

Suppose that six physicians are discovered to have a preference for patients who pay them in cash and who do not require receipts. Suppose that on full investigation the Internal Revenue Service (IRS) discovers that all six doctors have understated their income last year by \$30,000. As advisers to the IRS Jerry and Paul discuss what should be done about the six doctors. To start with, they agree that all six must pay tax on the income they have failed to declare at appropriately high rates on that income, and substantial financial penalties. Jerry and Paul disagree, however, concerning the criminal prosecution of the physicians. Jerry believes that all six should be prosecuted and sent to prison. Paul believes, however, that only two of the physicians should be prosecuted on the grounds that the community cannot afford to lose any more than four doctors at this time. Jerry strongly disagrees. He views the needs of the community for medical practitioners as irrelevant to the decision to prosecute. He contends that the evidence of criminal violations of the tax code is equally strong against all six doctors, and thus they all should be prosecuted.

Who is right, Jerry or Paul? Explain your answer.

ANSWER: Paul is right. The key purpose of punishing tax cheaters is to encourage honesty in the preparation of tax returns. Society does not need to punish all six doctors in order to do this. In the words of Norval A. Morris, "the extra increment of deterrence (gained from punishing the six physicians) would be bought at too high a price. It would be wasteful of our resources, wasteful of the court's time, and would impose unnecessary suffering on those doctors whose punishment did not substantially increase the deterrent impact we would gain by only punishing two of their number."

From "Punishment, Descent, and Rehabilitation." By Norval A. Morris. U.S. Deputy of Justice Bicentennial Lecture Series, 1976.

Intercollegiate Ethics Bowl, 1994

© Robert Ladenson, Illinois Institute of Technology, 1994