NEWS TO TAXPAYERS.

WITNESS THE FOLLOWING CHAIN OF EVENTS!

ON OCT. 12, 1492 COLUMBUS FAILED TO DISCOVER INDIA. STILL, THE TRIP WAS NOT A TOTAL LOSS, AS SUBSEQUENT EXPLORERS MANAGED TO SHIP HUGE AMOUNTS OF SILVER BACK TO EUROPE.

THE INFUX OF NEW COINAGE CAUSED A STEADY DECLINE IN CURRENCY VALUES,

OTHERWISE KNOWN AS... **INFLATION!**



AS PRICES ROSE FAT CAT KINGS LIVING ON FIXED INCOMES BEGAN TO FEEL THE

SQUEEZE: THE SAME AMOUNT OF CASH BOUGHT A LOT LESS GROCERIES.



FACED WITH DEPLETED TREASURIES AND EXPENSIVE COLONIAL WARS TO FIGHT, RULERS RESORTED TO THE CLASSIC TECHNIQUE:



IN THE YEARS THAT FOLLOWED, TAX-RELATED CRISES TOPPLED SEVERAL GOVERNMENTS AND SEVERELY DAMAGED A NUMBER OF OTHERS.



BUT NOBODY HAD MORE TAX HEADACHES THAN BRITAIN'S GEORGE III: IN ORDER TO COLLECT ADDITIONAL REVENUE FROM THE THRIVING AMERICAN COLONIES, GEORGE AND THE BRITISH PARLIAMENT PASSED A SERIES OF TAX LAWS IN THE 1760'S. THESE REQUIRED YANKEE MERCHANTS TO PAY DUTY ON CERTAIN IMPORTED GOODS: SUGAR, PAPER, PAINT, LEAD, AND TEA, TO NAME A FEW.

UNFORTUNATELY FOR GEORGE, THE COLONISTS HAD OTHER IDEAS. THE MESSAGE THAT CAME BACK FROM BOSTON WAS:



NO  
TAXATION  
WITHOUT  
REPRESENTATION  
!!



BY 1773 SAM ADAMS, TOM PAINE, & CO. HAD FORCED GEORGE TO REPEAL ALL THESE TAXES...



ONCE FREE OF ENGLISH RULE, THE COLONISTS INVENTED THEIR OWN TAX HEADACHES. AT FIRST, THEY EXPLICITLY **REFUSED** THE CONTINENTAL CONGRESS THE POWER TO TAX. BUT WHEN A NATIONAL LOTTERY AND OTHER MONEY-RAISING SCHEMES FAILED TO BRING IN SUFFICIENT REVENUES, THE FOUNDING FATHERS RELUCTANTLY INCLUDED THE FOLLOWING IN THE CONSTITUTION:

*"Congress shall have the power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense of the United States."*

THE TEA TAX, KEPT AS A SYMBOL OF BRITISH CONTROL, SO RILED THE YANKS THAT THEY PUT ON WAR PAINT AND FEATHERS AND LOBBED 342 KEGS OF TEA INTO THE BOSTON HARBOR.

THAT WAS THE LAST OF GEORGE'S U.S. FUND-RAISING.

IN 1791 ALEXANDER HAMILTON (FIRST SECRETARY OF THE TREASURY) HIRED THE REPUBLIC'S FIRST TAX COLLECTORS.



BRING HOME THE BACON!

-GAG- SOMETHING HUMAN IS GOING ON HERE!

THEY SOON HAD THEIR HANDS FULL. FACED WITH MUSHROOMING MILITARY AND ADMINISTRATIVE EXPENSES, THE GOVERNMENT HEAPED ON NEW EXCISE TAXES WHICH PROVED TO BE EASIER TO LEGISLATE THAN TO COLLECT.



IN OHIO AND PENNSYLVANIA THE WHISKEY EXCISE LEFT A DOZEN TAX COLLECTORS IN TAR AND FEATHERS AND DROVE 5000 ANGRY FARMERS INTO OPEN REVOLT.



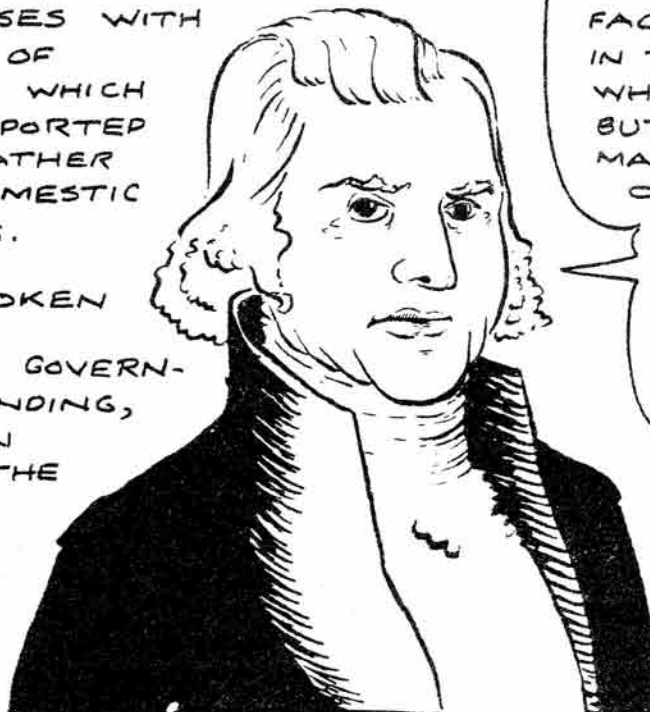
THE "WHISKEY REBELLION"  
WAS QUICKLY CRUSHED...



BUT THE FARMERS HAD THE LAST LAUGH:

IN 1800 THOMAS  
JEFFERSON BECAME  
PRESIDENT AND  
PROMPTLY REPLACED  
THE EXCISES WITH  
A SERIES OF  
**TARIFFS** WHICH  
TAXED IMPORTED  
GOODS, RATHER  
THAN DOMESTIC  
PRODUCTS.

AN OUTSPOKEN  
CRITIC OF  
WASTEFUL GOVERN-  
MENT SPENDING,  
JEFFERSON  
FAVORED THE  
TARIFF  
BECAUSE:



IT FALLS EXCLUSIVELY  
ON THE RICH... IN  
FACT, THE POOR MAN  
IN THIS COUNTRY  
WHO USES NOTHING  
BUT WHAT IS  
MADE IN HIS FARM  
OR FAMILY, OR  
WITHIN THE  
U.S., PAYS NOT  
A FARTHING OF  
TAX TO THE  
GENERAL  
GOVERNMENT.

FOR THE NEXT 90 YEARS, TAXATION WAS A MINOR ISSUE. BY IMPOSING HEAVY TAXES ON IMPORTED GOODS, THE GOVERNMENT MANAGED TO KEEP ITS COFFERS FULL WITHOUT HITTING THE AVERAGE CITIZEN TOO HARD.



AN INCOME TAX, INSTITUTED IN 1861 TO HELP FINANCE THE CIVIL WAR, AFFECTED ONLY THOSE WITH ANNUAL INCOMES OVER \$600.



IT WAS REPEALED AS SOON AS THE WAR ENDED, AND CONGRESS EVEN RETURNED THE LEFT-OVER MONEY TO THE STATES !!

IN SHORT, MOST PEOPLE PAID VERY LITTLE IN TAXES

NOT LIKE TODAY!



AND GOT VERY LITTLE IN RETURN.

LIKE TODAY!

THE TARIFF SYSTEM LOOKED LIKE A PAINLESS WAY TO RAISE REVENUE, BUT BY 1890 IT HAD BECOME A CENTER OF CONTROVERSY.

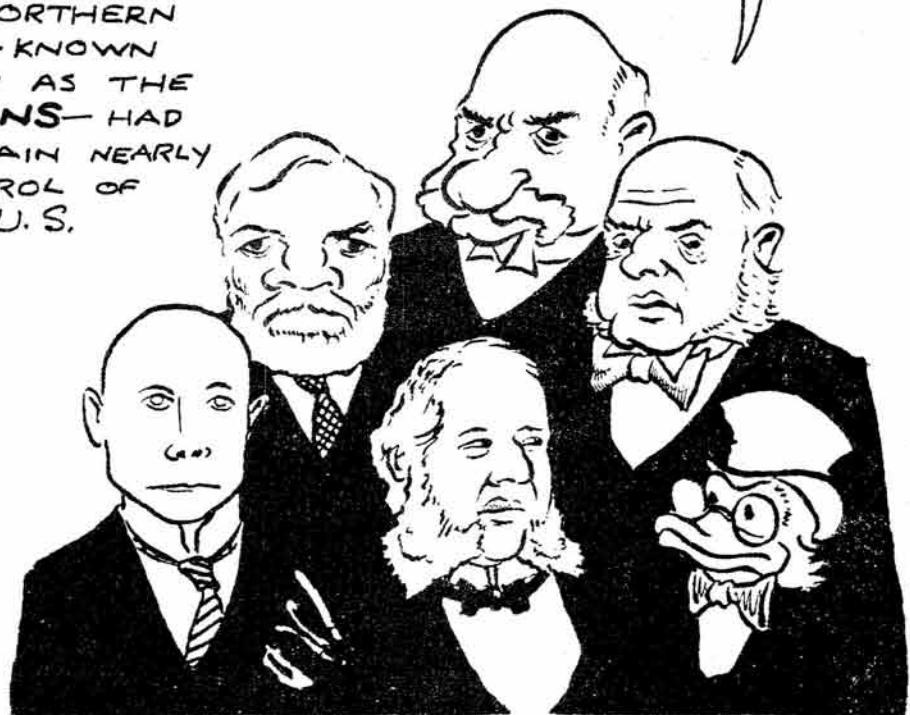
THE BENEFITS WENT TO THE RICH!



ORIGINALLY DESIGNED TO HELP INFANT AMERICAN INDUSTRY GET A FOOTHOLD IN THE MARKETPLACE, THE TARIFFS HAD WORKED WELL ... SO WELL THAT WITHIN A FEW YEARS A HANDFUL OF NORTHERN BUSINESSMEN — KNOWN AFFECTIONATELY AS THE **ROBBER BARONS** — HAD MANAGED TO GAIN NEARLY COMPLETE CONTROL OF THE BOOMING U.S. ECONOMY.

"I LIKE TO TURN BRISTLES, BLOOD, BONES, AND THE INSIDES AND OUTSIDES OF PIGS AND BULLOCKS INTO REVENUE!"

"THE PUBLIC BE DAMNED!!" \*



A. CARNEGIE

J. P. MORGAN

P. D. ARMOUR

J. D. ROCKEFELLER

\* W. H. VANDERBILT

S. M'DUCK

ANXIOUS TO BREAK BIG BUSINESS' STRANGLEHOLD ON THE GOVERNMENT, OPPONENTS OF THE ROBBER BARONS CAME UP WITH A RADICALLY DIFFERENT APPROACH TO FUND-RAISING:



THE IDEA WAS NOTHING NEW. FOR YEARS, ANTI-TARIFF FORCES HAD FOUGHT TO GET AN INCOME TAX THROUGH CONGRESS.



BUT WITHOUT MONEY OR INFLUENCE THEY HAD FAILED MISERABLY.

MRS. MARY LEASE, POPULIST LEADER, SAYS:



By 1890, A POWERFUL GRASS-ROOTS ALLIANCE OF FARMERS, WORKERS, AND SMALL BUSINESSMEN — THE POPULIST MOVEMENT — HAD EMERGED IN THE SOUTH AND WEST. THE INCOME TAX HAD ITS FIRST OPPORTUNITY.

By 1894 THE  
POPULISTS WERE  
CLOSING IN. A  
BILL CAME  
BEFORE CONGRESS  
PROPOSING:

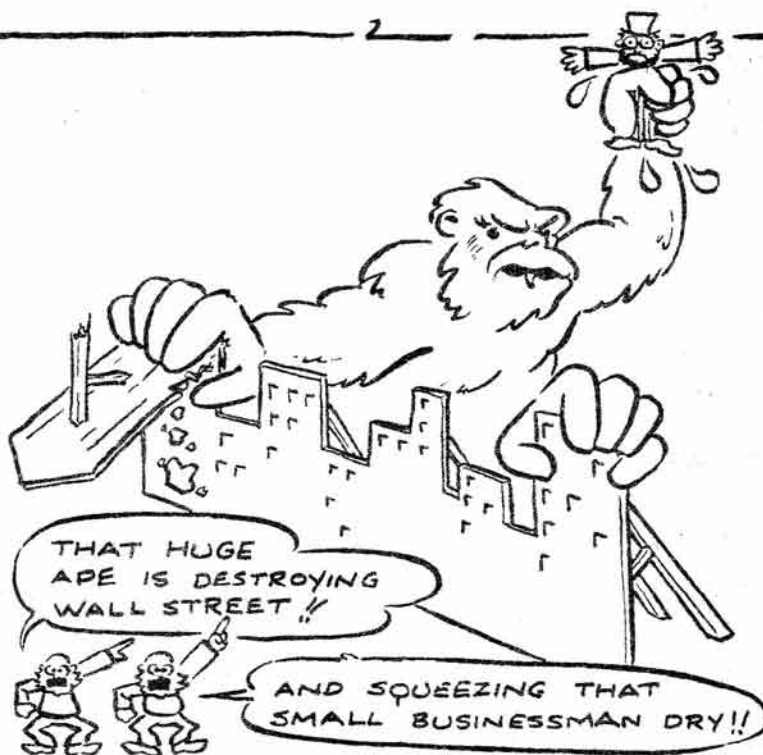


A 2% TAX ON  
ALL INCOMES  
(CORPORATE OR  
INDIVIDUAL)  
OVER \$4000.

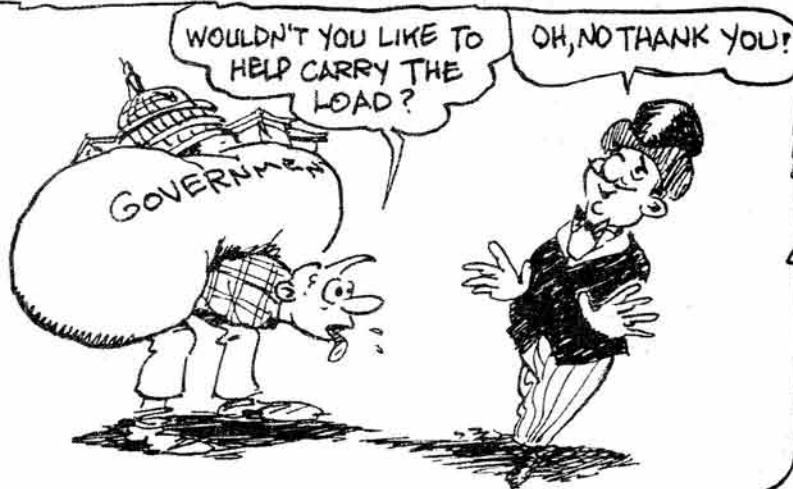
Suddenly, TAXATION WAS THE HOTTEST SUBJECT ON CAPITOL HILL!

OPPONENTS OF THE  
BILL PREDICTED DIRE  
CONSEQUENCES  
FOR THE NATION.

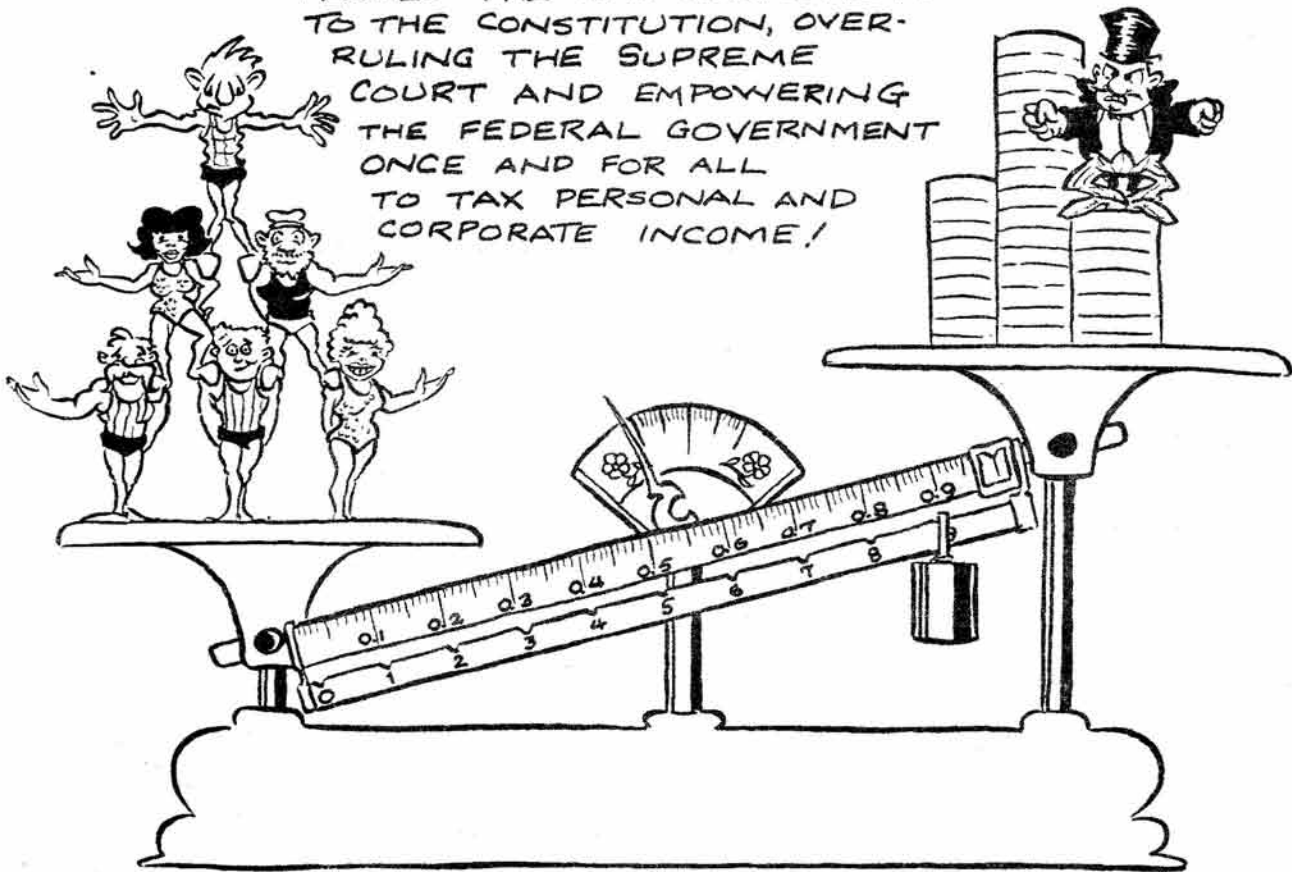
THE INCOME TAX  
(THEY ARGUED)  
WOULD CRIPPLE  
WALL STREET,  
PENALIZE THE INDUSTRIOUS,  
ENCOURAGE FRAUD, AND  
DRIVE THE WEALTHY  
OUT OF THE COUNTRY.



NOT SO, SAID THE POPULISTS;  
THE NEW PLAN WAS JUST  
A MODEST ATTEMPT TO  
SHIFT THE TAX BURDEN  
FROM THE POOR TO  
THE RICH.



FOR OVER A DECADE THE BATTLE RAGED THROUGH THE COURTS AND CONGRESS. FINALLY, IN 1909, POPULAR OPINION TIPPED THE SCALES, AND CONGRESS PASSED THE 16TH AMENDMENT TO THE CONSTITUTION, OVER-RULING THE SUPREME COURT AND EMPOWERING THE FEDERAL GOVERNMENT ONCE AND FOR ALL TO TAX PERSONAL AND CORPORATE INCOME!



FOR ALL THE CLAMOR ATTENDING ITS BIRTH, THE INCOME TAX PROVED A HARMLESS INFANT. FIRST, THERE WAS NO TAX AT ALL ON INCOMES UP TO \$3000, A HUGE SUM IN THOSE DAYS. SECOND, THE RATES WERE SO LOW THAT EVEN THOSE WHO DID HAVE TO PAY HARDLY FELT THE STING.

≡ SIGH ≡  
I MISS THE  
GOOD OLD DAYS!



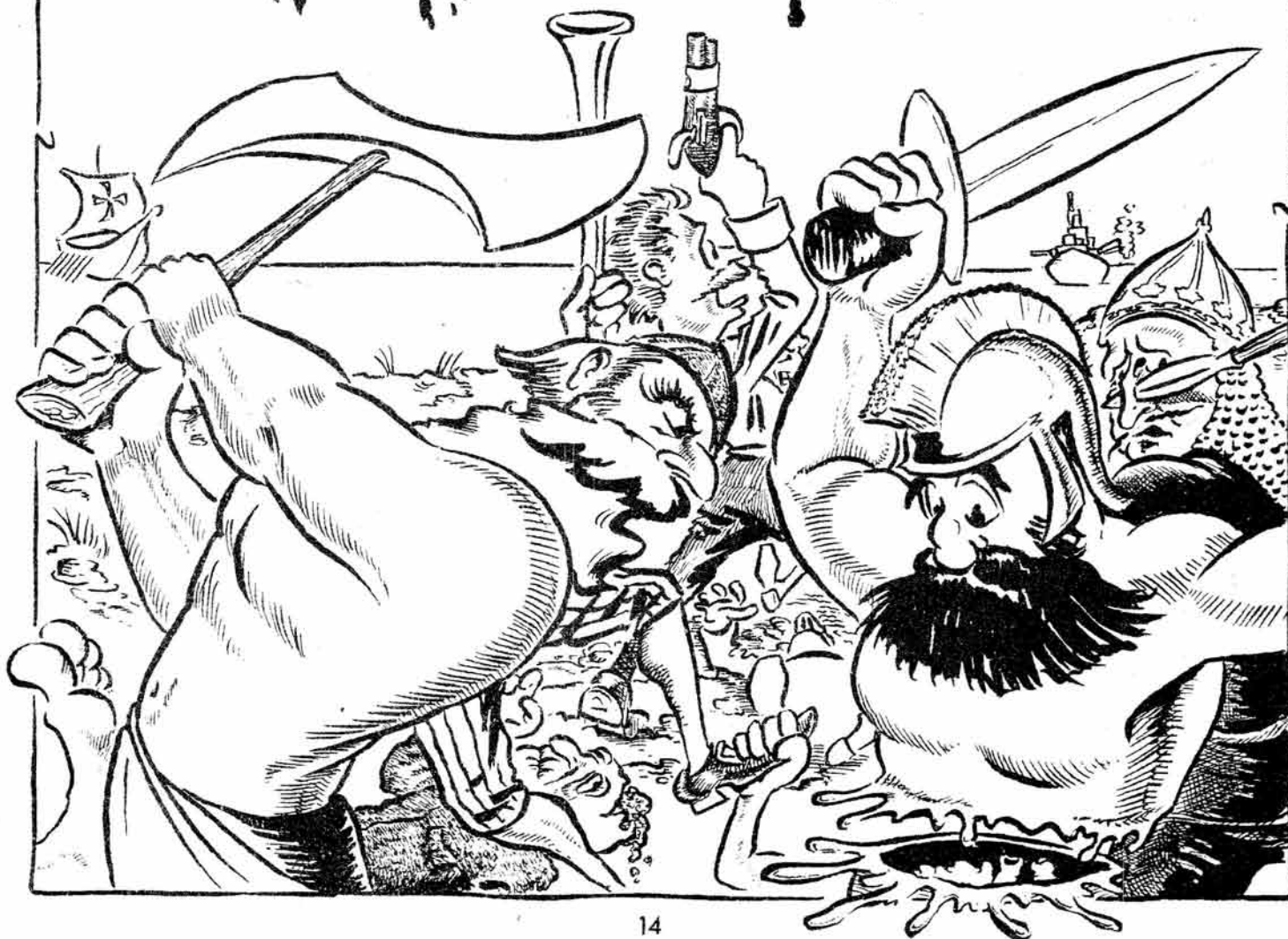
TAX RATES OF 1909:

1% OF \$20,000  
4% OF \$100,000  
6% OF \$500,000

THE FUTURE LOOKED BRIGHT: THE GOVERNMENT HAD ITS REVENUE, THE RICH WERE OFF THE HOOK FOR A TINY FRACTION OF INCOME, AND THE POOR PAID NOTHING AT ALL.

AND SO THE STORY MIGHT HAVE ENDED, BUT FOR ONE FORGOTTEN DETAIL:

# WAR





THIS IS WHAT HAPPENED!

1913: TAXES AMOUNTED TO  
ALMOST NOTHING.

1917: TAXES SKYROCKETED  
AS AMERICA ENTERED  
WORLD WAR I.

1919: WHEN THE WAR ENDED,  
RATES DROPPED, BUT  
NOT FAR AND NOT  
FOR LONG.

1941: WORLD WAR II. TAX  
RATES AGAIN ROSE  
TO RECORD HEIGHTS.



1945: TAXES WERE REDUCED TO PEACE-TIME  
LEVELS. THIS LOOKED LIKE THE END,  
BUT PROVED TO BE ONLY THE INTERMISSION!

1950: THE KOREAN "CONFLICT": TAXES AGAIN  
CLIMBED—THIS TIME FOR GOOD.

AFTER KOREA, SOMETHING WENT WRONG. EXTRAVAGANT WARTIME SPENDING HABITS PROVED HARD TO SHAKE, AND THE EXPECTED DROP IN TAX RATES NEVER MATERIALIZED. THE REASON: A NEW KIND OF NON-PEACE KNOWN AS ...THE **COLD WAR**.



KEEPING EVEN WITH IVAN MEANT A STEADY ESCALATION OF THE ARMS RACE, BEEFED-UP MILITARY BASES AROUND THE WORLD, AND A **TRILLION DOLLARS**\* WORTH OF OBSOLETE WEAPONS!

\*ACCORDING TO SEN. STUART SYMINGTON



ALL THIS WAS DONE IN THE NAME OF "MILITARY PREPAREDNESS".

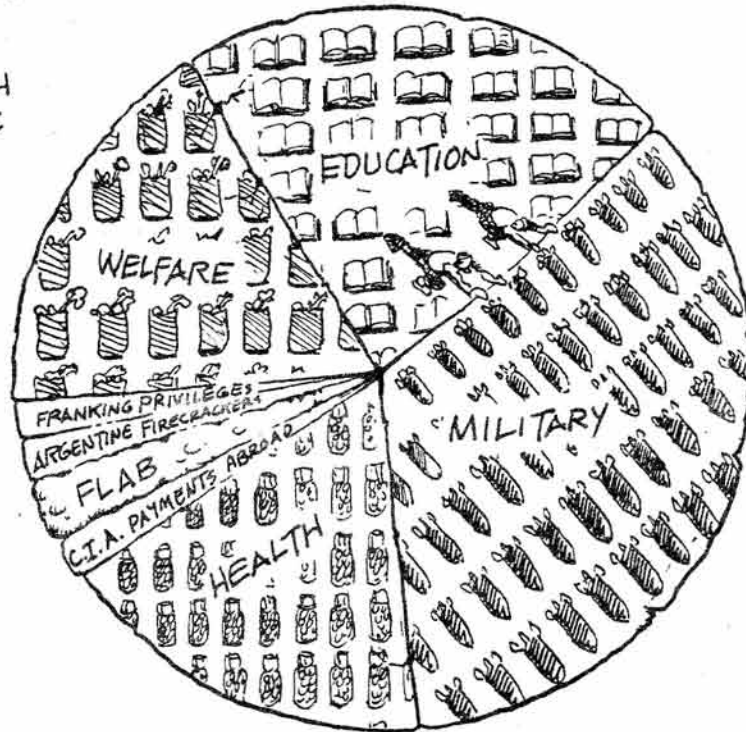
AND MIRACULOUSLY, THE TAXPAYERS WENT ALONG WITH HARDLY A WHIMPER, EVEN WHEN OUR SPENDING IN VIETNAM REACHED **\$30 BILLION** A YEAR.

-ER-  
JUST MAKE  
CHECKS PAYABLE  
TO LOCKHEED  
AIRCRAFT CORP.



MEANWHILE, BETWEEN WARS, THE GOVERNMENT WAS ALSO STEPPING UP NON-MILITARY SPENDING.

STARTING WITH F.D.R. AND THE NEW DEAL, FEDERAL FUNDS WERE POURED INTO HEALTH, EDUCATION, AND WELFARE IN EVER-INCREASING AMOUNTS.



NOW, SOME MODERN MATH:

START WITH \$130 BILLION FOR DEFENSE!

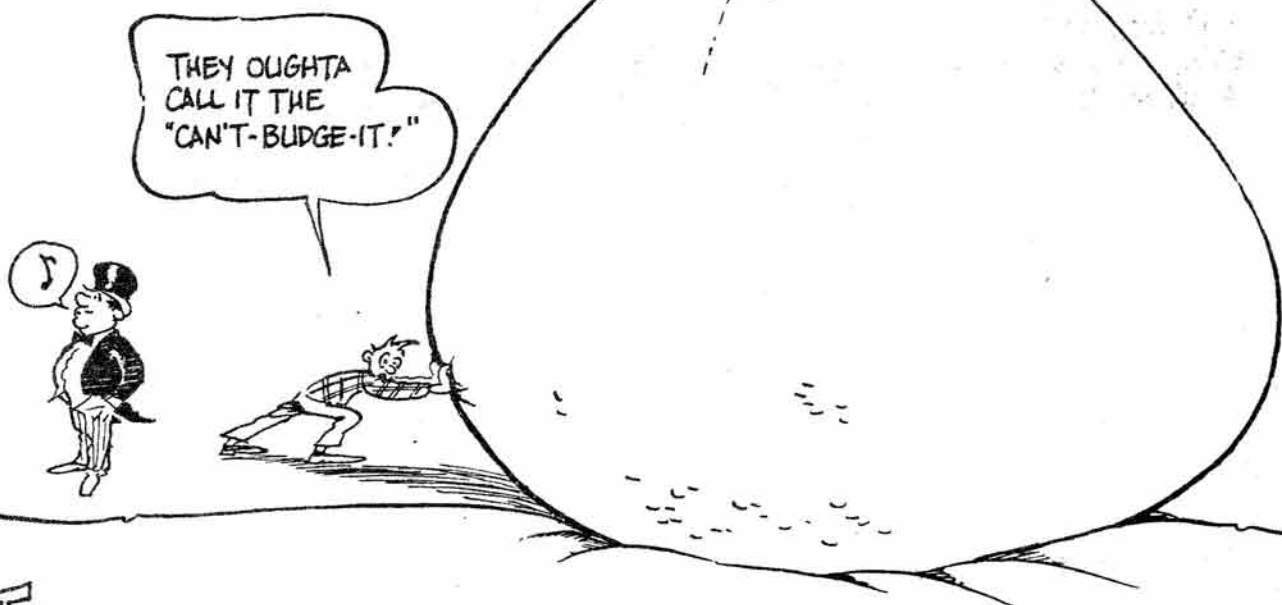
ADD \$32 BILLION FOR HEALTH CARE, ANOTHER \$19 BILLION FOR EDUCATION, AND SOCIAL SERVICES, ADD A FEW MORE BILLIONS FOR GOOD MEASURE...

AND WHAT HAVE YOU GOT?

INDIGESTION?

FOR ANOTHER ANSWER, TURN THE PAGE!

YOU'VE GOT A FEDERAL  
BUDGET SWOLLEN IN 1976  
TO 375 BILLION DOLLARS  
AND STILL GROWING...



TO COME UP WITH THIS MONUMENTAL SUM EVERY YEAR, THE U.S. GOVERNMENT USES A VARIETY OF FUND-RAISING METHODS. BUT WHILE EVERYONE AGREES ON THE NEED FOR TAXES, ALMOST NO ONE AGREES ON THE MUCH MORE COMPLICATED QUESTION:



WHO PAYS  
AND  
HOW MUCH  
?



AND THEREIN LIES OUR TALE....