

We believe that the action of the Chief of Police in demanding a retraction of an editorial and preventing a meeting in a public place of citizens who would gather to discuss public questions was unwarranted, unjust, a usurpation of authority, a denial of the American idea of a free press and free speech and that it was in the highest degree reprehensible and subversive of the welfare of the citizens, and a restriction of liberty."

(To be continued.)

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## FRENCH CAPITAL AND ITS PROPER FUNCTION.

By ERNEST MANSUY, (Bookkeeper).

"Our fundamental error consists in treating land as private property."—Henry George.

Translated for the SINGLE TAX REVIEW by F. W. Garrison.

(Concluded).

It is true that the land question, and its social importance have already been presented to the French public. I, myself, before knowing the works of Henry George, published an essay of some sixty pages on the same subject. This pamphlet appeared in 1888 and I need not add that it failed to mark an epoch in the history of economic literature. Of the several hundred papers to which I sent copies only a few risked a reference to it, confining themselves to a mention of the title, which, I admit, was rather long. It was: "The Whole Law of Property and the Suppression of Taxes."

I cannot now remember what were the important questions which at that time filled the columns of the public sheets, whether the new theory of free bread, the ancient but ever throbbing question of weekly rest, that of the eight hour day, or compulsory vaccination, etc. What is certain is that the most complete silence surrounded a question which seemed to me important and of interest to the public.

Whatever it may have been, in default of other merits my work had that of presenting the problem in a personal way and regarded from other points of view than those chosen by the famous American sociologist.

A question as important as that which confronts us necessarily presents itself in many aspects; it is not sufficient to give the true solution; it must be treated in different ways to appeal to different intelligences. As an American Henry George was above all a practical man, and although he was far from neglecting the moral side of the question, he appealed particularly to the large class of men who demand that the material advantages of a proposition be revealed. This preoccupation led him into numerous details giving specific replies to all objections, but at the same time raising complications which are disconcerting to minds lacking in subtlety. But besides practical people there

exist also a few idealists who are justly convinced that in sociology the plain statement of principles is surer and more fruitful than the investigation of consequences, and that a demonstration of the justice and righteousness of a measure is proof positive of its social utility. It is to them that I appeal, persuaded that to convince them it is merely necessary to show that the solution presented is just and equitable, an easier and simpler process than attempting to reveal all the advantages, which has been done, moreover, by Henry George far better and in greater detail than I could do it.

In a question as important as this it is well that all who have anything to say should be heard. The best informed and the most eloquent will persuade the more delicate intellects, but plain writers will also be useful, and perhaps even more successful because they will be better understood by the common intelligence which is mediocre or preoccupied.

In attempting to establish an important truth such as we are concerned with the great point is to fix and generalize the discussion. When the thinking world is once occupied with the land question the problem will be examined under all its aspects and the solution will arise from the mass of conflicting ideas and compel acceptance.

Men of exceptional intelligence will elucidate the complicated problems that the application of the principle brings to light, men of uprightness and probity will emphasize the claims of morality and justice, others will analyze the beneficial results. As for my present purpose, profiting by the special advantage which comes to me from long familiarity with the double-entry method of bookkeeping, a method of reasoning not well understood even by bookkeepers, I shall confine myself in the present dissertation to a study of the "accountable" and administrative side and set up a principle which will be recognized as incontrovertible by anyone with a knowledge of business. It is that in the normal accounting of any company which desires its accounts to have a meaning, there ought to be three kinds of accounts representing the three kinds of interests which are per force involved in all possible companies; these three kinds of absolutely necessary accounts are:

1. Those which represent the *company*, an imaginary being interposed between the persons in all the transactions; these are the accounts of *values* or *things*.

2. Those which represent the shareholders, such as the accounts of assessment and of profit and loss, periodically condensed in the *capital* account.

3. The accounts of outsiders which represent the assets and liabilities of the company, that is to say the creditors and debtors.

A normal accounting consists in employing these three kinds of accounts, combining them to form a homogeneous whole whose parts are bound together and mutually dependent in such a manner that, independently of the special information which they constantly furnish concerning all the details of the operations, they serve periodically to establish general results of profit and loss, and the standing of the enterprise.

Now we find nothing in the national budget which represents the most.

essential accounts, those of the shareholders, and we are never told of the economic condition of France at a given moment. The *inventory* of the national fortune has never been made. The legislators, who compel the smallest merchant to make a yearly statement of his wealth and his debts, have never understood that this essential rudiment of order and probity is in greater need of being strictly applied to the State than to any individual.

I am well aware that the budget is not the accounting of France; it is an approximate estimate of the receipts and expenditures predicted in a more or less inexact way, while accounting is the report of actual transactions, but the accounting is not practically at the disposition of citizens, it is the budget which governments present as the annual account rendered of their administration and, although distinct from an accounting properly so-called and showing only inexactly what ought to be found therein, it is amply sufficient to show what is lacking. It lacks the periodical inventory (which, in this case ought to be annual), that is to say, the essential basis of all true accounting, and it lacks the general account of the shareholders, which ought to come first, the capital account of the nation.

This radical error in the public accounting corresponds to a radical error in the social organization. And these two errors cannot be corrected, society cannot be established on its true basis and its accounting cannot be put right except by the recognition of common ownership of the land and the collection of economic rent by the State.

As the application of principles is the best way of making them understood, I give on the next page an outline in which can be condensed annually a clear and correct summary of all the elements of the national accounting, thus giving citizen-shareholders the information to which they are entitled.

This example does not contain the elements which can be included at will and modified according to circumstances, such as the apportionment of profits to the sinking-fund, to the payment of debts, to reserves or the distribution of dividends to citizen-shareholders; these are questions to be regulated by the managers in accordance with circumstances, as performed by the managers of all other companies. I put aside also complications which are useless for the purposes of my demonstration, such as the distinction between the national and municipal domains which is a question of accounting arrangement analogous to the arrangement of accounting between branches of many commercial enterprises, financial or other, and which presents no practical difficulty although it may be regulated in different ways.

In their necessary simplicity the Balance Sheet and Profit and Loss account which I present here suffice to make clear the difference which exists between a normal accounting and the inexact, incomplete and incoherent groups of figures which, under the name of budget the managers of our national company offer us as an account rendered of their management. And I have no doubt that all merchants, financiers and men who deal with figures, in the habit of discussing the administration of companies of all kinds, will realize that it is the only logical and fair way for our governments to

render account of the interests confided to them; a method which would show at a glance the nature of the national capital and the way in which the resources that it produces ought to be employed. For it is sufficient in this case, as in many others, to present the problem in its proper light and in the simplest and clearest form to have the solution reveal itself.

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### BALANCE SHEET OF THE NATION, DECEMBER, 19—

ASSETS.		(FRANCS)
Official Domain: Composed of buildings allotted to the President, Parliament, public officials, barracks, hospitals, prisons, etc., and the materials and furniture pertaining to them.....		
		2,000,000,000
Organic Domain: Composed of highways, streets, public squares, bridges, railways, rivers, harbors, canals, lakes, ponds, forests, etc., etc.....		
		5,000,000,000
Productive Domain: Composed of the surface of the territory not included in the two preceding categories. This domain produces an annual rent of five billion, and the capital, at the rate of 5 per cent. (or 20 years purchase) is		
		100,000,000,000
Cash on hand: In public offices..... 000,000 }		300,000,000
In banks..... 000,000 }		
Various Debtors.....		1,019,000,000
		<hr/> 108,319,000,000
LIABILITIES.		
Social Capital.....		98,000,000,000
Undivided Profits.....		319,000,000
Various Creditors: (Public Debt).		
Consolidated Debt....000,000 }		10,000,000,000
Floating Debt.....000,000 }		
		<hr/> 108,319,000,000
PROFIT AND LOSS.		
Various Losses..... 2,000,000		Rent from Productive
General Expenses.... 5,090,000,000		Domain..... 5,000,000,000
<hr/> Total Expenses..... 5,092,000,000		
Undivided Profits.... 319,000,000		Various Profits..... 411,000,000
<hr/> 5,411,000,000		<hr/> 5,411,000,000

The reform advocated by Henry George was presented by him as a new tax destined to replace all others, and it is in this form that it has been under-



stood up to the present time in all the countries where it has made progress and where it bears the English name *Single Tax*, its partisans being called Single Taxers. (This name of Single Tax, or the French equivalent, *l'impôt unique*, is not new. It was used by the first economists more than one hundred and fifty years ago.)

This way of looking at the land question is perhaps good from the practical and propagandist point of view because it does not disturb the popular habit of thought. Yet those persons, few in number it is true, who like exact expressions, cannot be satisfied with this description. Economic rent is not a tax, that is to say an arbitrary assessment made at the caprice of the government, it is a real debt; to make landholders pay for the use of the ground they occupy is not to impose upon them an arbitrary contribution, it is to claim what they owe, and the establishment of this rent as a sole source of revenue for the State would be in reality the suppression of all taxes and not the establishment of a Single Tax.

Today all States live by robbery. When all their resources are drawn from economic rent they will live on their incomes.

It may be admitted that in order to triumph truth must often make concessions to error and prejudice, and only advance little by little. Like practical men the Anglo-Saxon disciples of Henry George proceed by stages in the revolution which they have undertaken. To begin with they ask only the theoretic acceptance of the principle which they uphold and its partial application in the form of a trifling initial tax, to be substituted for the most revolting exactions of the present system. They seek by a progressive increase, to replace successively all other taxes so as to arrive without friction at the establishment of a Single Tax on land values, all other taxes to be suppressed after a certain time.

This point of view is certainly plausible and ought to produce good results by permitting the reform to be established without creating disturbance or offending ingrained habit. From even a partial application of the principle very good results would no doubt immediately follow, results which are unsuspected by superficial people and which, by enlightening the public better than could the most detailed explanations, would make a more and more complete application of the principle easy and prompt.

Nevertheless, it will be understood that in the purely theoretical domain, where all the contingencies can be treated in the abstract and the mind freed from all political preoccupations, it is well to look the question squarely in the face, using in the discussion the clearest and most exact expressions and forecasting its consequences in their full extent, without consideration of the interests it may conflict with, the habits and prejudices that it may thwart or the passing difficulties that it may give rise to.

Let us then profit by the fact that today in our country the application of this measure seems distant enough to permit its examination without being troubled by the howling of interests which are menaced, or think themselves menaced, the bitterness of parties and the artificial difficulties which place-

holders and fishers in troubled waters can create. We are actually in the best position to establish the truth in its natural simplicity and integrity. Let us establish it, and when the time shall have come to apply the true principles which we have determined, we shall be exactly informed and may compromise at need with full knowledge and avoid, if possible, revolutionary upheaval. But if we are to act efficiently, we must first see clearly.

I have written the present article in this spirit and I do not doubt that the clearness with which I have been careful to treat the question will be of some value to minds which delight in precision and certainty.

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There is nothing to prevent us, however, from examining now the practical side of the question and the means of application.

It presents but one real difficulty, the dispossession of the possessors or so-called landowners, and this difficulty arises from the fact that these proprietors are evidently genuine and have paid for this fallacious right in a perfectly legal manner. In fact it is not they who are at fault but the State which erred in permitting this transaction and abandoning to individuals the inalienable common wealth entrusted to its care. The injured proprietors will thus be punished for a crime of which they are not guilty. It is an unfortunate case, but one which occurs daily in numberless instances and on a large scale in all social revolutions.

But while agreeing that some "owners" would be injured by the reform in question, we must admit also that others would benefit by it; for the great majority there would result but a slight increase or decrease of their burdens. In reality a much smaller minority would be seriously affected than would have been supposed from the superficial examination of the Henry George doctrine which has heretofore been made.

In fact, the Single Tax replacing all other taxes, its adoption would present at once an increase on one side and a decrease on the other. For all landowners who use their land in a normal and intelligent way, admitting that the new tax would make them pay as much as the old ones, would now have the immense advantage of being freed from a multitude of absurd obstacles which prevent them from taking advantage of their wealth and from making their activity effective. The wine-grower, for instance, would prefer to pay four times as much in the direct form of the Single Tax and no longer have to submit to the fiscal inquisition whose agents are masters in his house and force him to lose five hundred francs in the process of collecting twenty.

As for the owners who will be injured by this measure, a much smaller number than the superficial suppose, let us consider their case first from the point of view of strict natural law and then from that of the artificial law which politicians profess, and we shall see that in neither instance have they the slightest reason to object.

From the point of view of strict natural law, while regretting that honest men should be despoiled of what they have paid for with the fruit of their

labor, it must be realized that this dispossession is absolutely just and necessary. Moreover, the position of these so-called owners is no more interesting than that of all the citizens who, by existing taxes, are constantly dispossessed of wealth which is their indisputable property.

Prescription is the only title which can make valid the ownership of land; the strongest partisans of landed property are forced to recognize that the earth has always become personal property through usurpation and it is self-evident that no other means exists. Hence it is solely because this injustice was committed long ago that they consider it to have become right.

This assumption will not stand investigation; prescription is an expedient for settling a doubtful dispute, but where no doubt exists it is not admissible. Anyone who should bring to France a slave bought in Africa would be dispossessed of this property as soon as he stepped ashore, and neither the titles which he could show nor thirty years prescription, if he could prove it, would have any value in the eye of the law because a man *cannot be the property of another man*. If everybody recognizes that the origin of landed property has always been usurpation, it is not because they were witnesses of the act, but because everybody understands that no other possible origin exists for this pretended right; the right of land ownership is as inadmissible as the right to own slaves.

Furthermore, the land is pre-eminently the inalienable property of the nation, and natural law as well as written law requires that the public domain should not be lost by prescription and can always be reclaimed from the hands of those who possess it, however long a time they have held it.

Some confused thinkers propose land nationalization. It is a simple absurdity. Let us consider our parliament, taken by this ridiculous idea, decreeing that henceforward French soil should belong to the French nation. The idea that a vote of parliament is necessary to make the land of France belong to the nation is burlesque.

From the point of view of the politicians who govern us the question is still more simple; we live under a happy-go-lucky regime; our Parliament pretends to create justice and to decree truth as it pleases; it has only to exert its will for that which it regards today as a sacred property to become tomorrow neither sacred nor property. And after all, the vote on taxes is a very convenient way of abolishing the property of individuals in small degrees (and even in great), which amply suffices to effect the desired reform. Parliament is given the right of dispossession by taxation. It has thus only to vote the Single Tax of Henry George and suppress all other taxes. If the government has the right to take what belongs to us, it certainly has the right to take that which does not belong to us; if it has the right to impose upon us a multitude of absurd taxes, it certainly has the right for once to fulfill its duty and demand from us that which belongs to the community, or, if you prefer the word, to vote an economic, intelligent and just tax.

On the other hand, governments have assumed the task of rectifying the natural conditions of commerce and industry. In olden times the difficulty

of communication often produced terrible famines which were sometimes aggravated by the speculations of conscienceless monopolists. Today the monopoly of provisions, especially of wheat, would be absolutely impossible if our legislators did not raise obstacles to their distribution by means of absurd and unjust laws which favor all kinds of stock-jobbing.

Having thus made wrongful speculation easy, our lawmakers, with their habitual incoherence, strive to restrain it by means of laws against monopoly. We have thus two sorts of bad laws, one against the distribution of wheat and the other against its stagnation. Need I remark that the laws against distribution are very effective and make us pay much more than the natural price for bread, while the laws against monopoly and speculation are inoperative and can seldom be applied.

However that may be, the lawmakers assume the right to punish monopolists; now what better occasion could they have to exercise this right than that presented by the monopolists of land? What product is as important for the support of the people as the land, the source of all subsistence? What laws can be as effective as those relating to land which lies in plain sight and can neither be hidden nor moved elsewhere?

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It can scarcely be hoped that the reform of the land system can be brought about all at once in its complete form; it will surely come at a time which cannot be predicted, but which perhaps is not far distant. If it does not come as the result of a revolution the change will be accepted very slowly and with bad grace by the lawmakers themselves, who will have their hands forced by circumstances and by the will of the people.

Meanwhile it may be feared, or hoped, that it may come through violence following the bankruptcy of most of the European governments, a bankruptcy which has long been preparing and which seems inevitable. For the matter of that, bankruptcy under different forms has always been the expedient of our governments. Before taxes existed kings used by the issue of spurious money to raise from private fortunes the amount needed to balance the budget of the royal domain; under Louis XIV, in addition to taxes, and without neglecting to condemn certain coinages from time to time in order to issue others more advantageous (for him), the government, at irregular intervals struck off 25 per cent. of the amount it had to pay; during the minority of Louis XV the Regent acted on a larger scale by means of Law's bank, but the first Republic, although perhaps more excusable, surpassed all its predecessors with the huge bankruptcy of the assignats. It is more than a century since this catastrophe happened and it is now forgotten by the ordinary man, but our representatives seem piously to have preserved the tradition and to be disposed to perfect the formula; they are advancing with long strides towards a bankruptcy which seems likely to be international and of an imposing magnitude.

In what circumstances will this cataclysm be produced? Probably during a European war. It is difficult to predict the relative importance and the

role of each of the elements which ought normally to contribute and which it is easy to enumerate: the public debt as profound cause, paper money and the land question as determining and aggravating causes. But however the events may be produced, and whatever the distress they will involve, they will have the advantage of bringing the land question up for final settlement.

An occasion of this sort presented itself at the time of the great Revolution when the seigneurs and priests were dispossessed of their property. If the lands of the clergy and the *émigrés* had been let to the highest bidder in place of being sold at bargain prices, however small the rent received at first by the State in those troubled times, the nation would have created for itself perpetual resources which would have shown a material increase every year as social peace became established, and would in time have become almost inexhaustible. Many of the catastrophies which followed might thus have been avoided.

It must be said in extenuation of the rulers of that time that they found themselves in peculiarly difficult circumstances, that their great preoccupation was to make this dispossession final, and that it could be made irrevocable only by the complete alienation of the confiscated lands.

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It may be well in conclusion to review the chief advantages which would result from this reform:

First, the *enfranchisement of the people* who, no longer having to pay taxes, would be freed from the vexatious and malevolent inquisition of the fiscal agents, and would regain the dignity of free men able to employ their unbounded activity upon all the objects which nature offers them.

Next, the *enfranchisement of the earth*. The first effect of the reform would be to make impossible the monopoly of the earth by those landlords who do not make a rational use of it and to suppress land speculation, which is the source of a vast amount of injustice. And as a large part of French soil is actually held out of use for indefensible interests, the so-called owners could not keep it and all workers would soon have at their disposal great quantities of land which they would not have to buy but for the use of which they would simply pay rent to the State. At the same time a large amount of capital would become available and producers would make good use of it. Not only could all agricultural laborers work on their own account and form associations fruitful for them and very profitable for the State, but many town workers would be attracted towards work which is more healthy, less exacting, and more remunerative than that they were engaged in. The "decentralization" which economists advocate without knowing how to bring it about would set itself up in the widest and most normal manner, and the well-being of working men and the increase in wages would be established everywhere.

But the most beneficent effect of this reform would be the betterment of morals. The lawmakers by pretending to create right and truth as a mere effect of their will set a profoundly demoralizing example, arousing in all utopians and ambitious persons the hope of realizing their ideas or interests by merely controlling a majority which will permit them to decree the laws



they desire. This leads them to unite and discipline for their own use the too large number of unenlightened citizens who are always ready to abdicate their will in favor of intriguers and who contribute an element of profound moral disturbance and perpetual violence at the heart of society.

From another point of view the governmental robbery is so shocking that a certain number of people see no way of stopping this tyranny save in the complete suppression of all social authority. How this suppression could be made effective, how society could exist without authority entrusted with keeping order, I do not see and those who are partisans of this view would be much embarrassed to explain, but they none the less form a small party which is not as malevolent as might be thought and which makes itself heard. Its programme, purely negative, is vague and elastic enough for vagabonds of the worst sort to join it and by calling themselves "anarchists" to succeed in making their depredations look like political manifestations, an excuse for all crimes under our social system.

And in a thousand different ways the robbery from above provokes robbery below, and the general public which submits to these two despotisms loses more and more the sense of mine and thine, of liberty, of right and of morality in all its forms.

Suppression of the old fiscal iniquity is the only efficient remedy for this deplorable situation.

The immediate effects of this measure would be, as we have seen, the establishment of social peace, natural and moral order and the security and development of the general well-being.

But more distant results might also be predicted; notably the increase in population. Our rulers think they can obtain this end by direct legislative measures, which happily they are not yet agreed upon, a fact that exempts us from more stupid laws to be added to the huge rubbish heap of our codes.

The immediate causes of the decrease in population in France are, without doubt, the decrease in the birth rate and the increase in the death rate, both at once, probably; but the underlying causes are the evils of the social organization and the abuse of the lawmaking power, and it is only in suppressing these evils that the legislators can and ought to act if they wish the population to increase.

The movement of population is a measure of the administrative efficiency of the State. If France lost four million inhabitants under the reign of Louis XIV it proves that this great man was after all only a stupid tyrant. In the France of today the backward movement in population proves that it is very badly governed and has no other signification. And in place of seeking the remedy for this state of things in the ridiculous laws against bachelors, laws in favor of married men, pensions for large families, etc., it would suffice to establish the Single Tax of Henry George. If this were done it would take less than fifty years to bring the population up to a hundred millions as contrasted with the thirty-nine millions who live with difficulty on the soil today.

The End.