

*This article is about the ideas of the eighteenth-century pamphleteer Thomas Paine who was involved in two revolutions and whose ideas about taxation and property rights bear a significant resemblance to those of Henry George and other proponents of land value taxation.*

### THE DUAL REVOLUTIONARY

Had it not been for a constant lack of capital, Thomas Paine (1737-1809) would probably have carried out his bold idea, sketched, re-sketched and nurtured for many years, of building an iron bridge strong enough to span one of the major rivers of America, Britain or France. This pet project of his - an Enlightenment project to be sure - could have become, had it been realised, a triumphant token of his life and legacy and it would thus, to some degree, have made up for the fact that no monument has posthumously been raised, neither in Washington D.C. nor in Philadelphia, in honour of this free-thinking friend of mankind whose eventful life spans both the American and the French Revolutions and whose writings, written in plain English, labour tirelessly to bridge the gap between high and low, rich and poor.

Thomas Paine, the son of a corset-making Quaker, was definitely not destined for anything like he actually achieved. In 1774, however, at the age of 37, he embarked on his life's adventure when he substituted Philadelphia for London and - equipped with a letter of recommendation from Benjamin Franklin - secured himself a job as the managing editor of *The Pennsylvania Journal*. By that time, the "family quarrel" between the colonies and the Crown over taxation had already gathered significant momentum, and when the quarrel became bloody in 1775, Paine quickly launched a journalistic campaign in favour of American independence, culminating in 1776 with his immensely popular pamphlet *Common Sense*. One important idea of this pamphlet was that independence should result in North America becoming a free port to all trading nations: "Our plan is commerce, and that, well attended to, will secure us the peace and friendship of Europe".

Paine, like Montesquieu one generation earlier, and like his near-contemporaries David Hume and Adam Smith, celebrated the progressive change that trade and commerce had brought to the world and he rejoiced in the potentially revolutionary effects that commercial society would have on the corrupt governments in Europe and elsewhere. War and conquest was to be rendered redundant by the reciprocal nature of international free trade, and government should be no more than a check on our vices - a necessary evil - leaving our wants to be satisfied by civil society. As a natural egalitarian, Paine obviously regarded slavery as unnatural and absurd. Free trade did not extend to persons who - as the Declaration of Independence made clear - were endowed with natural and inalienable rights. Paine was thus deeply disappointed with the fact that The United States of America (a term he may have coined) failed to abolish this praxis from its inception.

Eleven years later, in 1787, Paine went back to Europe, primarily to raise funds for his iron bridge-project. Arriving two years before the revolution (again), he found the French capital ripe with radical ideas. Paine was of course grateful to the French monarchy for having come to the aid of the Americans in the War of Independence, but in spite of this he believed that the Ancien Regime was an aberration of every sound principle of good government. When the

revolution finally came in 1789, he was all for it. For a short while he even served as a member of the National Convention where he sat on a committee to draft a new constitution. This honour was no doubt granted him on the grounds of his 1791 *Rights of Man* (part 1) which was a defence of the principles of the revolution of 1789, written as a refutation of his former friend Edmund Burke's very critical *Reflexions on the Revolution in France* (1790), published in November the previous year.

The drafted constitution, though, was quickly rejected as too moderate by the Montagnards of the radical left who by then had taken over the revolution from the more moderate Girondins. Louis XVI was guillotined in January 1793 (Paine voted against it), and Paine himself was imprisoned and almost killed during the Reign of Terror. He was thus for the second time deeply disappointed with his fellow revolutionaries. In America, he had sought to make the revolution more radical with respect to slavery. In France, he had sought to make the revolution more moderate and humane. In both countries, though, Paine had argued passionately for the liberty and equality of every man against any system of oppression and privilege.

In the years after the revolution in France, however, the tensions between liberty and equality began to preoccupy Paine in a way that served to significantly qualify his confidence in the benefits of commercial society - especially for the unpropertied poor.

### PROPERTY AND POVERTY

In 1796, Paine wrote a short reform proposal, carrying the intent of "meliorating the condition of man", whose full title was *Agrarian Justice, or opposed to Agrarian Law, and to Agrarian Monopoly*. It was prefaced by an inscription directed to the legislature and executive directory of the newly formed French republic, whose constitution of 1795, according to Paine, was the best so far devised, if one disregarded the fact that a grievous flaw had "slipped into its principle". The problem with the constitution was that it made the right of suffrage relative to the ownership of property and, furthermore, that it failed to properly distinguish between two very different kinds of property. All individuals, Paine argues, have "legitimate birthrights in a certain species of property". The earth, the air and the water all constitute the *natural property* with which mankind was originally endowed by the Creator and to which every man could equally claim a birthright. *Artificial property*, however, or acquired property, was an invention of mankind which could not be equally claimed or distributed since not everybody had contributed in equal proportion to its production. The proper recognition of this distinction between *natural* and *artificial* property was for Paine the only way to avoid the Scylla and Charybdis of agrarian law and agrarian monopoly.

The system of agrarian monopoly was Paine's descriptive term for the existing property regime in France as well as in Britain and America. It was a system to which Paine attributed both the immense affluence and the abject poverty that he saw around him.

ideas could find sympathetic followers. He writes: "The defect in principle of the Constitution was the origin of Babeuf's conspiracy. He availed himself of the resentment caused by this flaw..." (Paine 1995 p. 412).<sup>4</sup> The agrarian justice that Paine advocated was thus very different from Babeuf's modern version of agrarian law even though it responded to the same feeling of resentment among the victims and detractors of the existing regime of agrarian monopoly.

#### WHAT IS AGRARIAN JUSTICE THEN?

Society is to Paine a historical entity that has developed over time. And Paine's story of the progression of society is in broad terms identical to the materialistic history from within natural jurisprudence according to which legal frameworks - especially property rights - have developed in stages connected to increasingly complex ways of procuring sustenance. The first stage - the uncultivated state of nature - was a period of primitive communism in which every man according to Paine was a "joint life-proprietor" with his fellow men in all the gifts of nature. Everyone had a right to occupy the earth and would forever have continued to enjoy this right had the earth remained uncultivated. It was only with the introduction of human improvements - that is, of agriculture - that this common right to occupy the earth was superseded by the right to possess a particular piece of the earth in perpetuity. In this process, Paine argues:

*"the common right of all became confounded into the cultivated right of the individual", essentially because of the "impossibility of separating the improvement made by cultivation from the earth itself" (Paine 1995 p. 418).<sup>4</sup>*

Now, Paine does not find it desirable nor even possible to return to anything like the primitive communism of the uncultivated earth. This was the mistake made by supporters of agrarian law. For one thing, there were simply too many people presently living for the earth to be able to support their subsistence by its natural produce alone. And secondly, it would be a profound injustice if the already cultivated earth should become the joint property of everyone, regardless of their contribution. For Paine, then, agrarian justice means that the proprietor of a piece of cultivated land owes a "ground-rent" to the community. The idea of this ground-rent follows from his theoretical distinction between *natural* and *artificial property*. Those dispossessed of their natural right to the earth ought to be compensated by means of "subtracting from property a portion equal in value to that of the natural inheritance it has absorbed" (Paine 1995 p. 421).<sup>4</sup>

So far so good. In the practical implementation of these ideas, however, Paine encounters some serious difficulties. The least troublesome and most efficient way to collect this compensation which is owed, is according to Paine to implement an inheritance tax on both real and personal wealth, levied at 20% in the presence of direct heirs. Without direct heirs, it should be increased in proportion to the degree of kinship of the actual heirs. Furthermore, the revenue thus raised should not be used to lower or abolish any existing government taxes, because it should not fall into the hands of government at all. Instead, Paine suggests that the revenue should be used:

*"To create a National Fund, out of which there shall be paid to every person, when arrived at the age of twenty-one years, the sum of Fifteen Pounds sterling, as a compensation in part, for the loss of his or her natural inheritance, by the introduction of the system of landed property. AND ALSO, The sum of Ten Pounds per annum, during life, to every person now living, of the age of fifty years, and to all others as they shall arrive at that age" (Paine 1995 p. 419-20).<sup>4</sup>*

Paine's insistence on the creation of a fund to manage the revenue did not result from any scepticism on his part about the competence of government. It was a result of his view that society itself - not government - had developed in such a way that did injustice to the natural inheritance of all, and therefore something distinct from government and closer to society - like a national fund - should be responsible for its correction. Furthermore, the inheritance tax that Paine advises is proposed by him as the least bad solution. He is well aware that he has not solved the puzzle, which underlay the original injustice of private property, of how to properly distinguish in *praxis* between *natural* property and *artificial* property, i.e. between the value of the land and the value of its improvement.

This clearly bothered him. He ended his reform proposal with a series of add-on arguments with which he - as I see it - tried to disguise this failure. Firstly, he appealed to the economic benefits

of alleviating poverty which, of course, is entirely reasonable, yet it is also entirely beside the point he is making about agrarian justice. Secondly, while referring to the fact that he had been forced to confound landed property and personal property, he states that, in fact, any rich person owes at least some of his wealth to society. The wealth accumulated in excess of "what a man's own hands produce" is, according to Paine, derived from "living in society" (Paine 1995 p. 428).<sup>4</sup>

Obviously, this raises more questions than it answers. For instance: Aren't the economic benefits of living in society shared by everyone in a way contrary to the benefits of exclusive ownership of land? And doesn't this actually blur the distinction between natural and artificial property that he has laboured so hard to make clear?

Thomas Paine's practical reform-program to implement agrarian justice definitely seems inadequate in a way that his fundamental theoretical insight doesn't. In my humble opinion, Paine was right to point out the essential difference between the land we share and the artificial improvements we each individually make on that land. The bridge between theory and practice, however, was something he left for posterity to build.

#### Bibliography

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- 3) Locke, John [1690] (1980): *Two Treatises of Government*. Hackett Publishing Company, Cambridge.
- 4) Paine, Thomas (1995): *Rights of Man, Common Sense and other Political Writings*. Oxford World Classics.
- 5) Smith, Adam [1776] (1976): *An Inquiry into the Nature and Causes of The Wealth of Nation*. The Chicago University Press.

On the first page he writes:

"On the one side, the spectator is dazzled by splendid appearances; on the other, he is shocked by extremes of wretchedness; both of which he has erected. The most affluent and the most miserable of the human race are to be found in the countries that are called civilized" (Paine 1995 p. 416).<sup>4</sup>

This paradox of progress which the system of landed monopoly had produced was the problem to which his reform proposal addressed itself and the key issue for Paine was to find a remedy that ameliorated the conditions of man while simultaneously preserving the benefits of private property. The cultivation of the earth, which landed monopoly made possible, was one of the "greatest natural improvements ever made by human invention", according to Paine, but it had also left half the inhabitants of every nation unprovided for and dispossessed of their "natural inheritance".

Paine's harsh judgement of this system of landed monopoly should be read in its proper context. It is well worth remembering that the governing ideology of the propertied elite in Paine's time held that the institution of landed monopoly automatically produced a sufficient remedy for the unequal distribution of land. It is perhaps Edward Gibbon who has expressed this view most clearly in a digression on the difference between modern monarchies and republican Rome in volume one of his *Decline and Fall of the Roman Empire* (1776). He writes:

"...it might perhaps be more conducive to the virtue, as well as happiness, of mankind, if all possessed the necessaries, and none the superfluities, of life. But in the present imperfect condition of society, luxury, though it may proceed from vice or folly, seems to be the only means that can correct the unequal distribution of property. The diligent mechanic, and the skilful artist, who have obtained no share in the division of the earth, receive a voluntary tax from the possessors of land; and the latter are prompted, by a sense of interest, to improve those estates, with whose product they may purchase additional pleasures" (Gibbon 1994 p. 80).<sup>2</sup>

According to Gibbon, it was thus the luxury consumption of the landed elite that kept the dispossessed provided for, being the only possible correction to the unequal distribution of land. Edmund Burke, in his *Reflexions*, expressed a similar view of the economic necessity of an idle landed class. He writes:

"In every prosperous community something more is produced than goes to the immediate support of the producer. This surplus forms the income of the landed capitalist. It will be spent by a proprietor who does not labour. But this idleness is itself the spring of labour; this repose the spur to industry" (Burke 1993 p. 160).<sup>1</sup>

Thomas Paine would have none of this. Already in his *Rights of Man* (part 2), he scoffed at Burke's pandering to the landed aristocracy, disclosing their supposed usefulness for what he thought it was. Burke's conviction that the landed interest was the solid and stable base of English society and that the House of Peers (i.e. House of Lords) was the "great ground and pillar of security" to the landed interest" was subjected to heavy criticism by Paine, writing that this "pillar" had been used in the narrow and self-serving interest, contrary to the interest of the nation as a whole, to ward off taxes and "throw the burden upon such articles of consumption by which itself would be least affected". Especially alarming to Paine was the tax on the consumption of beer, which fell disproportionately on the poor, who, contrary to many landlords, were not in possession of the means to brew it themselves. Furthermore, in 1788 this tax alone nearly equalled the revenue of the land-tax according to Paine, which to him was an outrageous fact "not to be paralleled in the history of revenues". The economic usefulness and the beneficial nature of the landed aristocracy was thus a complete and utter fallacy. As a class they were of no use whatsoever to the society as a whole.

"The aristocracy are not the farmers who work the land, and raise the produce, but are the mere consumers of rent; and when compared with the active world, are the drones, the seraglio of males, who neither collect the honey nor form the hive, but exist only for lazy enjoyment" (Paine 1995 p. 279).<sup>4</sup>

In *Agrarian Justice*, however, it is not the laziness of the landowners but the poverty of the dispossessed that form the crux of his argument against agrarian monopoly. The problem with the existing system of property rights is that it produces a form of poverty which is more wretched and more severe than it would have been in a state of nature. And according to Paine, the first principle of civilisation should always be - and should already have been - that "the condition of every person born into the world, after the state of civilisation commences, ought not to be worse than if he had been born before that period" (Paine 1995 p. 417).<sup>4</sup>

Paine's notion of the state of nature connects him readily with the tradition of natural law, and he shares the commonplace view of natural jurists such as Samuel Pufendorf and John Locke that the characteristics of the state of nature are well exemplified by the Indians of North America. The system of private property is unknown to the Indians and yet - although they may be poor - no Indian, according to Paine, is subjected to the degree of wretchedness experienced by the poor in the rich countries.

This latter view, though, that a certain kind of poverty is unique to the civilized countries, is remarkably different from that of John Locke as well as from that of Adam Smith. Locke contends, in his *Second Treatise*, that "a king of a large territory there [in North America], feeds, lodges, and is clad worse than a day-labourer in England" (Locke. cp. II. §41).<sup>3</sup> And along similar lines, Smith argues in *The Wealth of Nations* (1776) that "the lowest and most despised member of civilized society" enjoys a "superior affluence and abundance" compared to "the most respected and active savage" (Smith. bk. I. cp. I).<sup>5</sup> To Paine, however, the life of an Indian was a "continual holiday" compared to the poor of Europe whose situation was therefore fundamentally unjust. In his mind, the propertied elite rightly feared a revolution from below.

"The state of civilisation that has prevailed throughout Europe, is as unjust in its principle, as it is horrid in its effects; and it is the consciousness of this, and the apprehension that such a state cannot continue (...), that makes the possessors of property dread every idea of revolution" (Paine 1995 p. 428).<sup>4</sup>

In France, in the same year as Paine was writing, there had actually been a minor, unsuccessful attempt to radically change the monopolistic property regime and introduce a system of real equality for all citizens in its place. As Paine was well aware, a plan to overthrow the first republic by a so called "conspiracy of equals" had been compromised and stopped in May of 1796. This had led to the arrest (and subsequent execution) of its leader, Francois Noël Babeuf, who for three years had been writing fiery pamphlets under the name of Gracchus. This man Babeuf, as his *nom de guerre* suggests, was a great admirer of the Roman brothers Tiberius and Gaius Gracchus, who as plebeian tribunes had tried (and failed) to render the distribution of land more equal by campaigning for a re-enactment of the old agrarian law on which the republic had originally been founded. Something similar to this agrarian law was what Babeuf had in mind for modern France. He saw himself as continuing the radical reform-program of Robespierre who in his eyes had presented the poor with a prospect of real equality rather than the formal equality of the liberal bourgeois republic. As soon as private property was subordinated to the needs of the poor majority, they would cease to be the victims of a cruel regime run by "economist-monopolist-barbarians".

Thomas Paine, of course, was no sympathiser of Babeuf and his conspiracy, but he understood very well why these sorts of