

LABOUR TAX OR LAND TAX.

By Albert Maximilien Toubreau.

The following is a translation of part of a very remarkable article, an extract from which we published two months ago, by M. Albert Maximilien Toubreau, which was printed in L'IMPÔT UNIQUE, January, 1913, but was originally delivered as an address in 1889, when Henry George was in Paris. M. Toubreau, a Belgian by birth but afterwards a naturalised Frenchman, was born in 1836, and died in 1890 when he was just on the point of embarking on a vigorous campaign for the taxation of land values. He came by his own independent thought and study to recognise the supreme importance of the land question, and recommended in a brilliant work entitled LA RÉPARTITION MÉTRIQUE DES IMPÔTS, published in 1880, the raising of all governmental revenues by means of an area tax on land. When he became acquainted with Henry George's work he put aside his own predilections, and ranged himself steadfastly beside the author of PROGRESS AND POVERTY.

Our scientific and industrial progress, our inventions and discoveries, have made the fortune of a small number, but have brought to the masses nothing but disappointment and disillusionment by demonstrating to them day by day the barrenness of their toil, the unfruitfulness of the struggle, and the fatal impossibility of all progress. The blight is seen to spread from the labouring classes to the middle classes, and it is evident that the multitude have a smaller and smaller place in the sun.

What is the reason of this? What is the secret of a situation so contrary not only to justice but also, it must be acknowledged, to the sincere wishes of the majority even of those who are the beneficiaries of this sad state of affairs? This is a thing which must be looked for by studying the position in its two fundamental elements: *the land system and the tax system.*

We are already aware, from the study of history and the observation of what goes on around us, that the land system determines the fate of nations, and that social inequalities have their source in inequalities in the distribution of landed property.

We know also that the land question and the tax question are inseparable and are really one and the same question, for the former comes back in the end to the question, "Tax the land, or exempt it from taxation?" that is, to have paid, or not to have paid, under the name of tax or rent or hire, a contribution to the community in acknowledgment of its right to the land.

Exempt the land or tax it: that is the whole of the social question, the land question, and the tax question. Exemption and monopolisation of the land are two correlative phenomena. That can be verified in every country in Europe.

Taxation of the soil and equality in the use of the earth are two other correlative phenomena, which can be verified to some extent already in New Zealand and Australia and Western Canada, and which will be verified some day in our country when we have justice in taxation. Nothing is more striking than the parallelism all over the world between the distribution of land and the distribution of taxation.

Private property in land is not the primary cause of social injustice, but the exemption of land from taxation. It is not the collective appropriation of the land which will solve the social problem, but the single tax on land values.

Notice particularly that the tax question is twofold. In exempting land, labour is taxed, which is a double evil; in taxing land, labour is exempted, which is a double blessing. But although these two evils are correlative, they are by no means of equal importance. The evil of exempting land is more serious and harmful than that of taxing labour. The one is general, the other is special.

To exempt the land is to authorise its idleness and neglect, and consequently to favour concentration and monopoly of it. It is to give to a few the power of life and death over their fellows. While to tax labour is simply to impede and despoil it; it is not to degrade it at its heart and reduce it to slavery as does the exemption of the soil, and the monopoly which is due to that. Every social evil, industrial depressions and poverty, all the vices, crimes and misdemeanours come originally from the exemption of the soil much more than from the taxation of labour. If, though it is impossible, all taxes on labour, direct and indirect, could be abolished without taxing the land, that would *not* remedy one social ill; it could only alleviate it by a palliative. The true remedy is the single tax on the value of land.

The exemption of the land is the first of all evils; the single tax on the land is the first of all blessings. If these fundamental truths are not comprehended it is impossible to perceive the relation which exists between the land question and the tax question. It is only by studying the tax we advocate, in itself and in its unprecedented and wonderful effects, that it can be seen that this tax is not simply a fiscal reform of secondary importance, but the complete solution of the land question and of the social problem.

Between a landowner exempted from taxation and a proprietor taxed there is as much difference as between the spirit of evil and the spirit of goodness. The exemption of land separates the owner from the land and from his fellow-men. The land tax makes for unity and social service. The exemption of the land means the rule of minorities over majorities. The land tax brings about real equality and effective liberty.

What, then, does the exemption of the land really mean? Is it only the exemption from paying a contribution to the State? By no means; it is above all the exemption of the soil from production, from tillage, from development. The exemption of the owner from taxation means his exemption from all labour, is a premium on idleness. And what is this right to keep the soil idle? It is the power of monopolising the earth and of excluding from it the landless class. Once absolute masters of the land, the untaxed rich are masters of their fellow-men; they can starve them and impose on them the most unreasonable conditions. The untaxed landlord holds in his hands the balance of supply and demand, and he can depress the scales to the side which suits his own interest. He can abrogate the law of competition by artificially creating scarcity and dearness of goods, and abundance and cheapness of labour.

The exemption of land is the despotism of some and the slavery of others. That is why the rich like it so much. But that is why righteous men combat it so earnestly and devote all their efforts to demonstrating the justice and the supreme necessity of the Single Tax. In this is safety, liberation of labour, equality and freedom.

What is a tax? And what should it be, whether called by this name or any other? Since it is no longer regarded as a tribute levied by the strong from the weak, taxation can only be based on justice, and rightly demanded only as an equivalent of value received, as the just price of a service rendered. That being granted, the tax question becomes a question of common justice, submissible to the ordinary rules of every contract of sale or exchange. Now, the first of these rules is this: The price should be equal to the value of the article sold, and not the use made of it by the buyer. If, then, a tax is only the price of a service, it ought to be equal to the value of the service rendered and not to the use made of it by the taxpayer. This rule is too simple to necessitate any long explanations. He who sells or hires an object is not paid in accordance with the use, good or bad, to which it is put or not put by the buyer or hirer, but according to the value of the object itself. On

these conditions the agreement is beneficial. In the other case it is injurious. Contracts which make the price or hire proportionate to the produce, harvest, income or benefit—as is the case in *métayage* and other variable agreements—have been gradually abandoned and condemned by experience as opposed to justice, to liberty, and consequently to production. Now, present taxation is still regulated by the ancient custom in accordance with which Dick Turpin determined the amount he would exact from his victims. The more meritorious and industrious a man is the more he pays. That is an inversion of justice. To make the tax depend on the industry of the taxpayer, as is the fashion to-day, is on the one hand a premium on idleness and on keeping land idle; and on the other to load the worker with chains and fetters, to put him in irons like a convict.

If taxation is really the price of a service, it ought to be based on the value of that service, and not on the use the taxpayer makes of it. If the public services are worth a hundred millions or two hundred millions, the tax ought to be one hundred or two hundred millions, neither more nor less. If the taxpayer's share is five pounds, ask him for that, and do not bother about anything else. But it is not so, as things are. The taxes rise and fall according as the harvest is good or bad, according as building, exchange and consumption is greater or less. Is this not absurd and contrary to the general interest just as much as to individual interest? The State comes to you and says: "I hand over to you riches worth five pounds; but I do not ask five pounds in exchange; maybe you will only pay one or two pounds, or perhaps you may pay nine or ten pounds; that depends on you, on your needs and industry." Can anyone imagine a more absurd system? Some do not pay what they ought, or pay less than they ought; others pay what they ought not, or pay more than they ought. It is a complete perversion of all the laws of exchange.

Let us return to the ordinary rule of commercial transactions, and lay it down as a principle that taxation ought to be based on the value of social services, and not on the industry of the taxpayer. Then taxation will become as fruitful, healthful, and beneficial as a fair contract between two traders ought to be. In place of being a fetter on labour it will be a stimulant; instead of being an evil, it will become an enormous boon, a source of well-being for all.

It is not to the taxpayers that we must turn to find the amount of the tax, but it is to the value of the social service rendered to them. It is the value of these services and not the value of the taxpayer which ought to measure the amount of the tax. It is not he who makes use of the public services who ought to pay the tax, but he who possesses the means of making use of them, namely, the owner of the land.

It is the man who collects or acquires, voluntarily or involuntarily, the value of social services, who ought to pay the price, not the man who makes use of them. The tax ought to depend no more on the will of the taxpayer than on his industry. He who enjoys the privilege of collecting the value of social service, even without asking for it, must pay the price—above all since he possesses the power of preventing others from profiting by it.

Now who collects the value of social service? The owner of land. He it is who is naturally constituted the collector of social services. He alone must pay the tax, all the tax, because he is the purveyor, the furnisher, the granter of all that is necessary to existence. He who has no land is the forced tributary (if the land is untaxed) or the free customer (if it is taxed) of the owner. He cannot drink, eat, clothe or lodge himself, he cannot enjoy the light of day or the kindly heat of the sun, without making application to the landowner. If the latter is *untaxed* he can impose on the landless the hardest and most debasing conditions. He can starve them by keeping his land idle; he can drive them out of the country; he can deprive

them of all means of existence, or leave them but a bare minimum in exchange for excessive labour: in these conditions the landless are compelled to be tributaries of the landowners. If, on the contrary, the landowner is *taxed*, he can no longer leave his land waste nor impose slavish conditions. While remaining the natural purveyor to the landless, he depends on them much more than they depend on him. The tax will give equal rights to the earth by limiting and diminishing considerably those of the landowners. The *taxed* proprietors will have as much need of the landless as a baker needs his customers. There will no longer be the mastery of untaxed owner over the landless, but the solidarity of mutual need. Demand and supply will meet in natural equilibrium. The landless will no longer be a dependent, but a free man. The *taxed* landowner will remain purveyor to the landless; but on this condition, that he pays the tax. As soon as that is imposed he will be more dependent than the non-proprietor, for he will have a *responsibility* that the other has not. The tax will oblige him to produce, to cultivate, to sell at the *lowest possible price*. He cannot shift it on to his customer, as a merchant does with an indirect tax. He must recoup himself by putting the land to what is the best use society demands. It is by making improvements, by making the land fruitful and productive, that he can recoup himself for the tax.

The tax on land will call forth an increase in production larger in value than the tax itself. The tax will be covered and more than covered by intensive culture and more productive use of land. *Incidence of taxation will cease.* Instead of hindering production, it will stimulate it; instead of raising prices, it will lower them.

Society has no right to what it has not made. But it has an absolute right to what it has made. The application of the pure and simple principle of the Single Tax, if its effects can be explained everywhere in all their details, will immediately rally to it the immense majority, one can say even the whole population, except a small minority composed exclusively of privileged ones.

Let us sum up the advantages of this tax:—

(1) It is a *liberating influence*. It will free production, consumption, and exchange, agriculture, industry and commerce, from all the direct and indirect taxes which overwhelm them.

(2) It is a *stimulant*. It induces agricultural improvements, intensive culture, the most efficient production. It will produce abundance and cheapness of goods.

(3) It *divides equitably* property in land. It will not allow any man to keep his land without making it useful, nor to keep more than he can use. It will compel the negligent and incapable either to make good use of their lands, or to sell them.

(4) It is *just*.

It is a *moral agency*. It will elevate duty to the height of an economic and social force. It is the pivot of a new Society!

THE POVERTY THAT HURTS.—Deep poverty is prevalent in all countries; it is common to them all. The cause is a common one, and the remedy is a common one. In *PROGRESS AND POVERTY* Henry George shows in a startlingly clear and vivid light the reason why poverty has accompanied progress, and the only way to put matters right. It is the duty of everyone, rich or poor, young or old, of whatever political creed or religious denomination, to consider carefully anything that promises to help in the solution of the question of the emancipation of humanity from the slavery of present social conditions. In *PROGRESS AND POVERTY*, we believe, is the message of freedom, and we appeal to you to read it and study it. If you will do this we have no doubt but that you will join us in our fight.—Sidney J. Phillips in *THE FOUNDATIONS OF FREEDOM*. (From these offices, Post free, 5d.)