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Taxation and Opposition
НАЛОГОВОЕ ОБЛОЖЕНИЕ
И ОППОЗИЦИЯ



ГОСУДАРСТВЕННОЕ ИЗДАТЕЛЬСТВО

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Taxation and Opposition

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TAXATION AND OPPOSITION.

The Council of People's Commissars of the USSR decided to study the distribution of taxes in our country between different parts of the population. To do this, a commission was formed consisting of leading creatures from the Narkomfin (Frumkin, Levin), the Communist Academy (Yu. Larin, Kritsman), the State Planning Commission (Strumilin) and the Central Statistical Office (Pashkovsky).

All available materials, information and estimates were delivered to the commission and re-checked, and the missing data were additionally collected.

After four months of work, on October 25, 1927, the commission unanimously approved the results presented below.

When calculating, all taxes were taken into account without exception: both state and local. All taxes, both directly paid (agricultural tax, trade tax, income tax, and others) and indirectly levied on the population (in the price of purchased goods or services provided, for example, excises on vodka, salt, yarn and other items, customs duties on foreign goods included in the price of railway tickets, taxes, etc.). According to available information, calculations were made of how many of which goods each part of the population consumes and how much taxes are paid on them, paid not directly, but in the price of the goods.

In order to compare the severity of taxes for different parts of the population, a summary and verification of all available information about the income of each part of the population and the number of non-earning family members was made. Thus, it was found out how much each part of the population

(each class) has per capita in the average annual income and how much of it goes to pay all taxes (direct and indirect, state, and local). Of course, at the same time, all expenses for running their own household were deducted from the income of each family (for those families that have their own production or trade or other household). For example, from the income of the peasants, the expenditure on feeding livestock and on seeds (for those who have livestock and who sow), etc., was deducted in advance. This means that the percentage of tax burden was determined in relation to such a family income as it remains in excess of the costs of their production or trade or other economy.

The entire population of the USSR in 1925/26 was only 144 million people. In 1925/26, out of every 1,000 people, each individual stratum of the population accounted for the number of inhabitants indicated in the table below. The amateurs have already been counted here together with the non-earning members of their families, and the entire distribution has been checked and its correctness approved by the same commission of the Council of People's Commissars. Here is the distribution:

Percentage in the population of the USSR.

1. Proletarian non-agricultural population People	171
2. Non-proletarian labor non-agricultural population	46
3. Small, medium, large capitalist non-agricultural bourgeoisie	19
4. Declassed population (prisoners, beggars, etc.)	8
5. Proletarian agricultural population (laborers and. p.)	38
6. Leading their agriculture w/o systematic recruitment of workers	660
7. Farmers with systematic employment of one worker	42

8. Farms with systematic employment of two or more workers 16

There are reasons to think that the per capita income of the family in the eighth (highest, kulak) group According to the sum of economic characteristics, the eighth group and almost half of the seventh group belong to the kulaks, and in the third (capitalist bourgeois) group it was possible to calculate not completely, but in general this does not significantly change the picture.

The commission of the Council of People's Commissars worked out information on what part of all taxes each of these eight groups of the population pays and what part of all income receives.

The comparison gives such a result that in relation to the entire amount of income received, we pay taxes in practice in the following way:

- 1) non-agricultural workers and employees pay one-fifth 6 more against their income;
- 2) the bourgeoisie pays half as much against their income;
- 3) the bulk of the economic peasantry (the sixth group, about $66\frac{1}{4}$ of the entire population of the country) pays one quarter less against their income;
- 4) laborers pay half as much against their income;
- 5) the rest (employing workers in agriculture, handicraftsmen, and the laboring non-proletarian population of the city) pay approximately in accordance with and with the total amount of income of these sections of the population.

This refers to the total amount of income and taxes. But the share of each class in the incomes (generally received in the country) and in the number of people in the country does not coincide. For example, the third group (the non-agricultural

bourgeoisie) has a share in income four times greater than in the population. On the contrary, the fifth group (agricultural laborers) has a share in the income four times less than in the number of inhabitants. Therefore, in order to compare the hardship and tax for different classes, it is necessary to establish for each class how much income it has per capita and how much tax. The Commission of the Council of People's Commissars did this, and for 1925/26 the following result was obtained:

	Income per capita.	Taxes per capita.		
1st group	254 rubles.	36 rub.	96	kop.
2nd	125	12	65	
3rd	479	73		
4 th		7	05	
5th	78	3	50	
6 th	88	6	80	
7th	136	13	20	
8th	246	25	10	

On average, for the entire population of the USSR, it turns out per capita 136 rubles. income, and taxes per capita 13 rubles 86 kopecks. Already from this table it can be seen that, in relation to their income, the poor and middle peasants of the agricultural population (sixth group) are taxed less than non-agricultural workers and employees (first group).

The whole picture of the severity of taxation in relation to per capita income will become even clearer if we show in percentage what part of the per capita income of each group goes to pay all direct and indirect taxes together (one percent means one cent from y - for example, one kopeck from each ruble). The Commission of the Council of People's Commissars, as a conclusion of its work, gives such a table showing for each group of the population severity of taxation in 1925/26 as a percentage in relation to per capita income:

Severity taxation. in %

1st group	12.2
2nd	10.1
3rd	15.2
4th	?
5th	4.5
6th	7.7
7th	9.7
8th	10.2

On average, for the entire population of the USSR, this gives 10.2% - In other words, out of every ruble of income the population spends on all direct and indirect taxes together - on average, a hryvnia (*Ukrainian \$*). As a study of the actual distribution of taxes has shown, the agricultural village is more easily taxed in our country than the non-agricultural population. This is done for the reason that the village is more behind in its economic and cultural development than the city. Therefore, the Soviet government deliberately makes taxes easier for the countryside than for the city.

Commission of the Council of People's Commissars checked and approved the distribution, by population classes, of income and taxes for 1924/25. Comparison with the above and above results for 1925/26 shows that in 1925/26 there was an unfavorable trend (movement of changes) in two respects. First, in the distribution of national income. Secondly, in the comparative severity of taxation for different classes.

The dynamics of the distribution of income is evidenced by the following table of percentages, given by the Commission of the Council of People's Commissars, by which the average per capita income in red rubles increased in 1925/26 against 1924/25 for each group separately:

1st group (proletariat)	20.9 %
2nd (handicraftsmen, etc.)	12.6
3rd (bourgeoisie)	34.6

5th (laborers)	20
6th (unemployed peasants)	25.7
7th (peasants with 1 worker)	22.5
8th (peasants with 2 workers or more).	23.0

Thus, the per capita income of the bourgeoisie (the third group) in terms of percentage increase (and even more so absolutely) significantly outstripped both the workers and the peasants. This is mainly due, of course, to the so-called "high conjuncture" of 1925/26 for the accumulation of private capital and the absence of proper tax regulation of the growth of bourgeois incomes, which manifested itself in that time in fairly distinct forms. The dynamics of the percentage of withdrawals by taxes falling per capita from per capita income is established, verified, and approved by the Commission of the Council of People's Commissars in the following form:

	Seizure percentage	
	in 1924/25	in 1925/26
1st group	10.8	12.2
2nd	9.6	10, 1
3rd	17.1	15.2
5th	3.4	4.5
6th	8.1	7.7
7th	10.9	9.7
8th	12.8	10.2
	9.8	10.2

The burden of taxation increased for the proletariat and laborers (groups one and five), decreased noticeably for the bourgeoisie and kulaks (groups three and eight), and changed little for handicraftsmen and other peasants.

Such a negative result of the tax practice of 1925/26 was the result of the so-called "tax spring" carried out for that year. Although it turned out to be largely unable to change our

correct class practice in tax matters, it nevertheless **gave it a certain impetus in an undesirable direction.**

Below we show how and why such a result turned out and who should be thanked for it in the first place. Measures to correct this curvature have already been taken and are being stepped up.

After the opposition was excluded from participation in the leadership of the central economic bodies (STO, Narkomfin, Gosplan, Narkomtorg, etc.), the party began to study more closely the practical line pursued in these bodies and its real class result.

A number of decisive points revealed that glaring contradiction between "anti-bourgeois" phrases and between the practical line concessive to private capital, which was generally characteristic of the **opposition" in "Pravda" for October 1926).** This contradiction turned out to be especially evident in the new practice.

Of course, the main, fundamental lines tax policy were decided by the parties.

Therefore, it is impossible to find perversions of our program and common line in politics and politics itself. But the practical subtleties of all sorts of extensive, multi-paragraph tax "regulations", "rules", "decisions" - all this was already developed and carried out by the apparatuses that were under the direct leadership of the opposition.

Suffice it to recall that the people's commissar of finance was also among the most responsible representatives of the opposition; member of the NKF collegium in charge of budget management; Deputy Chairman of the State Planning Committee in charge of the economic control plan; Chairman of the Budget and Finance Section of the State Planning

Commission; the people's commissar of trade coordinating questions of private taxation, and earlier the chairman of the STO, etc. In a word, all the detailed study and preliminary coordination of detailed tax bills was carried out by apparatuses headed by the opposition.

It goes without saying that the main directives of the Party have always remained in force - the capitalist of the list with us has always been taxed on a larger sum than the worker, and the kulak was taxed on a larger sum than the poor, etc. But within the framework of these directives, as it turned out, detailed practical measures were carried out, which in their totality meant a relative favor for large private capital, which weakened the useful effect of the adopted political directives.

The passage of these multi-paragraph tax laws through the Council of People's Commissars and the Central Executive Committee in the Soviet order did not help the matter enough, because attention was focused there on the main lines, and not on an infinite number of tax rates in the appendices (constituting, for example, an entire pamphlet on agricultural tax). And the speed of passing through the meetings of the CEC and the Council of People's Commissars generally excluded the possibility of a detailed check of all individual rates, and the practical trend of these rates, as it later became clear from experience, could not be assumed without familiarizing themselves with them in detail.

It so happened that the tax practice developed and led by the opposition in a number of points diverged from the directives of the party in the direction of favoring private capital. Here, first of all, the responsibility falls on the respective leaders of the opposition both for these distortions and for the direction that the bureaucratic apparatus, which was under their closest leadership and control, was able to pursue in this respect. The Party then had to, and still has to gradually study and correct

these opposition-bureaucratic perversions. Basically, six of them were found in the tax file.

In the first place, we have a completely definitive line to the effect that agriculture should be harder for the kulaks than for the middle peasants, and even easier for the weak. Meanwhile, a special memorandum from the updated Narkomfin established that in fact the rates were developed in a way that led in practice to the opposite result. As a result of checking what turned out to be in fact in 1925/26, - N KF on page 92 of the report on the severity of taxation submitted to the commission of the Council of People's Commissars, gives a table showing throughout the RSFSR as a whole the severity of agricultural taxation of each group of peasants.

The severity of taxation means the percentage of withdrawal of agricultural tax funds from the income of a peasant farm, and all farms are divided into groups, depending on the amount of income in rubles per capita for each family member on average (in order to receive family income, you need this amount multiply by five). The result of the check turned out to be the following for the RSFSR:

Groups by income per capita.	Percent. Seizures
60 rub. up to 80 rubles	4.9
80 100	4.9
100 150	4.1
150 200	3.7
Over 200 rubles.	2.8

In other words, the more prosperous the peasant, the easier the tax rates were calculated for him. While the party issued the directive to press the fist and relieve the middle peasants, the apparatus, headed and led by the leaders of the opposition, for

which they bear full responsibility, in the development of rates, pursued a sharply sustained line of relative favor to the more powerful households (for the poorer and the poorer). group, according to the same report, the size of the withdrawal in the RSFSR turned out to be up to 10.1% of income, i.e., three and a half times more difficult than for the most prosperous). In the 1927 edition of the People's Commissariat of Finance of the USSR "Agriculture according to the data of the agricultural tax for 1925/26" on page 21 of the introduction (in Comrade Lifshitz's article), a clear illustration is given of the methods by which such a result could be achieved.

The government gave a directive to reduce the agricultural tax in 1925/26 by 30% against its total value in 1924/25. The People's Commissariat of Finance carried out this directive, but distributed the reduction in separate categories in such a way that the kulaks received a discount more than the middle peasants and the poor peasants, and for the poor peasants the tax rates were even partially increased. Thanks to this, in contrast to the entire Soviet tradition, during the period of practical leadership of the opposition in the tax business, that unsightly picture was obtained, as evidenced by the above official table. Comrade Lifshitz gives such a clear example.

For the purpose of imposing agricultural tax, the peasants are divided into nine groups (the least sowing and little arable - the first, the most arable and the most sowing - the ninth). Within each group, tax is levied at three rates:

1) for the first half a tithe per eater, 2) for a portion above half a dozen to one and a half tithes per eater, 3) for a portion above one and a half tithes per eater. It turns out that when these detailed rates are set for 1925/26 r. Compared with 1924/25, a combination was made, which can be illustrated by the following table of totals for the Tula ruble (from p. 21, the introduction of Comrade Lifshitz is mentioned). The minus

indicates here the percentage of the shutter reduction compared to the previous year, and the plus is the percentage of the increase:

Groups	Rate		
	First	Second	Third
		in percent	
First (lowest)	-40	- 14	+ 15
Ninth (highest)	- 53	- 35	- 15

It was necessary to use the entire reduction in agricultural tax (about 100 million rubles) to alleviate the situation of the poor and the middle peasants, in order to enable them to invest as much as 100 million rubles in improving their economy. For this, the state made such a sacrifice as reducing the agricultural tax by 100 million ruble, despite the general tension of the state budget and the insufficiency of ruble to fully satisfy all needs:

The oppositional Nar-Komfin used this to reduce the rates of taxation of the kulak as much as possible, not only through a general reduction in the agricultural tax, but even through an incidental partial increase in the tax rate for the lower group. The theoretical fundamental substantiation of such a line of "assistance to the development of productive forces" can be found in general form in Comrade Sokolnikov's well-known speech at the December Party Congress of 1925. But there is no special application of it to the agricultural tax and tax practice in general. And what this means in practice - we are gradually understanding this only as we really study the tax practice that was inherited from the comrades who led it with distortions and deviations from the fundamental directives of the party.

It goes without saying that during the implementation of the agricultural tax in the next 1926/27, these distortions were corrected.

The severity for the poor was lowered, the severity for the upper groups was increased. The next year, 1927/28, this correction of distortions was further aggravated by the abolition of the agricultural tax for a significant part of the weak and the resolution submitted by the Central Committee at the Fifteenth Party Congress on the introduction of progressive income taxation of the rural elite. But even the reporting data on the completed collection of the agricultural tax for 1926/27 clearly testify to the onset of a sharp change in practice, the return of the renewed financial agencies from oppositional perversions to Soviet traditions, to actual observance of principled directives.

I will cite as an example (from p. 93 of the memo mentioned) data for three districts: Valdai district, Starorussky district, Omsk district. These data show the percentage of agricultural tax withdrawals from the incomes of peasant families, divided into groups according to profitability per consumer.

Groups	1925/26	1926/27	Plus or, minus.
			In percent.
Omsk District:			
a) lower group.	4.1	2.4	-40
6) higher	13.5	16.2	+20
Starorussky county:			
a) lower group	2.8	2	-29
6) higher	5.6	15	- 16 7
Valdai County:			
a) lower group	2.1	1.9	- 10
b) higher	6.8	14.3	+ 110

Comparison of this tablet with the preceding one may serve as an excellent illustration of the question of the real social meaning of the exclusion of the opposition from participation in the leadership of the main organs of government.

Marx taught that the **highest criterion for theory and (the yardstick for its evaluation) is practice.**

Lenin added that **the idiot is the one who believes in the word.** The practice of agricultural tax, as well as the subsequent paragraphs of this chapter, can help guide those who wish to understand the words and deeds of the opposition.

The second essential directive of which we now have to speak, and which has never been repealed by the Party, is that taxation should be more favorable for co-operatives than for private enterprises.

Meanwhile, the verification of the "inheritance" showed that, in fact, the comrades from the Narkomfin were sticking to the line of reducing the burden of taxation for private traders and increasing the burden of taxation for co-operatives. This, of course, fully corresponds to the principled line of a number of prominent leaders of the opposition, who recommended that state capital be withdrawn from trade and thereby, therefore, replace cooperative trade with private trade (in the name of investing additional funds at the present time in the construction of new factories). But this, no doubt, should come as a surprise to party public opinion, which has a completely different attitude.

The report of Comrade Grossman, inspector of the NK RKI of the USSR, agreed with the NKF (February 1927), compares the change in the severity of the trade tax (equalization fee with offset of the patent fee) for cooperation and for private traders in the period of interest to us. The severity of the taxation is expressed here as a percentage, which is the taxation in relation to the turnover, respectively, of cooperation and private traders:

	Cooperative	Private traders
	In percent	
April-September 1924	0.6	1.3
October 1925-March 1926	0.8	1.2

Thus, the severity of taxation for cooperation increased by 33%, by a third, and the severity of taxation for private traders, on the contrary, decreased by 8%. In April-September 1924, private traders were taxed 116% harder than cooperation, and in October 1925-March 1926 only 50%.

In this way, the poor private owners, whose net savings are already determined by the People's Commissariat of Trade for 1924/25 at 30% on capital, were given the opportunity to put into their pockets the additional difference from the reduction in taxes for them (up to 20 million rubles.). cooperatives found it difficult to oust the private owner and reduce the cost of goods. For the "oppositional" Narkomfin covered the shortfall from reducing the severity of taxation for the private trader by increasing the severity of taxation for cooperation.

This is not entirely similar to the **financing by the proletariat of the cooperative system it needs**, which Lenin bequeathed. **This is more like financing the capitalist economy through cooperation.**

In order to correct this distortion, after a proper assessment of the "legacy" left by the opposition, the Soviet government already in 1926/27 implemented an increase in the trade tax for the capitalists, in conjunction with a special tax on commercial excess profits. For 30 provinces, there are already reports from the NKF on the results of taxing private traders in 1926/27 under the new law on trade tax (reported by Comrade Frumkin).

It turns out that taxation increased by an average of 46% against the previous year, but since the turnover of private traders increased by 38 ³/₄ according to the same tax data, the **actual severity of their taxation under the new law increased by almost 6 ³/₄** - If we take into account the introduction and the increase in the tax on excess profits, then the above-described reduction in the burden of taxing private trade by 8% can be considered already eliminated. However, the extent of capitalist accumulation, which had been clarified in the meantime, and two additional features of the practice of taxing private traders, make it possible to raise the question of a further increase. At present, the Council of People's Commissars of the USSR is already considering a bill submitted by the NKFin **to raise income tax for capitalists.**

Firstly, it turns out that in our country large merchants were taxed relatively lighter than small ones. Secondly, a detailed analysis (analysis and evaluation) of tax rates, as they were developed at one time by the Narkomfin apparatus, shows that their nature, as Comrade Grossman puts it in his report, "does not correspond to the main direction of our policy regarding private capital to transfer it from trade to industry" (p. 10 of the mentioned report).

In most branches of commerce, the rates of taxation of capitalists are equal to those of state and cooperative trade. In almost all branches of private industry they are, on the contrary, higher than in state and cooperative industry.

This creates easier conditions for private capital to compete in trade than in industry. It is, as it were, deliberately diverted from the organization of the production of new useful objects to the organization of speculation with already existing objects.

In my book "**Private Capital**" (1927) it was shown that **for tax reasons it is more advantageous for the capitalists** (where

technology permits) to organize a **"domestic system" of capitalist exploitation** instead of **directly opening workshops and factories**.

The question of changing taxation towards less stringent conditions for private industry (except for harmful industries) than for private trade is currently on the agenda, and **this perversion of tax practice will also be eliminated**.

As for the taxation of large merchants easier than small ones, here we have a semblance of the same reverse progress that we saw above for the agricultural tax in the RSFSR in 1925/26 of the USSR People's Commissariat of Trade in Table No. 13 of its report of December 1926 (see also the publication of the People's Commissariat of Trade "Private trade in the USSR", M., 1927) provides relevant detailed information on the taxation of private trade for 1925.

Private trade for the purposes of taxation is divided into five categories (the lowest, peddlers - the first; the highest, the largest - the fifth). For cities, the People's Commissariat of Trade developed and provided information, starting with the second category (the second - kiosks, the third - ordinary retail shops, etc.). All figures in Table No. 13 show the percentage of taxes in relation to the sales turnover of trade enterprises of each category. Here, first of all, data on what percentage is the patent fee:

	in %
2nd category.	0.85
3rd	0.42
4th	0.30
5th	0.19

The picture is perfectly clear. The larger the private trader, the larger the amount the private trader trades for, the smaller the

share of the turnover in the form of a patent fee was taken from him by Narkomfin at the rates developed under the opposition.

I have already pointed out - and I emphasize again - that it is absolutely impossible to hide behind the formal approval by the authorities of the corresponding "regulations", "instructions", etc., of tax regulations. The Party and the Soviet government never gave directives to big merchants more easily than small ones, on the contrary.

When the relevant laws were submitted for approval to the relevant authorities, with tables of different rates, etc., it could not occur to anyone that if all these rates were suspected and deciphered, then there would be more relief for the kulak compared to the middle peasant, and for the big a merchant is relatively lighter taxation compared to a simple kiosk or street peddler from the unemployed. In the text itself, nothing of the kind was hinted at, and nowhere in his numerous reports did Comrade Sokolnikov warn that in practice such a picture would turn out: This applies not only to the patent fee, but also to the totality of all taxes. The People's Commissariat of Trade in the indicated table No. 13 also gives a certificate on what percentage of the sales turnover for private trade in cities was the total of all taxes (including income, trade, stamp, etc., including all local):

	in %
2nd category.	5.02
3rd	5.05
4th	4.00
5th	2.47

Sometimes empty talk is circulated to the effect that rent payments have been placed and that similar tax-like collections are allegedly particularly capable of hurting precisely the big capitalists. Therefore, the People's Commissariat of Trade

provides information on the amount of taxes for city merchants, together with rental and other "tax-like" payments. Result:

	in %
2nd category.	7.81
3rd	7.00
4th	5.07
5th	2.87

The result is exactly the same for private trade in the countryside. For the village, the People's Commissariat of Trade gives (in the same table No. 13) data on all five categories. I will give only a general result, including all taxes (patent, equalization, income, stamp, etc.), all fees, rent and other tax-like payments:

	in %
1st category.	10.81
2nd	8.45
3rd	6.07
4th	4.31
5th	3.55

Consequently, a large merchant, in relation to the amount of his sales, is taxed in the countryside (including rent, etc.) three times as lightly as a street peddler. We have almost the same difference in the city between a large merchant and a kiosk. Meanwhile, the net accumulation of the big man (the capitalist) is large, while the street and kiosk stores have almost none or none at all. It may occur to anyone that, since the wholesaler and are placed in the fifth (highest) category, they should be taxed lighter, otherwise they will shift the increase to retailers.

But why, then, should a larger retailer of the third category be taxed lighter than a smaller retailer of the second category, and even more so of the first? There is no rational basis for this. ?.

one simply has to establish a distortion of tax practice in the direction of directing the main pressure not on the capitalist (as it should be according to the directives of the Party and the Soviet government), but in the direction of the private owner of the non-exploiting type, petty and small. This was especially pronounced in the field of so-called "tax-like" payments (rent for premises, utility services). If, according to the given data on the taxation of private trade in cities, we take as 100³/₄ the relative value of payments for merchants of the second category (kiosks), then for much larger merchants of the fourth and fifth category we get:

	Taxes	Rent Etc.
	in %	
2nd category.	100	100
4th	80	24
5th	49	15

Extreme unevenness, irregularity, and even reverse progressiveness took place, especially in the payment of rent, utilities, etc. Therefore, at the present time, when we have sorted out the "opposition legacy", the question of revising all these "**tax-like**" payments (**like rent and utilities**) has already been raised and predetermined, firstly, downward for merchants of the first and second categories (for peddlers and stalls) and for handicraftsmen without hired workers, and secondly, in the direction of bringing them into line with the principles of taxation (which means **an increase for large ones compared to small ones**).

The **five perversion of the party line** by tax practice in the same year of the leadership of the oppositionists in the financial apparatus consists in a peculiar, quite definite shift in the tax burden within the non-agricultural population. We have seen above what happened during this period with the agricultural tax, and how the party later had to correct the distortions

committed in this respect. We also saw the manifestation of certain corresponding tendencies in the taxation of private trade.

Now the People's Commissariat of Finance of the USSR (the same report) has developed data on changes in taxation under the same tax in 1925/26 of various parts of the non-agricultural population compared with the previous 1924/25 (p. 44-45 of the report). As is well known, **no income tax is levied on peasants; agricultural tax is taken from them.** We take the percentage of income tax withdrawal from the income of each group of the population, established by the NCF for 1924/25, as 100. And then, using the same NCF plate, we look at how many percent it increased (plus) or decreased (minus) in 1925-26 against the previous year. The result is like this:

	%
1. Workers	+28
2. Employees	+45
3. Personal trades (labor)	+1
4. Homeowner (small ones)	+9
5. Merchants and Entrepreneurs:	
a) small	-6
b) medium.	-2.5
c) large	-3.8
6. Pensioners, fellows, etc.	no change.

This table explains quite well why a new income tax law was issued for 1926/27.

For the latest creativity of the apparatus headed by the opposition, which existed in 1925/26, meant, as we see, a noticeable increase in the burden of taxing the income tax on workers and employees, a certain increase in the burden for small-scale private economy (labor trades) and along with this

downgrading for all merchants and capitalists (including industrial ones). Party and Soviet directives in this manner to calculate and set tax rates were put on the head. They had to be put on their feet. To this end, in the new income tax adopted "after the opposition" (entered into force on October 1, 1926), workers and employees who receive up to 100 rubles a month (previously only up to 75 rubles) are exempted from income tax, and **increased income tax rates for capitalists.**

Of course, as has already been mentioned in relation to the entire taxation as a whole, even in 1925/26, in spite of all these distortions, the capitalists were more heavily taxed in our country than the workers.

A different setting would immediately catch the eye in the text of any law, and no one would tolerate it or miss it. But the tendency to correct and opposing amendments in practice, through the corresponding "development" of detailed rates, is shown and confirmed by a number of facts cited in full. And, of course, it gave in practice its harmful results, which are characterized quite higher according to official data.

It was only after the **oppositionists were removed from the leadership** of the tax business that the inheritance became sufficiently clear, and a review and **correction of the observed perversions began, which continues to this day.**

The fact that all these distorted ideas are directed in the same direction cannot but be characteristic of the practice of those figures who, like Comrade Kamenev (then chairman of the STO), Comrade Sokolnikov (the then Narkomfin), Comrade Smila (then the actual head of the State Planning Commission, first deputy chairman of the ailing), led the development and implementation of all this practice by the appropriate

apparatuses, and now they are not averse to declaring themselves especially left and almost former eternal left.

The sixth point in this practice, to which special attention will have to be paid, is the almost complete lack of development of measures for taxing private credit capital. We have seen above its dimensions and significance for bourgeois accumulation. Public opinion quite rightly recognizes the monetary and credit operations of the capitalists as the most profitable branch of their activity. And it is they who actually remain with us almost completely without taxation, while capitalist and labor private industry and trade are taxed. The main difficulty here is the absence of such sharply conspicuous external prospects as exist to some extent in trade and partly in industry.

But this difficulty is not insurmountable. Two-thirds of private credit capital is invested in capitalist medium and large-scale industry and trade. The number of all such enterprises is not immensely large, only about 180 thousand, and their business books (which they are obliged and should be obliged to keep) are controlled by financial inspectors. The data of these books and the balance sheets drawn from them contain, as we saw from the NCF questionnaire, information about very large amounts of private credit capital, about hundreds of millions. It is possible to establish, for example, the taxation by a certain percentage of all credit turnover of a given commercial or industrial enterprise (with the adoption of measures to attribute this taxation due to a corresponding decrease in interest on these credit transactions, etc.). It is possible to point out some other clues for solving the same problem - this is not the place to enter into technique. But the task itself must be set in practice and honestly, and in contrast to the almost complete tax laissez-faire on the capitalist monetary and credit market that has hitherto existed.

In connection with the question of the taxation of private capital, two more circumstances must be noted. In the first place, about a year and a half ago, the calculations of some workers of that time about an unheard of enormous taxation of private capital were circulated among us. It turned out that not only could there not be any significant accumulation, but in general one was left wondering how these sufferers still exist. It turned out that taxes and tax-like payments should absorb 70 and 80 and even 91% of all their income from private entrepreneurs (minus the costs of the operations themselves, but without taxes). It remained a mystery to fools why these selfless people are still engaged in trade, if it is unlikely that even the standard of living of a low-skilled worker can be provided for the rest of the family.

The tendentiousness and agitational striving of these calculations were clear even then. Their task was to give the impression of such an allegedly existing, extreme over taxation of private capital in order to pave the way for that policy of more favoring it, which was simultaneously pursued by the same apparatus through the development and implementation of various complex, long, and confused tables of rates and salaries, which were attached to the relevant decrees, and rules.

Let us not forget that all these calculations were made, printed, and advertised at the very time, about which now both the Narkomtorg and the State Planning Committee, etc., on the basis of all the surveys carried out and the materials collected, established that one net savings from private traders then amounted to at least $30\frac{3}{4}$ entry to capital. Now the secret of these statistical tricks is completely revealed, "The chest just opened." It turns out that tendentious speakers in favor of a private channel - some probably consciously, and some, one

must think, out of ignorance or lack of a sense of responsibility for their speeches - used this technique. Everyone knows that if a trader pays rent for a commercial premises, then he includes it in the price of those goods that he sells in this premises.

The same applies to the payment of trade tax, etc. So, the statistical conjurers made the assumption - modestly not emphasized by them in their speeches - that the merchant does not include in the price of the goods sold either the rent for the premises, or the trade tax, etc. The good-natured merchant in the USSR, in contrast to merchants all over the world, allegedly did not pass on to consumers the full costs that are necessary for the sale of goods. The good-natured merchant in the USSR, in contrast to merchants all over the world, allegedly did not pass on to consumers the full costs that are necessary for the sale of goods. Such an assumption was especially inappropriate and impossible during the years of the commodity famine experienced by the country at that time, when not the merchant was chasing the consumer, but the consumer was chasing the merchant.

Now the commission of the Council of People's Commissars of the USSR has developed data on the actual taxation of private capital, taking into account the transferable and non-transferable part of taxes. Non-transferable include income tax, apartment tax, that part of excise taxes, trade tax, etc., which falls on the part of the country's production consumed by this bourgeoisie, etc. And immediately all the legends about how the poor capitalists pay almost 91% of their income with us (and we must rush to their aid?) It turned out that it was impossible to raise the taxation of private commercial and industrial activity above 17, 2 ¼ for 1924/25, and above 15.2% for 1925/26. If for the bourgeoisie even the entire expenditure on housing is counted (assuming that a tax element is included in the rent for

them), the percentage of tax deductions from their income in 1925/26 will still increase only to 17.7%.

If the pictures sometimes painted to us about the complete unbearability of taxes for the capitalists were correct, these same capitalists would have closed their wholesale enterprises long ago. But, as we have seen, taxes were really heavy not for them, but for the very small ones - peddlers, small retailers, etc., for whom the severity of taxation is three times greater than its severity for the largest merchants (see above). This small business did sometimes go bankrupt (especially handicraftsmen, etc.), while the large ones only transferred their funds from the trade in manufactory to the purchase of handicrafts, etc.

The second circumstance is the assertions that were often circulated that made the growth of the high cost dependent on taxation and private trade.

In fact, taxes in our country generally constitute such a modest part of the price of commodities that it completely sinks into the general cloak of private merchants, which they do for other purposes (for the sake of profit, etc.). We have seen that in 1925/26 taxes on private turnover were relatively even reduced. Capes of private merchants, on the contrary, increased. In "Economic Life" dated April 16, 1927, a prominent worker of the NKF P. Kutler made a comparison of taxes on private turnover, the amount of this turnover and the amount of retail capes of private traders on wholesale prices in Moscow for two years (half-years from October 1924 to September 1926).

At the same time, all taxes, both irreplaceable and transferable (without any deduction of the transferable part), are fully taken into account here. The result is like this:

	The ratio of taxes to the amount of turnover of private traders.	Retail cape & wholesale prices. to the amount of turnover of private traders.
October 1924-March 1925	8.9%	40.3 %
April 1926-September 1926	6.0%	47.5 %

This table clearly shows that the nodding at the Soviet authorities regarding the high cost of goods from a private trader has no basis. For two years, the severity of taxes for private turnover has decreased, and the private trader, using his position in the market, even increased his capes. The reduction in the severity of taxes did not result in a reduction in the price of goods, because the private trader not only put the difference in his pocket, but also increased the capes.

Reducing the price, as experience has shown, can be achieved without reducing taxes on the private owner by increasing Soviet intervention in the organization of the market, by increasing the share of goods sold by the Soviet way. The experience of 1926/27 fully confirms this.

In 1926/27 taxes on private turnover were increased. But at the same time, a serious campaign was launched to lower prices. And we see that from January 1 to June 1, 1927, for the first time in a long time, prices also dropped somewhat in private trade. True, not particularly significant, and, moreover, almost only in trade in industrial products, but it was still a success in comparison with the previous long-term growth of all final private indices. Thus, the absence of a causal relationship between our level of taxes and the current high cost in the private market has been proven twice in recent years - both directly and in reverse. Of course, it does not follow from this that it is worth increasing taxes, as everything is cheaper.

But it follows from this that it is not taxes that are playing a decisive role in our country at the present time in directing the movement of high prices on the private market, and therefore all the nods to the tax measures of the Soviet government, as the primary cause of the high prices among private traders, have no basis. grounds, **contradict the facts and are the conduct of an alien ideology or "capitulation" to it.**