

A SURVEY OF INTERNATIONAL BUSINESS ACADEMICS ON THE ETHICS OF TAX EVASION

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ABSTRACT

In 1944, Martin Crowe, a Catholic priest, wrote a doctoral dissertation titled *The Moral Obligation of Paying Just Taxes*. His dissertation summarized and analyzed 500 years of theological and philosophical debate on this topic, much of which took place in Latin. Since Crowe's dissertation, not much has been written on the topic of tax evasion from an ethical perspective, with a few exceptions. In 1998 and 1999, a few articles were published on the ethics of tax evasion in the *Journal of Accounting, Ethics & Public Policy*. An edited book on this topic was published in 1998. But the business ethics literature has paid scant attention to this topic, perhaps because of the belief that tax evasion is always unethical.

The present paper summarizes, updates and expands on Crowe's work. Recent literature is reviewed and the issues discussed in the last 500 years of theological and philosophical debate are incorporated into an 18-statement survey, which was distributed to members of the Academy of International Business (AIB), the International Management Development Association (IMDA) and the International Academy of Business Disciplines (IABD). These three groups were chosen to be the sample population because members of these groups are knowledgeable about international business

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practices and they come from a wide variety of backgrounds. They are more cosmopolitan in outlook than the average U.S. business school professor. A large percentage of the membership of these groups have lived in more than one country and many of them were born in a country other than the United States, which reduces the U.S. bias that would result if the sample population consisted of a random sample of American business school professors. A fair percentage of the membership of these organizations presently lives outside the United States.

Three basic views on the ethics of tax evasion have emerged over the centuries. The statements in the survey instrument incorporate all three views, which give respondents an opportunity to express their opinion regardless of which of the three positions they come closest to. Most statements begin with the phrase “Tax evasion is not unethical if...”, which allows the respondents to either agree or disagree with the statement. Each question is graded on a 7-point Likert scale. The responses to each question were tallied and ranked to determine under which circumstances tax evasion might be considered most or least ethical.

INTRODUCTION

Most articles written on tax evasion are published in tax practitioner journals and take a practitioner or legal perspective. However, some authors have taken a philosophical approach [McGee, 1994a]. One of the most comprehensive analyses on tax evasion from a philosophical perspective was a doctoral thesis written by Martin Crowe in 1944. The *Journal of Accounting, Ethics & Public Policy* published a series of articles on tax evasion from

various religious, secular and philosophical perspectives in 1998 and 1999. Most of those articles were also published in an edited book [McGee, 1998a]. Since the publication of that book a few other articles have addressed the issue of tax evasion from an ethical perspective. Those articles are discussed in the next section.

The ethics of tax evasion can be examined from a number of perspectives. Some of these are of a religious nature while others are more secular and philosophical. One approach is to examine the relationship of the individual to the state. Another is the relationship between the individual and the taxpaying community or some subset thereof. A third is the relationship of the individual to God. Martin Crowe [1944] examined the literature on these approaches, which are the three main approaches that have been taken in the literature over the past five centuries.

One empirical study on the ethics of tax evasion was done by Nylén [1998], who did a survey soliciting the views of Swedish chief executive officers (CEOs). McGee [1998e] commented on this study. A study by Reckers, Sanders and Roark [1994] presented participants with a case study and asked them whether they would be willing to evade taxes. Englebrecht et al [1998] did a study involving 199 subjects who replied to 29 ethical orientation questions, some of which had to do with tax evasion. Not many empirical studies have been done on the ethics of tax evasion from a philosophical perspective. The present study is one of a series of empirical studies aimed at partially filling this gap in the literature.

REVIEW OF THE LITERATURE

Although many studies have been done on tax compliance, very few have examined compliance, or rather noncompliance, primarily from the perspective of ethics. Most studies on tax evasion look at the issue from a public finance or economics perspective, although ethical issues may be mentioned briefly, in passing. The most comprehensive twentieth century work on the ethics of tax evasion was a doctoral thesis written by Martin Crowe [1944], titled *The Moral Obligation of Paying Just Taxes*. This thesis reviewed

the theological and philosophical debate that had been going on, mostly within the Catholic Church, over the previous 500 years. Some of the debate took place in the Latin language. Crowe introduced this debate to an English language readership. A more recent doctoral dissertation on the topic was written by Torgler [2003], who discussed tax evasion from the perspective of public finance but also touched on some psychological and philosophical aspects of the issue. Alfonso Morales [1998] examined the views of Mexican immigrant street vendors and found that their loyalty to their families exceeded their loyalty to the government.

There have been a few studies that focus on tax evasion in a particular country. Ethics are sometimes discussed but, more often than not, the focus of the discussion is on government corruption and the reasons why the citizenry does not feel any moral duty to pay taxes to such a government. Ballas and Tsoukas [1998] discuss the situation in Greece. Smatrakalev [1998] discusses the Bulgarian case. Vaguine [1998] discusses Russia, as do Preobragenskaya and McGee [2004] to a lesser extent. A study of tax evasion in Armenia [McGee, 1999b] found the two main reasons for evasion to be the lack of a mechanism in place to collect taxes and the widespread opinion that the government does not deserve a portion of a worker's income.

A number of articles have been written from various religious perspectives. Cohn [1998] and Tamari [1998] discuss the Jewish literature on tax evasion, and on ethics in general. Much of this literature is in Hebrew or a language other than English. McGee [1998d, 1999a] comments on these two articles from a secular perspective.

A few articles have been written on the ethics of tax evasion from various Christian viewpoints. Gronbacher [1998] addresses the issue from the perspectives of Catholic social thought and classical liberalism. Schansberg [1998] looks at the Biblical literature for guidance. Pennock [1998] discusses just war theory in connection with the moral obligation to pay just taxes, and not to pay unjust or immoral taxes. Smith and Kimball [1998] provide a Mormon

perspective. McGee [1998c, 1999a] comments on the various Christian views from a secular perspective.

The Christian Bible discusses tax evasion and the duty of the citizenry to support the government in several places. Schansberg [1998] and McGee [1994a, 1998a] discuss the biblical literature on this point. When Jesus is asked whether people should pay taxes to Caesar, Jesus replied that we should give to Caesar the things that are Caesar's and give God the things that are God's [Matthew 22:17, 21]. But Jesus did not elaborate on the point. He did not say what we are obligated to give government or whether that obligation has limits.

There are passages in the Bible that seemingly take an absolutist position. Romans 13, 1-2 supports the Divine Right of Kings, which basically holds that whoever is in charge of government is there with God's approval and anyone who disputes that fact or who fails to obey is subject to damnation. It is a sin against God to break any law. Thus, according to this viewpoint, Mao, Stalin and Hitler must all be obeyed, even though they were the three biggest monsters of the twentieth century, because they are there with God's approval.

A few other religious views are also addressed in the literature. Murtuza and Ghazanfar [1998] discuss the ethics of tax evasion from the Muslim perspective. McGee [1998b, 1999a] comments on their article and also discusses the ethics of tax evasion under Islam citing Islamic business ethics literature [McGee, 1997]. DeMerville [1998] discusses the Baha'i perspective and cites the relevant literature to buttress his arguments. McGee [1999a] commented on the DeMerville article. McGee [2004] discusses these articles in a book from a philosophical perspective.

A few empirical studies have been done on the ethics of tax evasion. A study of tax evasion opinion in Thailand and Vietnam that used the Human Beliefs and Values survey data [Inglehart et al., 2004] found that the Vietnamese are significantly more opposed to tax evasion than are the people of Thailand and that females in both countries were more opposed to tax evasion than were men, although the difference was significant only in Thailand [McGee,

2006]. That survey also found that older people tend to be more opposed to tax evasion than younger people. People in Vietnam became significantly less opposed to tax evasion as their confidence in government declined, although that was not true for the Thai sample.

The McGee [2006] study also compared the extent of happiness with the degree of aversion to tax evasion. Although the difference in the Thai sample were not significant, an analysis of the Vietnamese sample found that people who were very happy were significantly less opposed to tax evasion than were people who were quite happy. None of the other comparisons of the Vietnamese sample were significant.

A few other empirical studies on the ethics of tax evasion have been conducted using the same methodology that was used in the present study. Studies of Argentina [McGee & Rossi 2006], Armenia [McGee & Maranjyan 2006b], Bosnia & Herzegovina [McGee, Basic & Tyler 2006], China [McGee & Guo 2006; McGee & Noronha 2006; McGee & Yuhua 2006], Germany [McGee, Nickerson & Fees 2005], Guatemala [McGee & Lingle 2005], Hong Kong [McGee & Butt, 2006; McGee & Ho 2006], Macau [McGee, Noronha & Tyler 2006], Poland [McGee & Bernal 2006], Romania [McGee 2005a], Slovakia [McGee & Tusan 2006], Thailand [McGee 2006a], Ukraine [Nasadyuk & McGee 2006], accounting practitioners [McGee & Maranjyan 2006a] and international business academics [McGee 2005b] asked respondents to give their opinion on the ethics of tax evasion in various specific situations, using a 7-point Likert Scale. All these studies concluded that tax evasion may be ethically justified in certain situations, although some arguments were stronger than others. The Torgler [2003] study reached the same conclusion, using a different methodology.

Some of the empirical studies mentioned above found that women were more opposed to tax evasion while other studies found no significant difference. A study of Romania [McGee 2005a] found that men were more opposed to tax evasion.

If one were to summarize these studies in a few words, one might say that a large percentage of various populations believe that

the duty to pay taxes is less than absolute, but that where to draw the line is a question with an answer that scholars cannot agree on with any preciseness. Perhaps the strongest case to morally justify taxation is Jews living in Nazi Germany. Surely if tax evasion is ever justified it would be in this case.

However, even in the case of Jews living under Hitler, the case for evasion is not absolute. A survey of Orthodox Jewish students found that they believed there is some duty to pay taxes even to Hitler (McGee and Cohn, 2006), not because they feel any duty to the state but because of the philosophical notions in the Jewish literature that one must always obey the law (“The law is the law.”) and because of the belief that a Jew must never do anything to disparage another Jew. If one Jew evaded taxes, it would make all Jews look bad according to this belief.

Another belief in the Jewish literature is that a Jew must not do anything that would prevent performing mitzvahs (good deeds). Committing tax evasion might lead to prison and it might not be possible to perform mitzvahs in prison.

There are several weaknesses with this argument. For one, it might provide one with an even greater number of opportunities to perform mitzvahs in prison. Secondly, it seems completely irrational that one should worry about performing mitzvahs when one is about to be led to the gas chamber.

Over the centuries, three basic views have emerged on the ethics of tax evasion. One view takes the position that tax evasion is always, or almost always unethical. There are basically three underlying rationales for this belief. One reason is the belief that individuals have a duty to the state to pay whatever taxes the state demands. This view is especially prevalent in democracies, where there is a strong belief that individuals should conform to majority rule.

The second rationale for an ethical duty to pay taxes is because the individual has a duty to other members of the community. This view holds that individuals should not be freeloaders by taking advantage of the services the state provides while not contributing to the payment of those services. A corollary

of this belief is the view that if tax dodgers do not pay their fair share, then law abiding taxpayers must pay more than their fair share.

The third rationale is that we owe a duty to God to pay taxes, or, stated differently, God has commanded us to pay our taxes. This view holds no water among atheists, of course, but the view is strongly held in some religious circles.

View Two might be labeled the anarchist view. This view holds that there is never any duty to pay taxes because the state is illegitimate, a mere thief that has no moral authority to take anything from anyone. The state is no more than a mafia that, under democracy, has its leaders chosen by the people.

The anarchist literature does not address the ethics of tax evasion directly but rather discusses the relationship of the individual to the state. The issue of tax evasion is merely one aspect of that relationship.

There is no such thing as a social contract according to this position. Where there is no explicit agreement to pay taxes there also is no duty. All taxation necessarily involves the taking of property by force or the threat of force, without the owner's permission. Thus, it meets the definition of theft. Stated as an equation, $TAXATION = THEFT$. A corollary equation is that $FAIR SHARE = 0$.

View Three holds that tax evasion may be ethical under some circumstances and unethical under other circumstances. This view is the prevalent view, both in the literature and according to the present survey.

View One: One strand of this view is that individuals owe a duty to the state to pay whatever taxes the state demands. There is no such thing as taxes that are too high because the people determine the level of taxes. In a democracy, this view is justified under the consent theory. The peoples' representatives are designated to work out the details of democracy because the people are too busy earning a living and dealing with their own problems to actively participate in government. It is an application of the division of labor theory. The legislators, chief government executives and the government bureaucracy are the specialists. They know best how to run things

because they devote their whole working life to the task, and are thus more knowledgeable than the private citizenry can be because private citizens have neither the time nor the inclination to devote to acquiring the expertise and apply their knowledge to the running of government.

There are several criticisms that could be made of this viewpoint. One obvious weakness in this argument is that just because someone lives in a democracy does not mean that the government represents the interests of all the people, or that the government works for the general welfare. Many instances could be cited where the government works for special interests and against the interests of the general public. Trade policy is only one of many examples that may be cited [McGee 1994b, 2003].

The Public Choice School of Economics has examined hundreds of cases where government officials work either for themselves or for some special interest to the detriment of the general public [Tullock 1970, 1983, 1989; Rowley, Tollison & Tullock, 1988; van den Broeck, 1988; Gwartney & Wagner, 1988]. All corporate welfare policies fit within this category, as do many other government programs. So it cannot be said categorically that the government represents the will of the people, or even that it usually represents the will of the people. All that can be said is that the government represents the will of some of the people some of the time. Does that justify the moral duty to always pay whatever taxes the government demands?

The argument could be made that, in a democracy, if you don't like the government you have, you have the power to throw out the rascals at the ballot box and replace them with people who better represent your viewpoints and interests. This view is prevalent in democracies, but a close analysis reveals that this possibility is often not realistic. The reason why America has red (Republican) states and blue (Democratic) states is because "the people" cannot agree on the kind of individuals they want running their government. Even in states that usually vote Republican there is a large minority of democrats who do not agree with the outcome, and vice versa.

One might also point out the rather inconvenient fact that one vote really does not count. The probability that a U.S. Senate or House race will be determined by just one vote is statistically improbable, and even if some member of Congress were to win by a single vote, there really is not much difference between the Democrats and Republicans anymore. It used to be said that, as a general rule, Democrats want to increase federal spending by 8 percent a year, whereas Republicans want to increase it by a mere 3 percent, which means there was a 5 percent difference between the two parties. But even that can no longer be said. President George W. Bush, a supposedly conservative Republican, managed to increase federal spending during his first term more than twice as fast as President Clinton did in his first term. The bottom line is that if you don't like the government you have, you really cannot throw them out and replace them with someone you like better. You are thus left with the option of either putting up with the government you have or move, if you can.

Another argument that has been used to justify the ethical obligation of paying all taxes is what may be called the "vote with your feet" argument. If you don't like the government you live under, move. Go somewhere else. This argument has a certain amount of plausibility. But there are some problems with it. For example, what if you live in a country that does not allow exit? The former Soviet Union is only one of several examples that could be cited. North Korea and Cuba are current examples.

Even if it is theoretically possible to move to another country, it may not be practically possible or feasible. Many people prefer to live close to family and friends, which acts as a barrier to free movement. In some countries it may be difficult to move because other countries don't want to take you or "your kind." If you are young, single and living in Eastern Europe, the possibility of emigrating to the United States is much lower than if you are Mexican or Canadian and already have 10 or 20 relatives living in the USA. U.S. immigration policy favors some groups over others. So do the immigration policies of many other countries.

If the articles by Cohn [1998] and Tamari [1998] are representative of the Jewish view, one may say that the Jewish view is near absolutist. Since Cohn is an Orthodox rabbi and Tamari is a well-known and highly respected Jewish scholar, one must at least concede that the viewpoints expressed in their articles at least represent some segment of Jewish thought on the issue. Some of the literature Cohn bases his position on goes back 3300 years. The literature Tamari cites also goes back hundreds of years.

According to Cohn [1998], the Jewish legal perspective on paying taxes has four components:

- There is a duty to follow the country's statutes.
- Laws prohibit lying.
- A Jewish person must not do anything that could discredit the religion.
- Since it is essential for a Jewish person to perform as many commandments and good deeds as possible, it is essential to stay out of jail, since the Jewish religion cannot be practiced properly in prison.

While these reasons for paying taxes may be used as general guidelines, Cohn seems to indicate that they are absolutes or near absolutes according to Jewish law. If they are indeed absolutes, all four rules are subject to criticism. For example, the case can be made that there may not always be a duty to follow all the laws of one's country. Martin Luther King, Gandhi and numerous other civil rights activists and war protesters would argue that there may at times be a moral obligation to break certain laws if they are evil laws and if the legislature is unlikely to change them any time soon.

One could counter argue that if you don't like the laws of the country where you are living you can move, but, as previously mentioned, that option may not always be attractive, or even possible. Also, what if you are already living in the greatest country on earth? To move to another country would be to move to a place that is not as acceptable as the place you now live.

If one were to play devil's advocate, one might ask whether Jews have an obligation to obey all the laws of the country, and to

pay all the taxes they legally owe, if Hitler were the tax collector. I asked Cohn this question via e-mail but he did not reply.

Thus, while one may state that there is a general obligation to obey the laws of the government of the country where you live; philosophical problems arise when one attempts to make this general guideline an absolute.

The second reason Cohn offers for paying taxes – that laws prohibit lying – may also be an acceptable general rule, subject to exceptions. But there may be situations where lying is the only moral thing to do. For example, what if your neighbor comes running into your house, brandishing a gun or axe, and asks “Where is my wife? I’m going to kill her. Do you know where she is?” If his wife were like the average wife, who is probably less than perfect but probably not bad enough to consider killing, it would be safe to say that you can honestly lie and tell him you do not know where she is, even if you are actually hiding her in the basement.

One might use a similar example to justifiably lie to the government. What if, instead of a husband looking for a wife to kill, it were the Gestapo looking for Jews? Certainly there would be no moral duty to tell the Gestapo you are hiding a few Jews in your basement, even if lying would tend to tarnish respect for the rule of law.

Cohn’s third reason, that one must not do anything that would discredit the religion, may be labeled as self-serving. This argument falls under the category of paying taxes because there is a duty to some segment of the community, the segment in this case being the Jewish community. Also, it is not always clear that the whole religion is seen in a bad light just because one member of the religion engages in activity that is considered dishonest. This argument would be stronger in an Orthodox or Hasidic community than it would be in a Reform Jewish community, where religion plays a lesser role in the life of the average participant.

Cohn’s fourth reason, that one should not evade taxes because it would limit the ability to practice one’s religion, is basically another way of saying that one must not disobey the laws

because you might be punished. As such, it is a strong argument, but one that does not necessarily have anything to do with ethics.

Tamari [1998] cites some of the same reasons as Cohn for a duty to pay taxes. Tamari points out that the Jewish law states you must follow the laws of the country where you live. But he also points out that the Mishnah Torah states that there is no moral obligation to pay taxes where the king usurps power or where the king is arbitrary or capricious or discriminatory or where taxes are confiscatory.

But he also points out that the Jewish literature regards tax evasion as theft. The theft may be from other citizens, who have to pay more taxes if the tax evader pays less. Clark [n.d.], on the other hand, states that the Mishnah Torah regards tax evasion as theft from the king. Either way, tax evasion is considered to be theft according to the Jewish literature, at least most of the time.

Christian views are mixed on the issue, although there is a strand within Christianity that is closely akin to the Jewish view. The Mormon view basically agrees with the Jewish view that tax evasion is always unethical, although for different reasons than those advanced by Jewish scholars. In fact, the Mormon view may even be considered more absolutist than the Jewish view because the Mormon view seemingly does not allow for exceptions.

Smith and Kimball [1998] cite several passages from the Mormon literature that support the view that there is a duty to pay taxes. One such argument is that one must obey the laws of whatever government you live under. One passage cited from *The Pearl of Great Price* states that Mormons believe in being subject to kings, presidents, rulers, etc., in obeying, honoring and sustaining the law. The thirteenth *Article of Faith* states that Mormons believe in being honest which, according to Smith and Kimball, includes honesty in the payment of taxes. The *Encyclopedia of Mormonism* [1992] is also cited as standing for the position that church members are required to obey tax laws. It goes on to say that if a church member disagrees with a particular tax law he may attempt to change the law or challenge the law in court. Any member who refuses to file a tax return or to pay whatever income tax is required is in conflict with

the teachings of the Church. Smith and Kimball cite secondary Mormon literature that takes the position that tax evasion is a form of theft, although their mention of this position does not state whether it is theft from the government or theft from the taxpaying community. They cite several other sources and conclude that tax evasion is against the teachings of the Church. Nowhere in their article do they mention any exceptions to this rule, leading one to reasonably conclude that there are no exceptions.

One may criticize their absolutist position on several grounds. For example, did the Mormons in nineteenth century New York State have an absolute ethical obligation to pay taxes to the very government that was running them out of the state, sometimes at gunpoint? What about the various governments that prohibit them from practicing their religion? A number of modern governments fall into this category. Ayn Rand might refer to this mentality – the belief that the individual is morally obliged to obey the government even as it is placing its jackboot on your throat – as an example of the “sanction of the victim,” which she discusses in several of her works [Rand, 1968; Binswanger, 1986].

DeMerville [1968] presents the Baha’i view on the ethics of tax evasion. Although he mentions the civil disobedience of Henry David Thoreau, Martin Luther King and Gandhi, their views are not the views of the Baha’i faith. He cites several passages from the Baha’i literature to show that the Baha’i view is absolutist, much like the Mormon view. The reasoning is also similar to that of the Mormons. Individuals must be loyal, faithful and honest toward the government under which they live.

DeMerville quotes from a letter written by the grandson of the Baha’i faith’s founder to the Baha’i community in Germany in 1934, which stated that members are under a sacred obligation to wholeheartedly obey the Nazi regime, at least as long as the regime does not trample on religious freedom. The letter goes on to say that, although individuals should be prepared to sacrifice their own interests to those of the government under which they live, they do not have to endure violations of their religious freedom. But the letter goes on to say that if some government such as that of

Germany or Soviet Russia prevents the holding of meetings or the publication of religious literature, Baha'is have a duty to obey. Baha'is are morally obligated to obey their government in all administrative matters. The only time there is no duty to obey is regarding the area of belief. Compromise in this area is not permitted even under threat of death or expulsion.

The Baha'i position may seem abhorrent to liberal democrats in the West, who believe there are limits to what any government may legitimately do. Anyone who believes in freedom of speech, the press and religion certainly would not agree with the Baha'i position. But that does not automatically mean that it is an incorrect position, only that there is room for disagreement. Certainly, no one is forced to be or remain a member of the Baha'i faith, at least not after reaching the age of adulthood, although there may be a lot of peer group pressure not to cast off the religion or even to take a cafeteria approach to the religion's doctrine.

View Two: The second view, which I label the anarchist view for lack of a better term, begins with the premise that all government is illegitimate. Government is a mere thief, which confiscates assets, percentages of paychecks, etc., without the consent of the owners of the property. The definition of theft is the taking of property without the owner's consent. The fact that it is sometimes some government that does the taking does not alter this basic definition.

The counterargument is that governments that derive their authority from the consent of the governed are legitimate and are thus entitled to some kind of support, although the exact specifics of the amount and type of support may not be easy to agree upon. Some supporters of government would restrict the scope of government to defense functions such as the support of an army, a police force and some sort of court system. Others would go beyond this nightwatchman state to include welfare state functions and redistribution of income.

Archists (those who believe in some government legitimacy and are thus not anarchists) often put forth the argument that any kind of workable democracy is legitimate and that individuals who

live under the protection of a democratic regime have some duty to obey the laws of the country in which they live. Democracy may not be perfect, and may even at times trample on minority rights, but some duty is owed in any event just because some segment of the community supports the regime.

Not all governments are democratically elected, of course, including the government of China, which has the largest population in the world. Thus, not all supporters of government can use the democratic argument. However, even a certain percentage of the Chinese population believes that there is some duty to obey government and its laws. Legitimacy of government is deeply ingrained in Chinese culture. The mere fact that the Chinese government is not a democracy does not alter this pervasive belief.

In the West, the social contract theory is often used to legitimize government. According to this theory, whether it is the version put forth by Locke [1679], Hobbes [1651] or Rousseau [1762; also see Leiker, 1998], some segment of the population, at some point in history decided to give up some portion of their liberty in exchange for government protection. Governments were formed to protect basic rights like the right to life and property. For those who do not believe that such rights exist, there is another argument, that governments were formed for protection purposes, and that subjects owe some duty to pay for the protection offered by their government.

Anarchists would be quick to dispute this position. They would assert that there never was such a social contract, and even if some group of individuals did, at some point in history, gather around a fire to discuss the formation of government to protect them from external and internal aggression, it does not follow that the current generation is bound by such agreement. It is a well established principle of law that one person may not be bound by a contractual agreement entered into by another unless there is some sort of principal agent relationship.

Lysander Spooner [1870], the nineteenth century American lawyer and anarchist, provided one of the best arguments for this position. The U.S. Constitution, which was signed by a few people

in the last quarter of the eighteenth century, had little legitimacy even on the dates of signing because the individuals who signed it represented only themselves. Even in the cases where the signers were elected by some constituency, they were only elected by some minority of eligible voters. Anyone who did not vote for them cannot be bound by any agreement they enter into. So at most, only a few individuals who were living and who were of the age of majority could be bound by the U.S. Constitution. Anyone not living at the time of the signing certainly cannot be bound. By the time Spooner wrote his pamphlet on this topic [1870], most, if not all of the signers of the U.S. Constitution were dead. Thus, even if one concedes that some laws that are passed by some individuals who represent some part of the eligible electorate are legitimate as of the date of signing, any such laws become null and void at some point, and are not binding on a major part of the populace even while the ink is still wet.

Thomas Jefferson, the third president of the United States and the author of the U.S. Declaration of Independence, was certainly no anarchist. Anarchists do not run for president, as a general rule. However, Jefferson, who died several decades before Spooner's 1870 pamphlet came into existence, agreed with a watered down form of Spooner's argument. In a letter to John Wayles Eppes in 1813, Jefferson states:

“We may consider each generation as a distinct nation, with a right, by the will of its majority, to bind themselves, but none to bind the succeeding generation, more than the inhabitants of another country.”

Nearly a quarter of a century earlier [1789], writing to James Madison from Paris, Jefferson said:

“The question Whether one generation of men has a right to bind another, seems never to have been started either on this or our side of the water. Yet it

is a question of such consequences as not only to merit decision, but place also, among the fundamental principles of every government ... no such obligation can be transmitted ... the earth belongs ... to the living ...”

Jefferson believed that laws have a natural expiration date as members of the generation who were of the age of majority when the law was passed start to die. For example, if half of the people who were 21 at the time a particular law was passed are dead 19 years later, the law becomes null and void after 19 years. If half of the adult population dies 22 years after a particular law was passed, then the law dies after 22 years. One generation cannot bind another generation.

The view that one generation cannot bind another was a common view before the American Revolution. English libertarian writers John Trenchard and Thomas Gordon, who were influential in forming intellectual opinion in pre-Revolutionary America, said the following in the early 1720s:

“All men are born free; liberty is a gift which they receive from God himself; nor can they alienate the same by consent, though possibly they may forfeit it by crimes. No man ... can ... give away the lives and liberties, religion or acquired property of his posterity, who will be born as free as he himself was born, and can never be bound by his wicked and ridiculous bargain.” [Trenchard & Gordon, 1965]

Archists would be quick to challenge this view of the legitimacy of laws. They would argue that laws, once passed, remain binding on all who live within the jurisdiction for as long as the law exists. Laws disappear only when repealed, unless there is a clause within the law that states that the law is good for only a certain period of time.

Another argument that archists might put forth would be to assert that governments are like corporations. They continue to exist independently of their owners. Just like corporations do not die when a shareholder dies, governments do not go out of existence when a citizen dies.

Governments are not quite like corporations, however. Governments are of necessity a monopoly within any particular jurisdiction. Governments must have a monopoly on force in order to be effective. Corporations, on the other hand, are voluntary associations. One can become a member by buying shares and one can exit by selling the shares. If one wants to cease being part of a particular government, one must move to another jurisdiction where some other government has a monopoly position.

Which argument carries the day? There is a certain amount of disagreement on this point. Although the vast majority of the population subscribes to some form of archism, majorities are not always right. But the interesting point from the perspective of determining when tax evasion is ethical and when it is not is the fact that some people who consider themselves to be archists – believers in the legitimacy of government – sometimes take an anarchist position when it comes to the ethics of tax evasion.

View Three: View three is the prevalent view. This view holds that tax evasion is ethical in some cases and unethical in others. Crowe [1944] spends 177 pages discussing when tax evasion is ethical and when it is not. He summarizes 500 years of theological and philosophical debate on the issue.

Angelus of Clavisio [1494] took the position that there is no ethical obligation to pay taxes if the government does not use the revenues collected to provide for the common good, at least as long as neither lying nor perjury are involved. Berardi [1898] took the position that there is probably no moral duty to pay a tax even if lying or perjury are involved, since the Prince merely dictates what is owed. Taxpayers never enter into a contract with the Prince, and thus are not bound to pay anything. Genicot-Salsmans [1927] states that partial evasion is justified on the grounds that the government does not have the right to the full amount and that it would be unfair

to impose heavier taxes on conscientious men while wicked men usually pay less. Crolly [1877] takes the position that there is no duty to pay taxes unless evasion would result in violence.

Lehmkuhl [1902] takes the position that it is unethical to evade taxes when the result is that nonevaders have to pay more. In other words, there is some moral duty to other taxpayers even if there is no moral duty to the government. But Davis [1938] takes the position that it would be unfair to require honest taxpayers to take up the slack and pay higher taxes to make up for the evasions of others.

The Muslim view toward tax evasion seemingly falls under category three, that evasion is sometimes ethical [McGee, 1997, 1998b, 1999a]. Ahmad [1995], citing Yusuf's *Economic Justice in Islam* [1971], lists the following practices that would be considered unethical in an Islamic state:

- It is immoral on the part of the state to use its power and privilege to make monopolistic gains or to tax the common people indirectly for replenishing the exchequer thereby.
- There is no room in Islam for custom barriers, restrictive tariffs or exchange control. The Islamic state, therefore, must not resort to them.
- It is illegitimate and unlawful for the state to tax directly or indirectly the general body of consumers and to give "protection" to the interests of a class of producers in the name of industrialization.
- Since it is the duty of the state to dispense justice free of charge, therefore, there must not be any court-fees, revenue stamps or fees of any kind for the transaction of any official business.
- There must not be any "income" tax as such. Besides curbing the initiative it assumes illegitimacy of the income of the rich. The state should levy, if need be, a proportional tax on the pattern of zakat on the accumulated wealth of the capable tax-payers.
- The state should not resort to indirect taxation. If the state has to tax, then, it should do so directly so that the taxes

represent a conscious contribution of the people to the cause of public interest.

- That there is no justification for imposing death duty. Islamic laws of inheritance take care of the wealth left by the deceased.

If the view of this Islamic scholar [Yusuf, 1971] accurately reflect the Muslim position on the moral obligation to pay taxes, then it would seemingly not be unethical for a Muslim to evade indirect taxes, which include excise taxes, customs duties and perhaps corporate income taxes. Muslims could also morally avoid paying tariffs and could engage in smuggling, provided the goods being smuggled are not against Islam, such as alcohol or cocaine. Evading income taxes also would not be immoral, although evading a property tax might be.

Ahmad [1995] states that there is no moral obligation to pay any tax that has the effect of increasing consumer prices. Sales taxes, excise taxes and tariffs fall into this category.

An argument can be made that there is nothing unethical about not paying all the taxes that are legally owed if you are a Jew living in Nazi Germany. There is no moral obligation to help pay for the canisters of poison gas that the government plans to use to kill you and your family. Likewise, there is no moral obligation to pay taxes if you are a Mormon living in New York State during the period of the nineteenth century when Mormons were being run out of New York at gunpoint. There is no ethical obligation for a member of the Baha'i faith to pay taxes to the Iranian government when the government is expending funds to kill Baha'is.

People who agree with any of these above-mentioned positions are not absolutists, since they believe that tax evasion is ethical in some cases. But taking such a position only begins to answer the question. The next question that needs to be answered is, if tax evasion is ethically justified in certain circumstances, what are the limits? At what point does tax evasion become ethically justified? Schansberg [1998] raises this point, as do other scholars [Pennock, 1998; Gronbacher, 1998; McGee, 1994a, 2004].

What if your country is fighting a war that you consider to be unjust? Or what if you are a pacifist and consider all wars to be unjust? Pennock [1998] discusses some of these issues. If 22 percent of the federal budget is spent on national defense, are you morally justified in evading 22 percent of the tax you legally owe, or are you ethically justified in evading more than 22 percent, since all tax collections go into a common pot anyway and whatever taxes you pay might be used to further the war effort?

What if you live under a corrupt government, where a large portion of tax revenue goes to corrupt politicians and their friends and family? Are you any less justified in evading taxes if those corrupt friends and relatives use part of the proceeds to build roads and hospitals than if they send the funds to secret offshore accounts?

What if you are in a high tax bracket and the government takes more than 90 percent of your marginal income, while taking a much lower percentage from people who have lower incomes? In such cases you are being treated as a resource, as a means rather than an end, which violates Kantian ethics [1952a,b,c; 1983]. If the government uses the tax system as a means of redistributing income rather than as a means of financing legitimate government functions, are you justified in evading taxes? What if the government's tax system has both the goal of raising revenue for legitimate government functions and also redistribution? Are you justified in evading only the portion that goes for redistribution? What if 80 percent of your neighbors view redistribution as a legitimate goal of government? Does that change your answer? Even though a strong case has been made that redistribution is inherently unethical [deJouvenel, 1952], many people, perhaps a clear majority, disagree with this view.

Is there a duty to pay taxes if the government supports the Anglican Church, as is the case in England, if you are a Catholic? Or an atheist? What if the government subsidizes abortions and you think that abortion is murder? What if the government supports affirmative action programs (reverse discrimination programs) and you are a white male?

What if evading a tax actually benefits society? Is there an ethical duty to evade in such a case? If a tax actually does more harm than good, an argument based on utilitarian ethics could be made that evading the tax is a moral obligation since evasion would result in the greatest good for the greatest number. Evading tariffs is one such case where evasion might actually increase societal well-being, since tariffs are negative-sum games. They produce more losers than winners. Evading a tariff would thus prevent a negative-sum game from taking place.

The point is that, once it is conceded that tax evasion is sometimes ethical, there is no clear dividing line that people can agree on regarding when evasion is ethical and when it is not. One purpose of this study, the reason why a questionnaire was constructed, was to get a better picture of current thinking on these issues.

METHODOLOGY

After reviewing the Crowe thesis [1944], which summarized the 500 year theological and philosophical debate that has been going on regarding the ethics of tax evasion, and after becoming familiar with the scant recent philosophical literature on the topic, a survey was developed that incorporates all the major issues that have been discussed in the literature. The survey included 18 statements that reflect all three viewpoints on the issue.

It was then distributed to the membership of the Academy of International Business (AIB), the International Management Development Association (IMDA) and the International Academy of Business Disciplines (IABD). These three groups were chosen to be the sample population because members of these groups are knowledgeable about international business practices and they come from a wide variety of backgrounds. They are more cosmopolitan in outlook than the average U.S. business school professor.

A large percentage of the membership of these groups have lived in more than one country and many of them were born in a country other than the United States, which reduces the U.S. bias that would result if the sample population consisted of a random

sample of American business school professors. A fair percentage of the membership of these organizations presently lives outside the United States. Seventy-nine (79) usable responses were obtained.

Respondents were asked to indicate their agreement or disagreement with each statement by placing a number from 1 to 7 in the space provided. The statements generally started with the phrase "Tax evasion is not unethical if..." A score of one (1) indicated strong agreement with the statement. A score of seven (7) indicated strong disagreement.

SURVEY FINDINGS

The survey included a total of 79 participants, 59 males, 19 females and 1 unknown. There were 57 faculty members, 18 students and 4 from other groups. Tables 1 and 2 provide the details.

Table 1
Responses by Gender

Male	59
Female	19
Unknown	1
Total	79

Table 2
Responses by Occupation

Occupation	
Faculty member	57
Student	18
Other	3
Unknown	1
Total	79

Table 3 shows the combined scores for each of the 18 statements.

Table 3
Combined Scores

(1= strongly agree; 7 = strongly disagree)

Stmt. #	Statement	Scores
1	Tax evasion is not unethical if tax rates are too high.	5.76
2	Tax evasion is not unethical even if tax rates are not too high because the government is not entitled to take as much as it is taking from me.	6.23
3	Tax evasion is not unethical if the tax system is unfair.	5.03
4	Tax evasion is not unethical if a large portion of the money collected is wasted.	5.13
5	Tax evasion is not unethical even if most of the money collected is spent wisely.	6.49
6	Tax evasion is not unethical if a large portion of the money collected is spent on projects that I morally disapprove of.	5.25
7	Tax evasion is not unethical even if a large portion of the money collected is spent on worthy projects.	6.43
8	Tax evasion is not unethical if a large portion of the money collected is spent on projects that do not benefit me.	6.34
9	Tax evasion is not unethical even if a large portion of the money collected is spent on projects that do benefit me.	6.52
10	Tax evasion is not unethical if everyone is doing it.	6.28
11	Tax evasion is not unethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends.	4.35
12	Tax evasion is not unethical if the probability of getting caught is low.	6.48

13	Tax evasion is not unethical if some of the proceeds go to support a war that I consider to be unjust.	5.03
14	Tax evasion is not unethical if I can't afford to pay.	5.63
15	Tax evasion is not unethical even if it means that if I pay less, others will have to pay more.	6.28
16	Tax evasion would not be unethical if I were a Jew living in Nazi Germany in 1935.	4.23
17	Tax evasion is not unethical if the government discriminates against me because of my religion, race or ethnic background.	4.45
18	Tax evasion is not unethical if the government imprisons people for their political opinions.	4.06

Chart 1 shows the relative scores for the 18 statements.

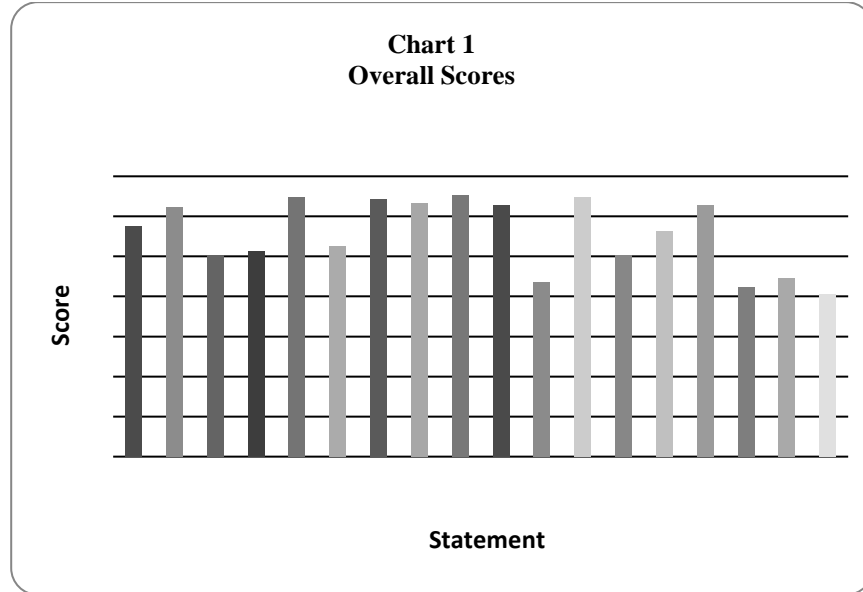


Table 4 shows the ranking of the various arguments that have been used to justify tax evasion over the centuries. Although the survey revealed that some arguments supporting tax evasion are stronger than others, none of the arguments were considered very strong by the survey participants. The strongest argument received a score of only 4.06 on a scale of 1 to 7. Eight of the 18 arguments received a score of 6.0 or higher, indicating very strong disagreement with the statement.

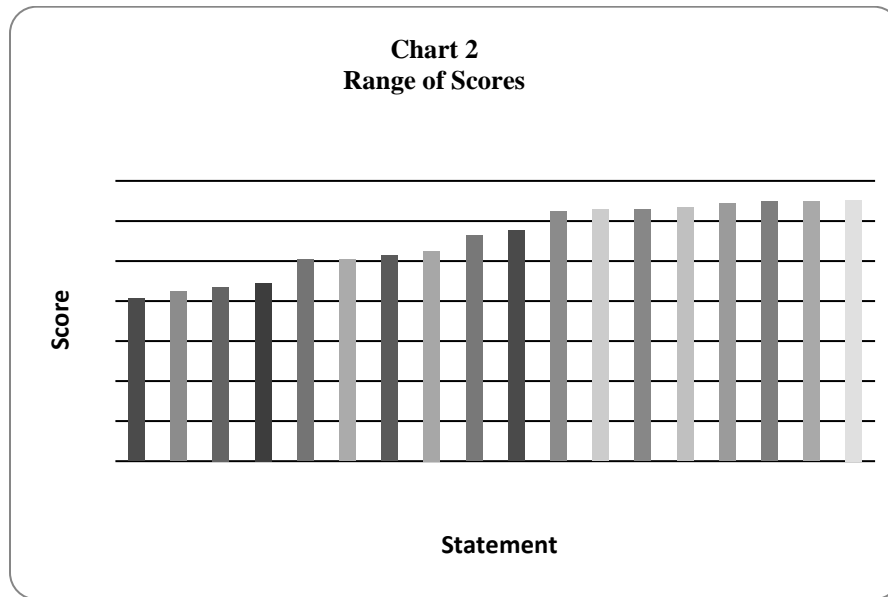
**Table 4
 Ranking of Arguments
 Ranked from Strongest to Weakest
 Arguments Supporting Tax Evasion**

Rank	Argument	Score
1	Tax evasion is not unethical if the government imprisons people for their political opinions.	4.06
2	Tax evasion would not be unethical if I were a Jew living in Nazi Germany in 1935.	4.23
3	Tax evasion is not unethical if a significant portion of the money collected winds up in the	4.35

	pockets of corrupt politicians or their families and friends.	
4	Tax evasion is not unethical if the government discriminates against me because of my religion, race or ethnic background.	4.45
5	Tax evasion is not unethical if the tax system is unfair.	5.03
5	Tax evasion is not unethical if some of the proceeds go to support a war that I consider to be unjust.	5.03
7	Tax evasion is not unethical if a large portion of the money collected is wasted.	5.13
8	Tax evasion is not unethical if a large portion of the money collected is spent on projects that I morally disapprove of.	5.25
9	Tax evasion is not unethical if I can't afford to pay.	5.63
10	Tax evasion is not unethical if tax rates are too high.	5.76
11	Tax evasion is not unethical even if tax rates are not too high because the government is not entitled to take as much as it is taking from me.	6.23
12	Tax evasion is not unethical if everyone is doing it.	6.28
12	Tax evasion is not unethical even if it means that if I pay less, others will have to pay more.	6.28
14	Tax evasion is not unethical if a large portion of the money collected is spent on projects that do not benefit me.	6.34
15	Tax evasion is not unethical even if a large portion of the money collected is spent on worthy projects.	6.43
16	Tax evasion is not unethical if the probability of getting caught is low.	6.48

17	Tax evasion is not unethical even if most of the money collected is spent wisely.	6.49
18	Tax evasion is not unethical even if a large portion of the money collected is spent on projects that do benefit me.	6.52

Chart 2 shows the range of scores. Many of the scores are more than 6, indicating strong disagreement with the belief that tax evasion is ethical.



A closer analysis of the rankings and the rationale given by some of the respondents is revealing. The strongest argument in favor of ethically evading taxes is in cases where “the government imprisons people for their political opinions.” However, the fact that the score for this statement was 4.06 reveals that there is a general

perception that there is an ethical duty to pay taxes even if the government imprisons people for their political views.

Three of the top four answers involve some fact situation where the individual's rights are violated by the government. Arguments justifying tax evasion are stronger in cases where the tax system is perceived as being unfair. The weakest arguments for justifying tax evasion are in cases where unfairness of the system does not seem to be an issue.

Another interesting result of this survey is that the Jewish-Nazi question ranked only second and received a score of 4.23, which indicates that respondents generally think that tax evasion is not justified even if you are a Jew living in Nazi Germany. The statement was that "Tax evasion would no be unethical if I were a Jew living in Nazi Germany in 1935."

I chose to include this statement because it was the most extreme case I could think of. Surely if tax evasion would not be justified in such a case, it would not be justified in any case. It was intended to test the limits, so to speak.

Those who chose a number higher than one (1) on this statement are basically saying that Jews have a moral obligation to pay taxes to Nazis, a portion of which will be used to purchase the poison gas or bullets that will be used to exterminate them and their families, which makes one wonder what kind of morale training the respondents have received. An alternative explanation would be that the respondents did not put much thought into their responses. Some respondents chose seven (7) for all the statements, which indicates they believe that tax evasion is never ethically justified. Perhaps some of these respondents did not even bother to read all of the 18 statements before determining which number to put in the space next to each statement.

If any general patterns can be discerned it would be that the strongest arguments supporting the ethical case for tax evasion are in instances where the system is somehow perceived to be unfair. Tax evasion is more ethically justifiable in cases where the government discriminates against or oppresses some segment of the population or where the proceeds are used to support activities of

which the respondent disapproves. Tax evasion is least justifiable on ethical grounds in cases where benefits are received or where the proceeds are used for activities of which the respondent approves.

The optional comment section of the survey revealed something of the thought process involved in choosing which number to place in each slot. Here is a summarized version of the responses:

- The very fact that it is referred to as tax evasion rather than tax minimization or tax management suggests a bias against not paying the full share. I don't know anyone who wants to *evade* taxes ... that is illegal. However, every good businessman wants to *minimize* taxes paid ... or even *avoid* taxes, and the ways to accomplish it legally are legion. Some would call transfer pricing tax evasion ... I would not, and neither does the government, even though it is a legal way to avoid paying the government.
- It is a slippery slope if we start saying that breaking the law is OK in situation A and not in situation B. That is why we have elections – if we disagree with how policies are being enforced, or if we see corruption, we can elect other representatives. [COMMENT: One wonders what Martin Luther King and Gandhi would say about this comment – that laws should always be obeyed, even if they cause injustice.]
- There are virtually no “ethical” excuses for tax evasion – as defined by the AASB and IRS. Even if one disagrees with how the government spends the money, even if one feels that the tax rate is too high, etc. – no excuses transform unethical behavior into ethical behavior. Look at the tax collection rates in Argentina, etc., and you can see what massive tax evasion does to whole economies and peoples. [COMMENT: There is a non sequitur here – There is widespread tax evasion in Argentina; therefore the economy and the people suffer. The poor state of the economy and the suffering of the people may very well be caused by other factors, such as government policies. If the government had

more tax revenue, it could enforce its counterproductive policies even more effectively, leading to even more economic dislocation and suffering.]

- Regardless of the political regime, and my own political and social beliefs, if I am living in a democratic country I must abide by the law and pay the taxes due. However, if I disagree with the taxes, I can protest democratically, I can vote for other political representatives, or if possible, I can move. I am not always informed of all the facts in deciding on tax levels and have to trust my political representation that they know why they are spending the money appropriate on my behalf for the betterment of the community. If I am not living in a democratic country, and I do not have any say in how the taxes are set or collected, etc. – then I would try to pay as much of the tax as I can, but I would not try to evade paying the taxes completely. If I am being persecuted or tortured by the political regime and having my civil liberties removed, then there may be a case for being unable or unwilling to pay taxes. [COMMENT: The respondent who made these comments chose 7 for all 18 statements, including 16 through 18, which makes his comment inconsistent with his scoring. One might also point out that Hitler came to power through the democratic process. Presumably, this means that the respondent feels there is no excuse for not paying taxes to Hitler even if you are a Jew.]
- I don't think tax evasion is ever ethical – but that's me. [NOTE: This respondent scored less than 7 for 7 of the 18 statements, which makes his comment inconsistent with his scoring.]
- You should pay what you owe. Period. I know that 15-20% of Americans don't, but that's not an excuse for me. (I make my kids buy CDs too). When I have to make large payments to the government it is because I have had good fortune that year. It's painful sometimes but I have to do my bit. I don't like Bush, I hate the war (I have 17 and 19 year old sons), but I pay my taxes. When government is corrupt, I guess it

is different. But you should be fighting the corruption, not dodging taxes. [NOTE: This respondent scored 5s for statements 11 and 18 and 7s for all the other statements.]

- Tax evasion is profoundly unethical. It goes to the core of who you are and your place in society – either you pay your share or you force others to pay it. Not paying your taxes directly hurts people’s quality of life – healthcare, education, the environment ... [COMMENT: This respondent scored 7s for all 18 statements. If one were to apply this view consistently, it would mean that it would be unfair for Jews living in Nazi Germany not to pay their fair share, since in that case non-Jews would have to pay more in order to purchase the poison gas and bullets needed to kill Jews. There are other logical inconsistencies as well. It cannot be said that failing to pay taxes must necessarily reduce the quality of life, since nonpaying individuals will then have more money to spend on education, healthcare, etc. If one begins with the premise that individuals can spend their own money better than can government, it might actually be the case that failing to pay taxes can increase total benefits to society, which is the exact opposite conclusion than that drawn by this respondent.]
- Oxymoron, my good man. Tax evasion by definition is both unlawful and unethical. The “excuses” listed above are more properly addressed in the legislative arena and in a free press. [COMMENT: This respondent scored 7s for all 18 statements. This comment may be criticized on several grounds. For one, it cannot be said categorically that what is legal is ethical and what is illegal is unethical. Hopefully, there is a large overlap between the two, but the overlap is not complete, unless one subscribes to the view that the state is the master and the individual is the servant. If slavery were legal, as was once the case, then it would automatically also be ethical. The fact that slavery was supported in the Bible makes this argument even stronger, at least in cases where one actually believes that the Bible is the word of God.

Another weakness in the respondent's reply is that the legislative process should be relied on to correct injustices. This view is a variant of the untrammelled majoritarian view that James Madison was so worried about in the 1770s and 1780s. Untrammelled democracy does not always produce optimal results. Both Hitler and Mussolini came to power through the democratic process. Majorities are not always right, such as the case where two wolves and one sheep vote on what's for dinner. In other words, just because some legislature votes on something does not mean that disobeying the legislative edict is automatically unethical.]

- Tax evasion is wrong, almost always. The only statement in the survey that would warrant the moral and legal wrong of tax evasion is the statement concerning Nazi Germany. That situation was so extreme and heinous that it is difficult to give any moral credence to the government of the Third Reich. Tax evasion was the very least worry of Jews in that time and country. [COMMENT: This respondent scored a 3 for the Jewish-Nazi statement and 7s for the other 17 statements. The fact that he did not score a 1 for the Jewish-Nazi question indicates that he thinks that Jews have some moral obligation to pay taxes to Hitler.]
- If we don't pay taxes honestly and cheat the government, that is unethical. Every citizen has a duty to contribute to the government exchequer by way of taxes. [COMMENT: This respondent scored a 7 for only 3 of the 18 statements, indicating that tax evasion might be justified in 15 of the 18 cases presented. He scored less than 4 for 5 of the 18 statements. Thus, his optional comments were inconsistent with his voting pattern.]
- I think that tax evasion is unethical, no matter what (except maybe if the government is totally corrupt and robbing the country and its people and there is no democratic way to remove the government from power.) It is not for the people to decide what is the right amount of tax to pay, depending on their beliefs, income, race, religion, etc. It is similar to

one of the basic legal principles: you cannot do justice yourself. There is a system of rules and laws and people have to follow them, even if they disagree with them. The way to change those rules and laws is not by evading taxes but by forcing governments to change the laws through the democratic process. In non-democratic countries people do not have this option, unfortunately. This is why the ethics of tax evasion is much less clear cut. [COMMENT: Before the advent of democracy, when kings were in charge, tax rates were often lower than when the people delegated this authority to their democratically elected legislatures. The Bible suggested giving the state 10 percent of income. Could it be that kings are less tyrannical than legislatures? Historically, they have taken less, in percentage terms. Which is better – low taxes without representation or high taxes with representation? Hmm! Just a thought.]

- Value: religion value (read your Bible). [COMMENT: I don't know quite what the respondent meant by this comment. This respondent scored 7s for 17 of the 18 statements. Perhaps she meant that we should pay taxes because God commands us to. There are several problems with this position. For one, many religious scholars over the centuries have concluded that there is a moral duty to pay taxes only in certain instances. Crowe [1944] discussed these viewpoints at length. Then there is the issue of how much weight we should give to any guidance that comes from the Bible. The Bible justified slavery, the stoning of adulterers and the killing of civilian women and children and says that all authority comes from God, meaning that Hitler, Stalin and Mao had God's stamp of approval. The argument has even been made that God did not write the Bible, that it is just a book of stories [McKinsey, 1995, 2000]. That being the case, why should we apply Biblical teachings unless there is some independent reason for doing so?]
- Tax evasion in a democracy is unethical, and in general it is unethical except under the most extreme circumstances such

as harmful government discrimination against me and my family. In a democracy, it is important to work within the system. Tax evasion within a repressive non-democracy maintained by force is justified as a means of bringing about freedom and democracy. Tax avoidance, i.e., paying no more than legally necessary, is ethical.

- Is it wrong to support a government that wastes money and presses unjust warfare? Is it a citizen's responsibility to engage in passive civil resistance, even at the cost of profession, job, home, prison time? In recent times I believe we've all thought about it. Should a person protest a situation, unjust war or systemic problems, discrimination? What's a democratic or representative government's responsibility? Should it measure the incidence of tax evasion and re-examine its policies when tax avoidance incidents are on the rise? This government wouldn't do that. Is a flat tax, with less potential for evasion, a better system for a non-responsive government?
- The law determines whether tax evasion is lawful or not. [COMMENT: This response is really nonresponsive and begs the question. This respondent is a faculty member and scored 7s for all 18 questions, which make one wonder what kind of person we are putting in the front of our classrooms.]
- I am old fashioned I guess. Tax evasion is illegal. If I disagree with the law then I am obliged to work within the system to change the law, not violate it. Any other behavior is unethical (and of course, by the way, illegal as well). [COMMENT: This faculty member subscribes to the belief that what is legal is also ethical and vice versa, a belief that goes back at least to the ancient Greeks, and which is still widely believed, although this view has little support among philosophers.]
- The society determines the moral standards. Ethics issue from the moral case. Governments sometimes adopt immoral policies like declaring unjust wars. Billions have been spent in Iraq but Americans do not have universal

health care. Most third world countries are ahead of the curve. Citizens pay heavy taxes while corporations avoid taxes by offshore offices. Why do we give financial aid to most countries in the world when there is rising poverty and homelessness in the US? Why do we give tax breaks to the rich while the middle class struggles? Jesus came to help the poor. We claim to be Christians but fail to heed the anguish of the poor. [COMMENT: I don't know where to begin to comment on the views of this faculty member. I was not aware that third world countries are ahead of the curve on health care. I question the view that ethics are determined by majority rule, although this view is widespread even within the philosophy community. Statistics show that poverty has been reduced in the United States in recent decades, which is the exact opposite of what this faculty member is asserting. Studies by the Tax Foundation and other think tanks clearly show that it is the rich who pay most of the taxes, so I see no problem with giving them a break from time to time, since they are already paying more than their fair share. I was not aware that Jesus came to help the poor. If so, he didn't do a very good job of it. It is a little disconcerting to think that we put people like this in front of a class, where they can infect future generations with inaccurate statements.]

As can be seen, the reasons given for evading or not evading taxes vary widely. Some of the respondents were internally inconsistent in their reasoning. In many cases they failed to apply any of the well-reasoned arguments that have been bouncing around the political science and philosophy literature for centuries. However, this failure is understandable, given the fact that the respondents are business specialists. It cannot be expected that they would be well versed in the political science or philosophy literature. However, it is difficult to defend the argument that tax evasion is never ethical, especially in the fact situations given in statements 16 through 18.

One issue that popped up if one reads between the lines is whether the issue of the ethics of tax evasion can be determined on majoritarian grounds. In other words, do the ethics of something depend on what the majority thinks? What if the majority changes its mind, as is so often the case? Can tax evasion be justified in one society but not in another merely because evasion is considered unethical by 51 percent of the population of Country X while only 49 percent of the people in Country Y consider it to be unethical? Space does not permit a full discussion of this point. However, this point has been discussed elsewhere [McGee, 2004], so there is no need to provide a full discussion here.

Gender

Numerous studies have compared male and female attitudes and opinions on a variety of ethical issues. Some studies have concluded that females are more ethical than males [Boyd 1981; Dawson 1997; Ruegger & King 1992] while other studies have concluded just the opposite [Barnett & Karson 1987; Weeks, Moore, McKinney & Longenecker 1999]. A third group of studies found no statistical difference between male and female attitudes [Loo 2003; Posner & Schmidt 1984; Stanga & Turpen 1991].

A few studies have explored male and female attitudes toward the ethics of tax evasion. Women were found to be more strongly opposed than men to tax evasion in studies of accounting practitioners [McGee & Maranjyan 2006], Guatemala [McGee & Lingle 2005], Hong Kong [McGee & Butt 2006], Hubei, China [McGee & Guo 2006], international business professors [McGee 2005b], Orthodox Jews [McGee & Cohn 2006], Spain [Alm & Torgler 2004], Thailand [McGee 2006] and U.S. business students in Utah [McGee & Smith 2006]. Men were found to be more opposed to tax evasion in studies of Romania [McGee 2005a] and Slovakia [McGee & Tusan 2006].

The views of men and women toward the ethics of tax evasion were found to be the same in studies of Argentina [McGee & Rossi 2006], Beijing, China [McGee & Yuhua 2006], Guangzhou, China [McGee & Noronha 2006], Hong Kong [McGee

& Ho 2006], Macau [McGee, Noronha & Tyler 2006], Poland [McGee & Bernal 2006] and Ukraine [Nasadyuk & McGee 2006].

Table 5 compares the scores of male and female respondents. Female scores were higher in all 18 cases, which means that the females in the sample had stronger opinions that tax evasion is unethical than did the males. In 3 cases, the female scores were more than a full point higher than the male scores.

Stmt. #1 - "Tax evasion is not unethical if tax rates are too high." The female scores were 1.31 points higher than the male scores.

Stmt. #16 – "Tax evasion would not be unethical if I were a Jew living in Nazi Germany in 1935." The female scores were 2.14 points higher than the male scores.

Stmt. #18 – "Tax evasion is not unethical if the government imprisons people for their political opinions." The female scores were 1.09 points higher than the male scores.

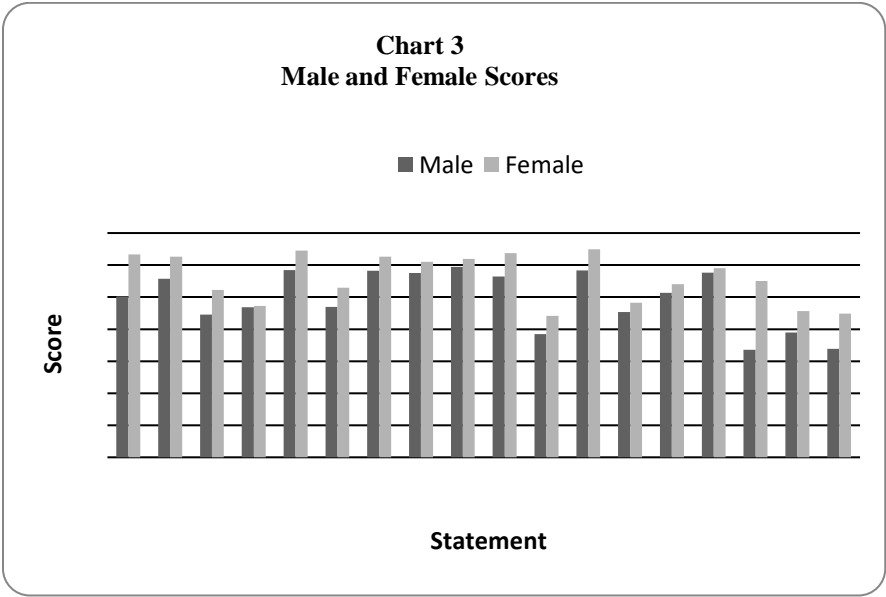
Table 5
Comparison of Male and Female Scores

Stmt. #	Male Average Score	Female Average Score	Score Larger By	
			Male	Female
1	5.02	6.33		1.31
2	5.57	6.26		0.69
3	4.45	5.22		0.77
4	4.68	4.72		0.04
5	5.84	6.45		0.61
6	4.69	5.29		0.60
7	5.82	6.26		0.44
8	5.75	6.10		0.35

9	5.94	6.19		0.25
10	5.64	6.37		0.73
11	3.85	4.41		0.56
12	5.83	6.49		0.66
13	4.53	4.82		0.29
14	5.13	5.40		0.27
15	5.76	5.90		0.14
16	3.36	5.50		2.14
17	3.90	4.56		0.66
18	3.39	4.48		1.09

This finding is somewhat surprising, given the widespread perception that women are more nurturing, compassionate and sympathetic than men. Conducting a t-test was not appropriate because the distribution was not random. However, the probability that females would have higher scores than males for all 18 statements by chance is practically zero.

Chart 3 shows the comparative male and female scores for each statement.



CONCLUDING COMMENTS

The survey found that academics in international business are generally unsympathetic to arguments advocating an ethical justification for tax evasion. Although evasion seems to be more justifiable in cases where the government is oppressing some portion of the population, even these cases did not receive strong scores.

What is puzzling, and even a bit troubling, is the reasons given in the optional comment section. The reasons given for the positions taken often sounded like the reasons that would be found in an interview of the patrons of a blue collar tavern. One would expect better reasoning from university faculty, who have had many years of university education, and who have presumably taken at least one or two philosophy courses along the way. Philosophical arguments could and have been made that tax evasion is unethical but most of the professors who made comments in the optional comment section did not use any of these arguments.

Perhaps my criticisms are a bit harsh. After all, only a minority of those who participated in the survey bothered to jot anything into the optional comment section. Perhaps the majority, which did not make any optional comments, used better reasoning to arrive at their conclusions. However, the scores for the "human rights" statements (16 through 18) do not support this belief, and the fact that many of the respondents scored 7s for most or all of the statements might lead one to question how much time and effort were put into the responses. Anyone who thinks that Jews have a moral obligation to pay taxes to Hitler needs to think again.

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