

The tariff question and the land question are indissolubly interlinked. Tariffs cannot be abolished unless other sources of revenue are found. If those other methods of taxation hinder production and despoil the worker, they result in grievous injustices. The land question cannot be solved unless the value of land is taken for public revenue, so that some persons do not profit by the labour of others nor have it in their power

to hold valuable land out of use without paying over its value to the community.

The solution of these problems therefore rests with the governments and the peoples of each country. It is for them to declare their aim of solving them, and in so doing of ensuring both the prosperity and happiness of their own peoples and the peace of the world.

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## PUBLIC DEBT AND TAXATION

THAT, IN spite of the progress of civilization, Europe is to-day a vast camp, and the energies of the most advanced portion of mankind are everywhere taxed so heavily to pay for preparations for war or the costs of war, is due to two great inventions, that of indirect taxation and that of public debt.

Both of these devices . . . spring historically from the monopolization of land, and both directly ignore the natural rights of man. Under the feudal system the greater part of public expenses was defrayed from the rent of land, and the landholders had to do the fighting or bear its cost. Had this system been continued, England would to-day have had no public debt. . . . But by the institution of indirect taxes and public debts the great landholders were enabled to throw off on the people at large the burdens which constituted the condition on which they held their lands, and to throw them off in such a way that those on whom they rested, though they might feel the pressure, could not tell from whence it came. Thus it was that the holding of land was insidiously changed from a trust into an individual possession, and the masses stripped of the first and most important of the rights of man.

The institution of public debts, like the institution of private property in land, rests upon the preposterous assumption that one generation may bind another generation. . . . Public debts are not a device for borrowing from the future, for compelling those yet to be to bear a share in expenses which a present generation may choose to incur. That is, of course, a physical impossibility. They are merely a device for obtaining control of wealth in the present, by promising that a certain distribution of wealth in the future shall be made—a device by which the owners of existing wealth are induced to give it up under promise, not merely that other people shall be taxed to pay them, but that other people's children shall be taxed for the benefit of their children or the children of their assigns. . . .

Of all these great national debts that of the United States will best bear examination; but it is no exception. The wealth expended in carrying on the [American Civil] war did not come from abroad or from the future, but from the existing wealth in the States under the national flag, and if, when we called on men to die for their country, we had not shrunk from taking, if necessary, nine hundred and ninety-nine thousand dollars from every millionaire,\* we need not have created any debt. But instead of that, what taxation we did impose was so levied as to fall on the poor more heavily than on the rich, and incidentally to establish monopolies by which the rich could profit

\* The concentration of capital is the child of land monopoly.—Henry George, at the International Congress on the Land Question, Paris, June, 1889.

If the size of fortunes is taken into account, it will be found that perhaps 95 per cent of the total values represented by these millionaire fortunes is due to those investments classed as land values and natural monopolies, and to competitive industries aided by such monopolies.—Professor John H. Commons, *The Distribution of Wealth*, p. 253.

at the expense of the poor. And then, when more wealth still was needed, instead of taking it from those who had it, we told the rich that if they would voluntarily let the nation use some of their wealth we would make it profitable to them by guaranteeing the use of the taxing power to pay them back, principal and interest. And we did make it profitable with a vengeance. Not only did we, by the institution of the national banking system, give them back nine-tenths of much of the money thus borrowed while continuing to pay interest on the whole amount, but even where it was required neither by the letter of the bond nor the equity of the circumstances we made debt incurred in depreciated greenbacks payable on the face in gold. The consequence of this method of carrying on the war was to make the rich richer and the poor poorer. The era of monstrous fortunes in the United States dates from the war. . . . William H. Vanderbilt, with his forty millions of registered bonds, declares that the national debt ought not to be paid off; that, on the contrary, it ought to be increased. . . . A great public debt creates a great moneyed interest that wants "strong government" and fears change, and thus forms a powerful element on which corrupt and tyrannous government can always rely as against the people.

Indirect taxation, the other device by which the people are bled without feeling it, and those who could make the most effective resistance to extravagance and corruption are bribed into acquiescence, is an invention whereby taxes are so levied that those who directly pay are enabled to collect them again from others, and generally to collect them again with a profit, in higher prices. Those who directly pay the taxes and, still more important, those who desire high prices, are thus interested in the imposition and maintenance of taxation, while those on whom the burden ultimately falls do not realize it.—From *Social Problems*, Chapter XVI.

## GERMANY

The issue of *Bodenreform*, the organ of the German Land Reform Union, for 3rd September, contained as its leading feature an excellent article on the life and work of Henry George together with a brief indication of the practical steps which have been taken in various countries to put the taxation of land values into practical operation. The Union has always adopted the view that other measures besides land value taxation should be adopted, although that is very important, and the article states that "the teaching of Henry George is the foundation of the land reform movement in Germany." Mention is made of the German translations of George's works, and a long extract is given from *Social Problems*. Our readers will be interested to know that in spite of the war the Union is continuing its work and publishing its journal each week.

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