

Manipulation of human mind as dominant strategy in achieving tax compliance

Mario BOGDANOVIĆ

Trust is good but control is always better.

Anders de la Motte (2013b)

Abstract

Effective management is not possible without a certain ideology (socialization) to facilitate the achievement of a superior meaningful goal, where manipulation often occurs as technique / strategy of achievement. The purpose of this paper is to show techniques in achieving tax compliance, to determine the existing manifestation of manipulation, to discuss the ethics of these techniques and to offer alternative techniques in solving tax compliance. The first aim of this paper is to indicate effective possibilities of achieving willingness to unpopular action (tax compliance) by means of a number of manipulative strategies / techniques. The second aim of this paper is to discuss the ethical justification of application of manipulation strategies / techniques and the necessity of application of ethically friendly techniques. The third aim of this paper is to offer solutions for achieving ethically correct tax compliance. The main method used in this paper is a method of personal and collective experience in collecting data on manipulations, analysis, synthesis, insight and reasoning. Paper results showed:

a) In reality, there are numerous forms of manipulations of human mind that are used / can be used to achieve tax compliance that is explained in detail in this paper.

b) The resistance of some citizens to the income tax could be reduced by eliminating sense of injustice and manipulation and thus strengthen tax morale.

c) By introducing some non-manipulation techniques and thus creating ethical social climate and culture (e.g. the transparency of public expenditure, increase of meaningfulness and justification in taxpaying, conscious resistance to manipulation, promotion of spiritual values of truth and proper behavior - creation of the so-called atmosphere of psychological contract), decrease of resistance to income tax is possible.

Key words: Human mind manipulation management; strategies / techniques of manipulation; tax morale; tax compliance; tax compliance strategies / techniques

JEL Classification: H10, H30.

1. Introduction

Taxpaying is generally more or less unpopular in all socio-economic systems as it indicates the exploitation of privileged layer that makes the state and the legal system at the expense of underprivileged social groups. The history shows that the most important resource that results in exceptional power is controlling of other human beings (taxpayers), i.e. achieving that other people work for the elite (state and legal system) (Bastaić & Krizman, 1976). In his way, tax liability has the character of coercion or economic violence, despite the fact that a portion of money raised is spent on socially acceptable purposes. Specifically by the Okun's principle of "punctured tub" (Samuelson & Nordhaus, 1993), as well as by the principle of redistribution of budget managed by the elites (politicians), only part of the raised money is spent in generally accepted purposes, while the rest is spent on antisocial purposes such as enrichment of privileged social groups and financing of acquisition of new power (e.g., elections and wars).

Very often those who have power are not interested in development (Galal, 2012) and justice. To allow smooth governance and facilitate financing through tax revenues, often various justifications and ideology of distribution are reached for, along with the fact that to date no society has failed to address this issue, but there are more or less acceptable ideological principles (Visković, 1981).

Traditional wisdom about tax collection says that "the goose should be plucked, but with as little quack."¹ Illustration of this is given in Figure 1.

¹ This principle has well known formula: „When you take (tax), take a lot and quiet, and when you give (back from the collected tax amount), give little and laud“. (Popov, 2015). It is obviously that this is kind of manipulation.

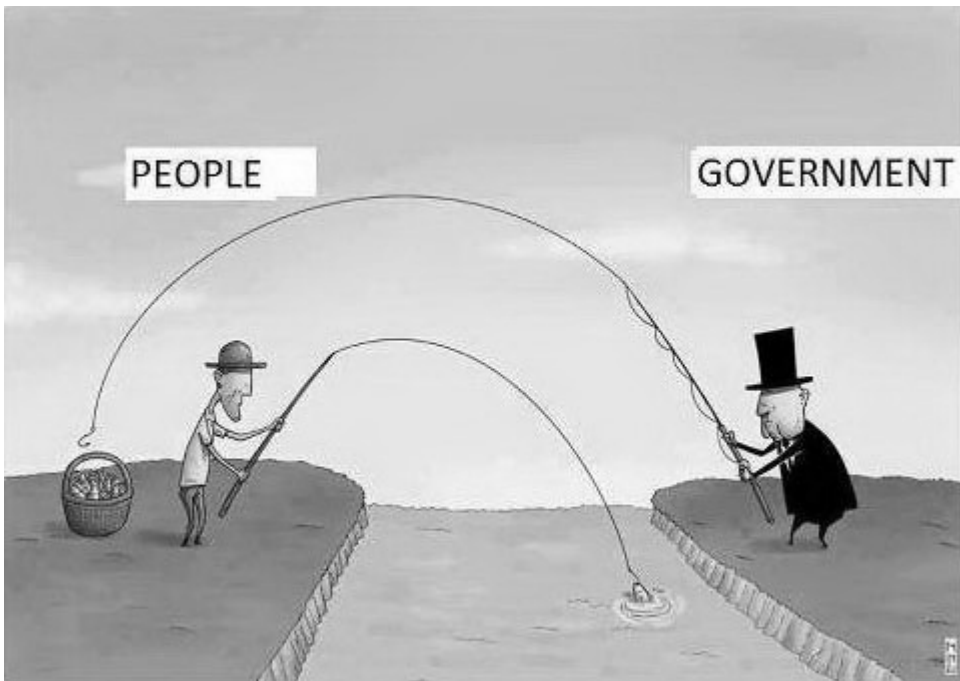


Figure 1. Tax compliance metaphor

As it can be seen in the figure above, taxpayer willingness is essential for the government (the personification of the figure on the right side) to be able to collect the same. Without willingness it wouldn't be effectively possible to carry out this process, because it would be confined to a purely and bluntly violence like "money or your life" (which was a feature of the tax collection in primitive societies, for example, slave-ownership socio-economic formation, and in the manner of a Mafia).

Taxes in general violate the law of free association. They force some associate with others in the absence of full agreement. If it is present the forcible use of one person to serve the purpose of another we can talk about form of slavery, although it sounds far-fetched in any way shape or form to equate taxation and slavery. But it is difficult to deny what they have in common: forced association. So the taxpayer must associate with the government. He must pay "palimony" fees. Such are the results when free association is abrogated (Block, 2015., p.166- 168).

The main question referred to in the above illustration is: "What is happening or about to happen in the mind of taxpayer (Fisher in the picture on the left side) to / be willing / agree to a tax provision of State (Government)? Could this willingness be achieved in only manipulative or non-manipulative way too?"

In order for social group - elite that maintains the state and legal system to achieve minimum resistance and tax evasion, historically the most effective proved human mind manipulations. In that way, tax moral and willingness grow with satisfaction, with income, patriotism, trust in government, religiosity but also decreases with increase of income (Schneider, 2015).

Manipulation as a term generally determines the human subordinate to manipulator's goals as manipulative instrument for achieving one's goals. Ideal manipulation represents such instrumentalization in which manipulated thinks that he works for himself, for his own goals, and actually works for manipulator and manipulator's goals. In fact, it's about influencing someone's behaviour, citing someone to do something (consciously or unconsciously), out of a free zone, voluntary and / or conscious decision and / or outside the zone of full information and knowledge (symmetric information). Therefore, manipulation as term has ethically negative connotation as it confronts the idea of free will, as one of top-level purposes of human existence, since neither goal in itself (ethically / valuable) is not separable from means of realization, especially if it occurred manipulative or involuntary, which is why the manipulation is increasingly seen as a behaviour that should be avoided because it is ethically controversial.

Leading, directing, managerial control, and especially motivating often has characteristics of human mind manipulations, because it is assumed that for the effective achievement of goals (e.g., effective tax collection) a certain indoctrination (ideology) is required, that can be effectively applied by human mind manipulations. But of course, from ethical point of view, none indoctrination (socialization) is questionable and democratic decision-making of free minded in this sphere is often not desirable. Delicate tax feasibility situation presents not only theoretically ideal situation in which the elite and commoners (citizens) act together in the same direction to achieve a common goal, assuming the goal identity on a relation between the state-politicians-citizens. Completely real situations are probable in which politicians have their own goals that are somewhat or completely different from those of state (socio-economic and international) as well as of the citizens' objectives or other

stakeholders (e.g. international lenders and supranational organization).² In these situations, the easiest way is to reach for manipulation techniques, to come up with the money or "force" the desired behaviour (e.g. taxpaying).

A situation in which objectives of citizens partly or totally differ from politician or government objectives is also very likely, resulting in specific behavioural response that can also be manipulative. In a battle for supremacy / power, manipulations are very often "silent weapons for a quiet war", as is the international policy "a continuation of war by other means".

In general, manipulative behaviour (cheating, lying, deception, hypocrisy, "spin" and management of stupidity) is not sustainable in a long term (permanent and above all people in society), and it is less applicable when intelligent, informed (educated) and liberalized are to be managed. Manipulative behaviours that are easily identified should be avoided in situations where intelligent and creative involvement of all citizens of society (so called society of knowledge and intelligent society) is included, because they are immediately disclosed, that produces distrust and destroys unity (social arrangement becomes difficult) with negative behavioural responses, adverse to social efficacy that is taxes compliance. Therefore, in a situation of sufficient civil intelligence and information, manipulation becomes exposed or recognized sooner or later, resulting in reduced confidence and reduced willingness to tax compliance.

The basic goal of this paper is to list and classify scientific manipulative strategies and techniques that have been observed in socio-economic and organizational world, especially viewing the sources of this subject, but also on the basis of personal and collective experiences, and thus provide an answer to the question: "How to achieve tax compliance?" In response, the goal is to offer ethically acceptable answers that are not of manipulative nature. Therefore, an additional objective of this paper is to critically discuss manipulative techniques and offer an alternative.

Manipulation could be considered as a dark side of social and economic life (even in goal of socially justified tax collection), besides positive effects (such as a particular socialization / indoctrination that takes place in creation of effective social climate / culture easily turning into its opposite - morally decadent social climate / culture - where the truth is "morally squeamish"). Therefore additional goal of this paper is to offer solutions for reduction of

² This is obvious by examples of politicians who have abused their position to achieve personal gain.

social and organizational phenomena to functional (acceptable) level. The main hypotheses of this paper are:

H₁ In creating effective tax compliance process, various taxpayer manipulation techniques are used.

H₂ It is possible to reduce income tax (by tax form and tax amount) resistance in one part of citizens by eliminating a sense of injustice and manipulation.

H₃ It is possible to reduce income tax resistance by introducing non-manipulative techniques that empower tax moral.

All three hypotheses are confirmed by insight-based methodology that uses reflection about empirical evidence, literature review and personal experience that synthesise the facts about manipulations.

2. Human mind manipulation as general management strategy

Human mind manipulations are found in many areas of social, political, economic, business, and also the private lives of people and developed animals.³ In human world, manipulations are focused towards target acquisition of human behaviour and therefore could be considered as control strategy in socio-economic and organizational life. However, when a desired objective and targeted human behaviour can not be reached or it is slow, difficult and expensive, manipulation remains as a form of subtle scam that can occur in several forms, such as machiavellianism, "spin", management of stupidity, management impressions, lie and clear (blunt) fraud, compliance-noncompliance, withholding vital information, emphasis of information in favour of manipulator's idea, threat, intimidation, retaliation and similar manifestations. Very common manifestation of manipulation are promises that are not intended to be accomplished and are not even realized in real life, but had intention of luring on an action (for example, luring voters to vote a certain political option without any intention to carry out promises; luring entrepreneur to entrepreneurial activity with promises of cheap resources of business combination; recruitment of potential employees with false promises of working conditions and promotion in order to be hired by the organization;

³ Mutual primate (monkey) manipulations are also known when they mislead each other or manipulate to achieve personal benefits (food). This paper does not deal with manipulations of primates and other animals but private life manipulations of people who have their own biological (genetic) origin. As scientific curiosity, only animals with high intellectual abilities are capable of manipulation, therefore "Smarter you are, easier you will cheat someone".

recruitment of students to study at a particular university with a subtle promise of providing high-quality marketable skills that will allow a good future life; recruitment on marriage (living together) with a variety of subtle promises of happiness; recruitment in playing games of chance with the promise of high score, solicitation to purchase products / services by failing to disclose relevant information on characteristics or conditions of use, recruitment on obedient paying of all taxes, etc.). The conclusion is that there are numerous manipulations in all spheres of social, organizational and private life, and experience tells us that their frequency is not negligible. Hyper intelligent and very manipulative are thus socially very dangerous (Anders de la Motte, 2013), because they usually manipulate good people with best intentions and deceive them to achieve their own hidden agenda.

Manipulations examined in this paper originate in social and private life. Manipulations in private life probably have their biological (genetic) cause and this paper will not address them.

To achieve tax compliance, that is the subject of this paper, different types of social manipulation are important, addressed as hereafter:

- a) Manipulations directed towards tax compliance increase;
- b) Manipulations indirectly directed towards tax compliance increase (derived from general social manipulations);
- c) Other manipulation techniques (present in organizational life), that are applied / could be applied to tax compliance increase.

2.1. Manipulations directed towards tax compliance increase

There are two basic ways of direct human behaviour manipulations in increasing tax compliance.

This approach stems from seeking of the policy which will enable formalization of undeclared work (specific tax form). There have been distinguished two broad approaches towards undeclared work: a deterrence approach which seeks to engender compliance by detecting and punishing noncompliance, and an enabling approach which aims to encourage compliance by either preventing business or people from engaging in undeclared work from the outset; providing incentives to enable the transfer of undeclared work into the declared realm, or facilitating commitment to „tax morale“.

In the area of general tax compliance, the following techniques can be distinguished:

A) To scare the taxpayer with a fine, loss (security, freedom, real estate, personal or family health) or a clear threat. This is the so-called Mafia or "racket" model in which the taxpayer pays to avoid violence and violation. This model clearly shows that tax is undoubtedly an economic violence. It can be justified by providing protection against other bullies (e.g. Mafia protects its "payers" not to become victims of similar bullies, just as the state protects its taxpayers from other countries, i.e. not to pay taxes elsewhere). At that point the state should have mechanisms and institutions of coercion (police, army, prison institutions).

B) To assure that tax is "moral obligation" for a better society, so that taxpayers create primarily good for itself by regular taxpaying, not just the elite. Such manipulation is a presumption of non-formal psychological contract that in abstract should contain action and counteraction, although by definition a tax is one-way obligation that does not constitute a counter-claim. In this technique, the following achievement strategies are possible:

B1) To oblige people to pay taxes using the legal system (to convince people that what is legal is right). Indoctrination in a way that what is legal is moral / honest - can be achieved by tax compliance to their masters (state and legal system). Actually in a common ordered world LEGITIMACY = ILLUSION OF INTEGRITY due to various deficits, mostly because of general disagreements, specific and special interests (Visković, 1981) and quite common is the fact that what is legal is neither proper nor fair. This indoctrination can be achieved through public school system by explaining how moral it is to pay taxes for a better society, better people, state and human welfare. There is also, an old manipulative technique "Divide and conquer". To be specific, it turns taxpayers against each other. There is a typical resistance of dependent people e.g. on budget, or privileged groups of society who became passionate defenders of the same system being budget financed.

B2) In order to be convinced of rightness of taxpaying, it is necessary to achieve transparency in spending budget money, for its justification not to be suspicious. It could be fabricated (false) reports so it could disguise, conceal the real truth of spending budget resources. Specifically, taxpaying by itself isn't ethical activity since tax could be spent on unethical purposes (e.g. oppression, mistreatment and killing of other people and nations). If public expenditure

transparency is complete, manipulation in this case comes down to writing "fabricated" reports and enforcing such reports of those who compile them, which may be half-true or totally false.

B3) It is possible that public expenditure is spent properly dedicated, fair and transparently and truthfully reported to the taxpayer, that was not the case so far, because taxpayers worldwide do not know exactly what for is the tax money spent on.

B4) To convince people (by indoctrination of fear) that the information on public expenditure is not necessary for "divine" nature of the governing (as the "king" and "elite" spend tax revenues through state, it is their personal right and subjects, i.e. taxpayers, have no right to inspect).

C) To reduce or completely eliminate the possibility for taxpaying through technical solutions (for example, a well-known fiscalisation in Croatia where invoicing through fiscal cash register is electronically linked to the tax administration). This is possible by creating such system, for example in some forms of direct tax deductions from wages, payment of income tax / value added tax for goods and services that are difficult to avoid because it is already included in the final price. Technical disablement of taxpaying is a matter of social innovation type of technology, and question of ethics remains in such solutions because they do not increase tax compliance, but still have the character of economic violence.

These techniques are actually standard arsenal of present conditional tax compliance. In addition to these techniques, there are general strategies, techniques that are discussed in broader context of social manipulation, also which can help in increasing compliance to specific forms of taxes and introduction of new taxes.⁴

2.2. Manipulations directed towards tax compliance increase

Conquest and retention of government authority / power of dominant over subdominant social groups is regularly held by some form of manipulations in order to justify a privileged position, and in order to extract specific target behaviour. Noam Chomsky writes about such human manipulations techniques / strategies, and indicates ten techniques and

⁴ For example, in Croatia, some of these techniques are applied to introduction of real estate taxes, a tax form generally not well accepted in population.

strategies (see more online resources on human manipulation strategies / techniques Noam Chomsky, all accessed 08th June 2015.):

1. **Diverting attention** (method "engages irrelevant to make important escape the attention"). People's attention should be diverted from important to irrelevant problems. Pre-employing of minds by "flooding" with irrelevant information makes it possible to achieve so that people have no time to think and acquire basic knowledge of the system and understanding of the world (such as watching TV where news are fabricated, and in a flood of irrelevant information the possibility of resolving the important from unimportant or less important is reduced). People find it important how much of one kind of tax has to be paid, but the flood of information reduces the sense of importance making resistance more difficult. Similar techniques can be conducted through online media so to control the flow of information (En. Buzz) in the right direction. The best way to establish information flow control is: a) to start a rumour; b) to clean negative buzz (finding and destroying everything that someone does not want to see in the vastness of internet information); c) to initiate pile of information channels in order to block out opponents; d) to switch the focus from an event until the situation is resolved (Anders de la Motte, 2013b).

2. **Creating problem** (method of "problem-reaction-solution"). Problem should be created, so some people react to it. For example, it is possible to cause and transfer fear, threat and violence to make public easily accept restrictions of freedom, income, or social security system components, as well as introduction of new taxes. A good concrete example (of manipulation) is to create perception of economic crisis and lack of money in human mind (regardless of the real state), so that such mental image becomes accepted as a "necessary evil" for which mitigation (for example) is quite reasonable to reduce social rights, raise taxes, introduce a new tax form, or some other form of restriction.

3. **Gradual change** (method of "small steps"). For people (the taxpayers) to agree to an unacceptable measure, it should be introduced very gradually, by method of small steps, for months or years. Long term implementation of resistance allows unawareness about unwanted change while changes in a short time would most probably create resistance. This is commonly used for introduction of e.g. real estate taxes in Croatia.

4. **Disposal** (method of "announcing long before implementation so that people get used to the idea of an undesired change). People need to be prepared,

because it is easier to accept future than current sacrifice, also people believe that "tomorrow will be better", and their sacrifice won't be necessary. This increases the likelihood of adjusting to the idea of change and eventually accepting with indifference (and without undesired resistance). This is commonly used for the introduction of e.g. real estate taxes in Croatia.

5. **Use of children voice** (method of ("abroad by applying infantile tones"). This results in suppression of critical thinking and feeling as stronger suggestible effect on people.

6. **Abuse of emotion** (method of "intimidation"). Critical awareness should be replaced by emotional impulses (fear / coercion, anger, concern, desire, accepting ideas) and so induce desired behaviour. For example, emotionally engage all funded by the public budget to agitate and advocate government's tax policy.

7. **Keeping in ignorance** (method of hiding technology and methods that are used for human control and enslavement). Manipulation mechanism understanding should be prevented for example, reducing the quality of education at lower layers or general population that needs to be manipulated. Knowledge of how to completely avoid or pay significantly lower taxes, generally have rich elite. The elite find it undesirable that all citizens have that knowledge because it would substantially reduce tax revenue, as for example escape in tax oases that tolerates even the intolerant USA towards tax evasion (Tyrala, 2015).

8. **Glorification of stupidity and mediocrity** (method of spreading stupidity, vulgarity and ignorance). The public should be encouraged in accepting mediocrity. It is necessary to convince people that it is good ("in" and fashionable) to be stupid, vulgar and ignorant. At the same time, resistance towards culture, art and science should be induced. The goal is to reduce the possibility that someone thinks differently and that it is possible to avoid taxpaying or significantly reduced, e.g. by escape in tax oases.

9. **Creating a sense of guilt** (method of lowering people's self-esteem by creating feeling of guilt). Every individual needs to be convinced of being responsible of it's own and sole misfortune, failure due to it's faulty intelligence, disability and lack of effort. If individuals are assured, they will not act because they will blame themselves for the failure that leads to a depressive state. In that way, they will give up the search for causes of their position and rebel against the system and rebel against unfair taxation, because if there is no action, there is no revolution.

10. **Abuse of knowledge** (method of hiding control knowledge of biology, neurobiology and practical psychology of an average person). The system and the ruling elite have advanced human knowledge about body and mind. That way, the system has more control and a greater power over individual than individual has over himself. There is a greater gap in the knowledge of public and ruling elite. The fact is that rich, powerful people (managers and other elite) or do not pay, or pay disproportionately lower tax than poor people, and it has been proven that payment of taxes decreases with an increase in wealth (Schneider, 2015). Escape in tax oases and secret abroad accounts are possible only to rich people who have knowledge about it.

General known social manipulation techniques that elite as manipulators apply in socio-economic life are applied around the world, not just in the most developed countries, and are becoming prominent in tax compliance.

2.3. Other types of human mind manipulation in function of achieving tax compliance

In human resource management at the level of organizational life, management manipulations are the most widespread manifestations of organisational manipulation. Their goals are:

- a) to facilitate people management (business leadership) because most people tend to resist being managed and to facilitate the process of motivation;
- b) to facilitate the control of people, because confidence is often not enough;
- c) to achieve some personal managerial objectives;
- d) to overcome the crisis when there is not much time, and the situation requires an urgent response (for example to create an artificial sense of unity in order to overcome the external threat).

The author is not familiar with the existence of any classification or list of forms of manipulation present in organizational life, especially not on the level of the management-employees relationship. Moreover, there is no classification and a list of manipulative techniques derived from those forms that facilitate tax compliance. The aim of such manipulation is psychological debilitation of a person in order to make him more easily manageable, and in the context of this paper to make him more disposed to pay taxes.

The following list of organizational manipulation with their explanations was generated by the author and is based on communication with employees from different Croatian organizations:

1. "You're not good enough; you will always have something missing!" - you have to work, to learn, in order to reach an acceptable level, but in reality you will never reach that level. You always lack something. There is a marked resemblance to Noam Chomsky's ninth manipulation (Creating a sense of guilt). Humiliated, depressed person will show less resistance to paying taxes.

2. "Material reward for me, and mental prize for you!" (professional development, happiness and psychological satisfaction resulting from good work). Motivation research has shown that a material reward works better for manual labour than for jobs with the dominant creative and intellectual component. However, this is true of operating personnel. The management and the authorities are uncritically rewarded mainly by material compensation, although research has explicitly shown that the amount of management compensation is not related to their productivity. This manipulation goes so far as to treat separately the motivation of ordinary workers from that of managerial motivation (which is reduced mainly to material management compensation) in management textbooks. This creates an atmosphere that taxpayers should be happy to pay taxes because they are doing the right thing.

3. This is the so-called Manipulation by waiting with the slogan "Wait, wait, take it easy!" Wait, be patient for another year, and then you'll be promoted, you'll get a better salary, everything will be solved when times get better, when there's money, when the XY situation is resolved. You just keep working hard and do not worry about it. We're with you. It is clear that employees who are "put on hold" will never accomplish the desirable situation and will thus be manipulated into obedience. Obedience in one area is then generalized to the area of tax compliance.

4. Manipulation by compatibility of objectives that can be accomplished by slogan: "If you work for me (the manipulator) you'll be fine, because what's good for me is also good for you (the manipulated)." Be happy to work for me because I'm good and honest. Otherwise, you're nothing. Asking to work for someone else is treason and asking to be dismissed. This manipulation is generalized to the notion that working in order to pay taxes is good and morally correct.

5. "Do believe that everything you do at work and elsewhere would not be possible without my / our managerial / government support and kindness."

Do realize that I (management / government) control whether your work will succeed or fail. You cannot do anything on your own so listen and follow your management, i.e. me. This manipulation is generalized to conditioning: "Without paying taxes to your masters your survival is not possible. Therefore, it is fully justified to pay taxes without resistance."

6. Pressure on group opinion and team spirit that is internalized in the slogan: "If everyone is in favour you cannot be against, because majority cannot be mistaken, and you as individual cannot be cleverer than the whole management. Therefore, agree with us and convince yourself that this is your opinion too." This is actually a demonstration of the well-known Ash experiment where, as a result of social pressure, most people agree with the manager (boss) even though everyone knows that he is wrong. "Those of you who think, should think of what and how" is an informal slogan of this manipulation that contains a hidden threat. This manipulation internalizes the belief: "If all taxpayers, colleagues and people pay, you cannot be an exception!"

7. Threat, revenge, for example: "Do realize that if you do something I don't like (regardless of whether it's good for the organization) it will be punished by a reprisal and a setup (trap) that will cause you a lot of problems. So watch what you're doing and how you are doing it because if you run afoul of me you cannot survive, neither here nor in any other organization. We are all part of the same network!" This internalizes the belief that tax evasion leads to a penalty, so it is better to pay and thus avoid it.

8. „Quod licet Iovi non licet bovi!“⁵ "Explanation: "Other employees are also going through a difficult period, and they are skilled and hard-working. So what are you asking for? What is true for other lower operating employees is true for you too. You're not the authority, management, the owner, ranking high in the hierarchy and the status to ask for such informal status rights. Be aware of your position and situation and "keep low profile". "The fact that some people do not pay taxes, manage to avoid it or pay disproportionately little has its justification in the fact that they hold higher positions in the hierarchy and are not subject to the same obligations as their subordinates.

9. "If you think you've been caused offence, or your rights have been violated, you can take it to the court or give in your notice and look for another job. If you do not like our business and managerial ethics and

⁵ This Latin saying indicates the presence of a double standard and means that one is permitted to one person or group is not permitted to everyone. It can be translated as: "Gods may do what cattle may not."

organizational climate / culture you don't need to work for our organization and management. We dictate the rules and set the climate and culture of the organization to which you have to adapt, regardless of whether it is right or not." The implications for tax compliance: "The tax should be paid as it was said, and if you do not like it you are free to move out of state and chose another place to live."

10. "It's a pie in the sky." Explanation: "Promises serve as motivational bait - and they are not there to be met! If you believe in them, then you're stupid and naive. And you're certainly not ready for promotion to a managerial position. The fact that it was promised that taxes would be spent for the common good, transparently and with the minimum outflow, and it is being spent for the good of the elite, non-transparently, and with large outflows on unproductive purposes and for purposes which you do not agree with, is not a reason for you not to pay taxes but it is time for you to embrace the fact as a subordinate."

11. "We appreciate loyalty, obedience, compliance with hidden desires, needs, and vanities of management. Read between the lines. Do not be stupid and make sure you understand the ambiguous messages sent by management (the so-called signals). Understand that you are a subject who, regardless of whether the taxes are justified or unjustified, moral or immoral you have to pay them and that is a sign of loyalty to the state in which you live."

12. "Take on managerial responsibility and give the management credit for achievements, as this is how it should be. Sometime you might be rewarded for that. Do not think, however, that because you solve problems it should necessarily be your merit and that the awards will follow spontaneously. If you're looking for something we do not like you will be denounced and rejected if necessary and maybe even in spite of it. Pay taxes, and the government (elite) will be given credit for any possible improvements in the organization / society and not the subjects (tax payers) because that is normal. If necessary, it is possible that you will be sacrificed for a higher purpose, regardless of the current obedience and regular tax payments."

13. "Give up your ethical principles, integrity, truth, and honesty for higher organizational team interest." "At home everybody is entitled to think what they want, but not in our organization!" "Everyone should accept the opinion of management. The public opinion of the elite (government) should be everyone's opinion, including the attitude towards tax payment."

14. "Your manager psyche is of key importance; your status and your destiny depend on it. Get good understanding of the informal status of all managers, their private life, desires, needs, and try to please them in every possible way, including not asking the "unnecessary questions" that they might find boring. Ambiguous e-mails, non-verbal messages and signals should be read and understood in the context of the informal facts. If something needs to be done, and is not legal or moral, do it the way your manager wants it. It is not your wishes and needs that are important but those of your manager. The needs and wishes of the state and the legal system (the elite) are important, and not yours, so you need to adjust to it (be obsequious), i.e. pay the tax!"

15. "Being a toady and sycophant, a sleek spokesman, is not only desirable but an absolutely necessary feature for getting promoted in our organization. Do not imagine that it is enough to be productive and creative, to have good professional relationship with management, based on work, order, discipline, proper treatment / honesty. Be always ready to deliver extra services, regardless of their moral dimension. Do everything your manager likes, do everything the elites require from you (be obsequious), i.e. pay the taxes."

16. "The organizational life is a difficult and arduous struggle (as a life in the jungle), you can succeed/survive only if you stick with your manager - so be always at his disposal and you will benefit. You can only survive if you pay taxes."

17. "Be obedient and loyal, approve of and agree with the wishes and opinions of your management and properly socialized colleagues. Do not accidentally show open-mindedness and self-initiative, especially not by opposing what is required by those positioned higher in the hierarchy. Watch what you're doing, or you will face reprisal. Thus internalized obedience is generalized to tax payment."

18. The internalization of the idea that "Cheaters and murderers rule the world." You can benefit from your intelligence, knowledge, and personality only if you're a bigger scoundrel. The ability of cheating and manipulation of others is crucial for climbing the hierarchy ladder. Internalization of the belief reduces the willingness to pay taxes for higher executive positions, but fearing higher hierarchical positions the tax compliance is manifested up to a certain level of hierarchy.

19. "What the management says and communicates to you is true and, as we have agreed, the concept of unlawfulness does not exist in our environment.

The truth is what suits us and not how things really are. If something suits us to be true - it will be true, and if does not suit us - it will not be true. What's right and what's true is what the superior says to be right or true. Taxes are to be paid as has been established by the elites, i.e. the Government."

20. "We do not talk about things that do not suit us. We only speak nicely about our management and organization. The one who expresses his opinion and attitude, who questions the opinion and attitude of management, or, God forbid, dares to whistle, is dead for us. It's an unskilled idler, a bad colleague and person unworthy of life. In science and higher education that is: a bad teacher, unskilled professional, bad scientists, bad colleague and person. Even if you do not agree with paying taxes you do not talk about it. You should not urge others not to pay taxes because tax evasion is immoral and illegal."

21. Arrogance. "I am your God and you shall have no other Gods before me! You depend on me thoroughly, so you are obliged to give me everything - your complete self mentally, but also morally and physically. You are obliged to give everything (your life too, if necessary, e.g. in war time) to your masters (the state and legal system). Therefore, tax payment should not be much of a problem."

The above managerial organizational manipulations can also be present as manipulation of citizens for the purpose of paying taxes, the aim of which is psychologically debilitating man in order to break his resistance to injustice. Mental managerial manipulations in organizational life represent the dark side because few can find a justification (the ethical dilemma of whether it is justified to use manipulation in order to prevent a greater evil, and when and to what extent it is justified to apply it is a debatable issue). The leadership that applies the above described manipulations generates interpersonal alienation (people start seeing enemies in other people), distrust and quasi-collectiveness. A person who experiences injustice and manipulation finds it easier to agree on paying taxes as just one of many life's injustices.

3. How to increase willingness to pay taxes in accordance with the general knowledge of psychology of man?

In tackling the issue of how to model the desired behaviour, psychology offers several answers (strategies):

a) *Punishing unwanted behaviour* (in this regard it is well known what kind of aversive stimulus is needed to dissuade someone from a certain behaviour). Research on the subject of what should be a stimulus in order to minimize the likelihood of recurrence of unwanted behaviour has found that the stimulus should be as strong and as repulsive as possible. Gradual punishment has not proved to be so efficient (Čudina-Obradović, 1991).

b) *Rewarding the desired behaviour* increases the likelihood of recurrence of such behaviour. It is possible to achieve that the very act of paying taxes becomes a self-rewarding experience. This, however, is not possible without a certain ideology, manipulation, because a rational and non-manipulated intelligent human mind finds it difficult to accept that paying taxes (to work for someone without the aliquot counterpart obligations) is a reward and not a punishment. A person can psychologically accept that he has been awarded and not punished, but it is a matter of mental manipulation. Another way is for a person to feel positive emotions when he has paid taxes (e.g. a sense of pride, satisfaction), to be convinced that he doing a good thing and that he is, therefore, a good person can be a self-rewarding experience.

c) **Manipulation of happiness in a way that manipulated think they work for their own good** and that they are rewarded, but actually work for someone else's good (pays tax that primarily serves the controlling elite / manipulators, and not their needs and well-being). How to justify taxes and their extent? There are two possibilities:

c1) to make taxpaying perceived as bearable, socially necessary and acceptable by mental manipulation, (of course the tax itself shouldn't really be unbearably high and the tax forms rationally justified), while simultaneously evaders of such "reasonable tax" to be frightened by a fine.

c2) to make tax evasion morally unacceptable to people and therefore make not paying impossible even to think about to people, or that breaking the law regarding the tax become (psychologically) unthinkable, not out of fear but on moral imperative (internalized values). The internalization of ethical values (e.g. the truth, proper behaviour, love, peace and non-violence) is possible from preschool to adulthood (cf. Bogdanović, 2012). According to this model, people

would rather pay tax (tax compliance) because of the moral imperative, i.e. moral consciousness and conscience that prevents nonpayment of tax.

Possible factors influencing tax morale in different directions (increasing it or decreasing it) are: intelligence, moral ideology, a social environment that encourages the payment of taxes (e.g. patriotism and religion), various factors of personality (e.g. altruism increases tax morale, while psychopathy, machiavellianism, narcissism, and sadism reduce tax morale), administrative procedures and conduct of tax authority towards taxpayers (e.g. "Bad and inhuman" treatment reduce tax morale). For precise determination of influential factors, their direction and strength in creating tax morale, further research is needed because this knowledge as author knows is missing.

4. Increase of tax compliance by nonmanipulative strategies: creating ethical climate and culture

As author knows, literature does not provide a way for tax compliance increase that is not based on manipulative techniques / strategies. Moreover, manipulation and hypocrisy (hypocrisy/ conversion) are rarely treated as ethical problems that need to be solved, but it is often tacitly supported by historical examples to date (Pupavac, 2006).⁶ Detected manipulations of deception and lie of politicians often do not get sanctioned, even when they are all manifested. In addition to ethically handled manipulations, intolerable are manipulations when manipulated are unaware, because the stimulus is at an unconscious level (e.g. marketing through subliminal messages).

Ethical programs for creating ethical social climate should also include anti-manipulative values, so that manipulative / fraudulent behaviour is condemned and punished. Thus, the implementation of high ethical public life standards could take into account not only individual (elite), but also interests of all citizens. One way is to introduce a socially moral philosophy which is anti-machiavellian, or anti-manipulative and which should be expanded as ethical climate / culture.

⁶ Personal authors' experience of the organizational life of Republic of Croatia shows that manipulation is often considered socially acceptable behaviour and testifies primarily about intelligence of manipulators. Therefore, corruption in the name of intelligence is ignored, and according to that prejudice intelligent and rulers manipulate (in accordance with paraphrased thoughts of Miroslav Krleža, that intelligent crooks and murderers rule the world, "cheating" is a normal human behaviour), while dumb subjects are manipulated, because it's a "natural" state of affairs.

Actually, the best social practises should be considered those that are appropriate from an ethical point of view, that is those who avoid unequal and unfair (manipulative) treatment, and are in the same relation (harmonized) with generally accepted values, for example empirical values of positive psychology accepted in all cultures and all times (from Rijaveć & Miljković 2006 to Peterson & Seligman, 2003).⁷

For combat against manipulation of any kind, essential is creating ethical social climate and culture in which manipulation is totally unacceptable. For creation of social climate and culture there are two important moments:

- a) recognition and rejection of manipulations
- b) promotion of values of truth and proper behaviour

4.1. Empowering taxpayers in identifying and rejecting manipulations - ethics as an instrument of responsible tax behaviour

Even the awareness of manipulations changes the general ethical philosophy which is significant and important predictor of ethical behaviour (Chudziska-Czupala, 2013). That is why this paper describes various forms of manipulation. For raising the level of ethical behaviour in public life, it is important that citizens become aware of manipulations and the fact that such behaviour is not conducive to social cohesion (elite and commoners). The manipulated, deceived people who are aware of that are not satisfied citizens.⁸ Two strategies could be mentioned in the context of strengthening the manipulation awareness and their rejection, which could and should be used in social life (paraphrased Zimbardo, 2007, chapter 16), within opposition of extremely unethical (evil) behaviour of the manipulator:

(1) *Be careful in interpreting the messages / information you receive.* Do not be deluded (deceived) by messages that emphasize what the sender / potential manipulator wants to sell. Ask yourself what the message sender exactly wants and what is most likely to be achieved with that information.

⁷ Virtues of positive psychology are: 1) wisdom and knowledge; 2) boldness; 3) humanity; 4) justice; 5) temperance; 6) transcendence (Rijaveć & Miljković, 2006).

⁸ In fact it is clear that no one consciously likes to be deceived or manipulated, that hardly anyone wants to maintain relations of exchange with manipulators, because of the objective fear to be played and harmed from such a relationship.

(2) *Refuse to be manipulated so as to join the activity that is completely morally strange for a promise of potential illusory usefulness.* Do not sacrifice personal, civil, business ethics and freedom for security, which is an illusion. Refuse to give up your freedom, even smaller rights, integrity or smaller part of your freedom for promise of security, because the sacrifice of rights / freedom is real and urgent, and the security is just an illusion. Promises of security at the cost of sacrificing ethics, law, privacy and freedom are a step in unethical manipulative side.

4.2. Truth and just behaviours as creators of tax compliance

Important implications for social ethics and tax compliance can be found in the so-called spirituality management. Spirituality management based on values states two basic ways to combat manipulations:

- a) Truth;
- b) Justified (moral) behaviour.

4.2.1. By means of the truth against manipulation

Truth is the foundation of morality. Ability and motivation to accept and communicate the truth (harmony between the reality and reflection about them) is crucial human value. According Jack Hawley (Hawley according Lučić, 2013, 49-50), truth is the most important thing, because when any system is in the truth, every problems resolves automatically (alone with himself) on natural way. Because of that, truth is fundamental for survival of any system, so it can be considered more important then capital, work, strategy, or anything else. Untruth or suppressed truth is deeply incorporated in contemporary life, because untruth or hiding the truth is often the means for achieving someone goal. Also untruth or missing the truth are the means of manipulations by which is wanted to achieve domination under other people- what is misuse of the truth. Truth manipulation has the goal to achieve the people are manipulated and so manipulator can easy achieve his own goal. In spite of that fact for management evolution it is necessary the awareness in the truth and internalization of truth as key value category –on the civilization level.

In the internalization of the truth value it is needed the involvement of institutional system. The key managerial question is how to block that untruth or eliding the truth become the key principle of managerial acting and

behaviour, because it often brings to the managerial benefit, but on non-functional level damages the society. The truth should be educated by known behavioural principles and create the situation that untruth/lie is not beneficial („In lie are the short legs“!), but also is punished if it brings to the damages for others. Only by truth is possible the real battle against all kind of manipulations.

4.2.2. By means of correct (moral) behaviour against manipulations

Integrity, justice in achieving the goals, not making damage the other, is also important in prevention and fight against every manipulation. Behaviours such raven the resources from the other, discredit of other to achieve some personal gains or advantage, also are „fertile soil“ for manipulations. Correct behaviour is deep morality in human thoughts, feelings and behaviour. This means that people (even elites) should behave maximal human and to the benefit of each human being, regardless of his material, social, educational and/or other status. It is pathology of management if it thinks that it makes a great good only by the fact that it does no damages and evil.

Doing things right can be clearly seen in relationships with others. Correct behaviour is behaviour which do not delay, do not complicate and do not harm to others. Misusing of „correct doing“ principle often depicts unethical situation, violence, miserable interpersonal relationships, low quality and productivity, animosity and alienation (other people are perceived as enemies) what is extremely favourable milieu for „bad“ climate and culture, and culture of untruth and manipulation. Correct doing is value that is opposite to manipulation behaviour.

5. Critical review and paper limits

This paper shows various manipulative ways of tax compliance. Although this paper primarily engages in manipulations in context of tax compliance, one much wider practical and essential question remains: "Is there a possible world without manipulation in a world where manipulation is commonly accepted strategy with a whole set of techniques at all levels?"

Also, the big question of today's society is: "Why to be moral when it is not functional?", and "Why to use less functional ethical non-manipulative techniques then"? However, lie, deception and manipulation besides means of

resistance, are also means of good / successful life. Benefit is easiest to achieve by wickedness (fraud, manipulation of others), and living on account of others. The problem is not in nowadays society and man of science, but in morality (abuse of knowledge and science). Manipulators abuse knowledge and science for their selfish and immoral purposes, and if needed, show it as a concern for common good, higher interests, or necessity imposed by the situation. That way hypocrisy became primary manipulators' characteristic.

Therefore, there are people and institutions who deceive everyone around them (machiavellianism), easily sacrificing others for their own goals. Many elite (politicians) representatives are superb actors who pretend to be good people but actually enjoy the power and play with other people by manipulating. To achieve something by manipulating became common, but rare ask: "Is it right"? If it is not right, why is it necessary? Even more rare are questions about relationship between the necessary and proper behaviour (for example, if it is not right, is it necessary for taxpayers to pay debts made by the elite for their own purpose of enrichment?).

Given that most people live in a lie greater part of their life (TV media made it possible in greater part, that provides biggest opportunities for fraud and manipulation because ideologies are easiest to sell in that way), part of the truth became unacceptable (cf. MATRIX film), so the truth changes and substitutes lie (manipulation) because it seems acceptable for life, which greatly facilitates all other forms of manipulation. Limitations of nonmanipulative strategies are also mentioned in this paper, because such strategies include climate and culture change of society which is time consuming and difficult process.

One of the largest deceptions and manipulations is spreading of belief that individuals (citizens) can not change anything in this world, in order to numb, not to question, not to investigate so nothing in the area of manipulation can be done, because the manipulation as such is permanent and unchangeable category.

6. Conclusion

Human mind manipulation is a dominant strategy in achieving tax compliance. This is evident from the fact of numerous existing techniques of manipulation that are divided in this paper into:

- a) direct manipulation techniques for achieving tax compliance (3 basic techniques and 4 subtechniques)
- b) indirect general social manipulation strategies for achieving tax compliance (10 strategies)
- c) other manipulation techniques for achieving tax compliance (21 techniques of organizational life)

All hypotheses are confirmed, so following can be answered:

- a) While creating tax compliance, various manipulation techniques are used, described in more detail in this paper.
- b) It is possible to reduce income tax (tax form and tax amount) resistance in one part of citizens by eliminating a sense of injustice and manipulation and thereby strengthen tax morale.
- c) By introduction of some nonmanipulative techniques that create ethical social climate and culture tax resistance can be reduced, for example transparency of spending budget resources, increase of meaningfulness and justification of taxpaying, conscious resistance to manipulations, promotion of spiritual values of truth and proper behaviour.

The paper discusses ethically unjustified manipulative techniques and recommends techniques that are closer to ethical approach. In such ethical approach, essential strategy questions of manipulation / ethics techniques remained inconclusive:

- 1) "Is there a possible world without manipulation in a world where manipulation is commonly accepted strategy with a whole set of techniques at all levels"?
- 2) "Why to be moral when it is not functional?", and "Why to use less functional ethical non-manipulative techniques then"?

Although no decisive and ultimate answer to these fundamental questions is given, the author believes that the society welfare should strive for social and ethical climate and culture that will put out manipulation as unethical category outside an acceptable framework of social life, and therefore tax compliance should come from ethical awareness and need, not by human mind manipulation.⁹ Ethical considerations find it important to answer the question:

⁹ Old Chinese saying indicate that the state have more benefit from justice than from taxes.

"Is it acceptable to achieve tax compliance by manipulation of taxpayers, or is it acceptable to pay taxes based on a moral compliance?", or "is technical solution for achieving the goal of tax compliance only important while ethical way is irrelevant?"

Finally, the conclusion is that today's elites and systems dominantly use manipulative techniques to achieve tax compliance, and it is genuinely because it is more effective technique of non-manipulative techniques / strategies. Arguably and unanswered remains the question whether manipulation it is necessary if it is not right?

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