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Locke, Hume, Johnson and the continuing relevance of tax history

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Abstract

This paper examines the relevance of the tax theories of John Locke and David Hume in the context of a new country (say, an independent Scotland) being faced with a change of tax system. It shows that events of the past have a continuing resonance in a modern context in respect of establishing a sound theoretical underpinning for a tax system, which then provides a broad, over-arching framework for the development of taxes which align with it. This is then demonstrated by showing how Samuel

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The study of history is often lambasted for being of no use. Henry Ford² famously said that it is more or less bunk , while the philosopher Hegel (1830) was of the view that

individuals) (see Myddelton, 1994; Daunton, 2001). The most recent review of the UK tax system, the *Mirrlees Review* (HM Treasury, 2010) has been widely seen as commanding near-universal support but felt that they are not comprehensive (order 49) (order 49)

the justification for this paper. This is not a new debate, but one which has, quite literally, raged for centuries.

of taxation in detail, followed by a consideration of David
conclusions.

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Locke (1632 1704) was a leading English figure at the forefront of the phenomenon which came to be known as the Enlightenment (c1688 1800), also referred to as the

make one community or government, they are thereby presently incorporated, and make one body politic, wherein the majority have a right to act and conclude the rest.

Locke, 1690b, II.8.95

Political power, then, I take to be a right of making laws with penalties of death, and consequently all less penalties, for the regulating and preserving of property, and of employing the force of the community, in the execution of

difficult to unravel the sequence of his works and the development of his ideas, as he re-wrote and re-published major works under different titles and his thoughts on a particular subject may not be confined to a given work.

In his essay *Of the Original Contract* (1748), Hume argues that governments are founded by violence,⁷ not consent. His essay considers the philosophical differences between the Tories and the Whigs on the origin of government and concurs with the Tory thinking that political power derives from divine right: the Whigs adopted Lockean theory. In the essay *Of the First Principles of Government* (1741), he suggests that protection of the public interest and of the rights to power and property are the basic reasons for the establishment of government, arguing in *Of the Origin of Government* (1777)⁸ that the objective of government is to maintain justice (see Kelly, 2003, p. 211).

sufficiently careful, however, so that any allegation of utilising social contract theory could be refuted. Johnson had an option as to which ideas about taxation to follow: Locke or Hume. Despite the ideas sely
influential
tax on the American colonies.⁹
that he applies it to an actual situation.

That man, therefore, is no patriot, who justifies the ridiculous claims of American usurpation; who endeavours to deprive the nation of lawful authority over its own colonies, which were settled under English protection; were constituted by an English charter; and have been defended by English arms.

To suppose, that by sending out a colony, the nation established an independent power; that when, by indulgence and favour, emigrants are

potential independence of America would be like (he says) Cornwall setting itself up as an independent country: unthinkable.

In *Taxation No Tyranny* (1775, p. 7) Johnson specifically refers to the Americans enjoying security of property, by the grace of English law. If the Americans accept law, they must accept all of it: they cannot pick and choose the laws they want and reject the ones they do not want and by a chain which cannot be broken must accept the unwelcome necessity of submitting to taxation (*ibidem*, p. 9). Colonists were always ruled by the terms of the original charter: they were not in a state of nature (*ibidem*, p. 9¹⁰) as were the native inhabitants. While they cannot vote for representatives in an English parliament, this has been their choice.

As man can be but in one place, at once, he cannot have the advantages of multiplied residence. He that will enjoy the brightness of sunshine, must quit the coolness of shade. He who goes voluntarily to America, cannot complain of losing what he leaves in Europe. He, perhaps, had a right to vote for a knight or burgess; by crossing the Atlantick, he has not nullified his right; but he has made its exertion no longer possible. By his own choice he has left a country, where he had a vote and little property, for another, where he has

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