

Dec. 21. 26

CRIPPS'S CORNER,

FOREST ROW,

SUSSEX.

My dear Fisher.

I have taken you at your word, and dealt rather freely with your draft. I do hope you won't mind. You will see when you read my manuscript what I have incorporated. I have added something, & this made me want to cut out some. If on my page 2 you prefer your (c), please put it back. My big addition begins on p. ⁵ and goes on to p. 7. Say frankly if-

you don't like it.

What next? Will you
send it back to me with
your remarks? Or if you
like to swallow it ^{with} ~~with~~ ^{only}
connected blunders, ^{with} ~~with~~ you
send it to 20. G. G.?

What after that?

It would be too heavy a job
to send to all the Council,
do you now think? Anyhow
Mac & Bude should see a
carbon, or he is sure to

object. Then we could read
it at the Council, and
get assent then. What do
you think?

Yours sincerely

L. Dawson

Don't seem to say what
you don't like in my
changes or omissions
or additions

I thought of saying that an
infinite reduction of income
tax must be accompanied
by an infinite increase of
allowances if results are
to be maintained - but I
thought it might puzzle the
official brain!

THE PRINCIPLES OF THE RELIEF ACCORDED TO PARENTS
IN RESPECT OF INCOME TAX.

The relief accorded to parents in respect of income tax is, and may be justly, based upon two principles, the first of which is of a purely economic character and gives consideration to the citizen solely in his capacity as an economic unit of the state, while the second considers him also in his capacity as a unit in the biological continuance which constitutes the nation.

A. The first principle claims merely that a given amount of revenue may be raised yearly by direct taxation with less hardship the more equitably, in respect of tax paying capacity, the burden is distributed. From this principle it follows that, whenever there exists an opportunity of distributing more equitably the burden of direct taxation, it is possible to (a) to relieve the average real burden of taxation without loss of revenue, or (b) to increase revenue without increasing the average real burden of taxation, or (c) to apportion the advantage of distribution between these two desirable objects in such a way that the burden of taxation is somewhat relieved and at the same time the revenue is somewhat increased.

The particular opportunity of a more equitable distribution to which we would call your attention is afforded by the contrast between men performing equivalent social services for equal salaries yet supporting at the one extreme none and at the other extreme several dependant children. Without in any way questioning the real amenities of family life, we submit that within the classes of income tax payers including payers of super-tax, the burden of an additional pound of taxation would be more onerous in physical or mental privation if laid upon the parent of dependant children, than if laid upon a childless person married or unmarried of

equivalent social services and income. Equally, we submit as a fact which no unbiased person will question that the relief afforded by the remission of a unit of taxation will be, at the present time, materially greater if experienced by a parent of dependent children, than by his economic equivalent without dependants.

Admitting that here exists an opportunity to adjust the incidence of direct taxation to vary material differences in the tax paying capacity, it will not, however, follow that an abrupt change in the distribution of taxation is to be derived, for it may reasonably be urged that any change in the incidence of taxation with other things being equal, do a greater injury to those who pay more than it will afford relief to those who pay less; and although there is reason to think that the discrepancies in taxpaying capacity caused by the presence or absence of dependent children, are so great, even though somewhat mitigated by the system of rebates at present in force, as to outweigh greatly the balance of injury caused by a change as such, yet we feel that it is particularly when changes are projected, either in the direction of increasing revenue, or in the direction of diminishing taxation, or thirdly in the redistribution of the burden, that the advantages both to the tax-paying public, and to the treasury, of adjusting the tax assessment more closely to the taxpaying capacity should be most strongly urged.

B. The second principle which concerns not only the economic but also the biologic status of the taxpayer, is that the necessary service of producing the next generation, though receiving no customary economic recompense, cannot be ignored by the nation as a whole, for the continued existence of which it is essential. Old as this principle is it is only in communities in which the voluntary restriction of births is widely advocated, and still more widely practised that a conscious social control of the situation becomes either

possible or necessary. Such restriction (or some equivalent unknown cause of infertility) is already prevalent in the income tax paying group to an extent which has replaced a small but regular population growth by a situation in which the ratio which the number of children actually borne bears to the number needed to replace their parents, without population growth, is variously estimated as somewhat over or somewhat under one half. This ratio, is, moreover, falling somewhat rapidly, and in the absence of a deliberate attempt to equalise the standard of living of parents and non-parents performing equivalent social services, it is impossible to set a limit below which this ratio will not tend to fall. For the standards both of salaries obtainable, and of expenditure necessarily to be increased are fixed not by the individual commitments but by the average commitments in respect of dependancy, and the continual fall of this average therefore increases the social and economic pressure upon families of each specified size; so that it is easily seen to be even more self sacrificing for the married couple to make themselves responsible for two children in a social environment in which the average family is one, than it would be to rear six children if the average were four.

What degree of economic encouragement would suffice to weigh in this matter with any considerable body of the taxpaying class it is at present impossible to say. In our present state of ignorance, which could we believe be largely mitigated by improved official statistics, we can only urge that at least so long as no economic disadvantage is encountered such influence as can be ascribed by differential tax remission should be treated consistently in the direction of increased reproduction within the income tax paying class.