

CHAPTER SIX



Tax ‘Em, My Boy, Tax ‘Em

Tax ‘em, my boy, tax ‘em.

—Felix Frankfurter to William O. Douglas

Taxation with representation doesn’t assure good tax policy. Our present tax system is the result of many battles. The practice of using the tax law to benefit special interests originated with salt tax bounties paid to fishermen in the eighteenth century. Senator Nelson Aldrich used tariffs to turn taxation into a graft machine in the nineteenth century. The twentieth century income tax introduced politicians to previously unimaginable powers — advancing social goals, punishing enemies, rewarding friends, and sophisticated means for political and personal self-enrichment.

Andrew Jackson became one of our greatest presidents because he triumphed in crises involving the Second Bank of the United States and the Nullification Movement. He succeeded despite fierce opposition from the Senate’s Great Triumvirate: Henry Clay, Daniel Webster and John C. Calhoun. It would have been easier for Jackson to simply compromise, but the old general instead chose to defeat them in political battles. Both crises involved taxes.

The Monster Bank

In the early 1800s, the Second Bank of the United States was part of the tax-collection machinery that today belongs to the Internal