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### CRIME AND TAXES

Mistrust of or contempt for the law is the essence of law-breaking. This is not to say that law-breakers deliberately and consciously consider the pros and cons of the laws they break. But where general feeling prevails that the law favours particular sections, and when some of its provisions are patently absurd, an atmosphere grows up in which law-breaking is regarded not so much as a sin as an almost excusable temptation. Potential law-breakers are deterred more by fear of their companions' opinion than by fear of the police. If it is generally understood that everyone under the law has an equal opportunity to live and work freely, public opinion will ensure that law-breaking is confined to a minute section of the community. Only half-witted persons would be foolish enough to risk the hardships and ostracism of crime if, by the exercise of normal intelligence and industry, average prosperity and the esteem of family and friends could be easily acquired. Even bad men do not like to be considered foolish.

The general attitude to smuggling furnishes a familiar illustration of this relation between the prevalence of crime and the quality of the laws. No intelligent person, thinking independently, can believe that he suffers an injustice if certain goods pass over the frontier of a State and, at the same time, that he suffers no injustice when the same goods cross the boundary of a county or town. Normally honest people, whose self respect prevents them from stooping to the lies and deceit by which they might defeat the Customs officers, feel sympathy rather than condemnation when a smuggler is detected.

The real solution to the crime problem is therefore to be found in the abolition of every unnecessary legal restriction and every law which confers any kind of privilege. So radical an approach to the crime problem would cause a profound disturbance, for every section powerful enough to secure legal favour would feel that its interests were threatened. These sectional interests together constitute the dominating force in society and all official or semi-official bodies seek to avoid offending them. The public are not accustomed to look for radical solutions when discussing social questions and directors of official bodies are not usually chosen from the type likely to become martyrs. Thus rather than tell millions of listeners that crime may be reduced by abolishing privileges, the B.B.C. prefers to engage experts to speak on such measures as special schools, psychological treatment, prison regulations. In that way no powerful interests are disturbed. The various schemes in operation and proposed, however, involve large public expenditure. No

prominent speaker calls attention to the injustice of inflicting further taxation upon honest citizens to provide expensive accommodation for criminals.

The crime problem is not new. A large prison population has always been a reproach to our society. In the past it was usually associated with poverty, but in communities where all are equally poor crime is not a serious problem. Comparative, not absolute, poverty fosters crime. During and after the Napoleonic wars Great Britain suffered a formidable wave of crime. Poverty was widespread, but it did not affect the landlords, the trade monopolists or those who had lent large sums to Government. The labourers, the artisans and the small traders felt that the laws protected the rich but not the poor—so they broke the laws. To check crime the governing classes undertook widespread schemes of State redistribution which they called pauper relief, such terms as "welfare" and "social services" not having been distorted for the purpose. But this involved heavy taxation. The suffering classes asked themselves, "Why work for the landlord and tax collector when by smuggling or poaching, or stealing, they could do as well, or, by becoming paupers, could escape both rent and taxes?" And the cost of living continued to rise. The harsh Poor Law of 1834 regularised the system and by discouraging pauperism helped to relieve the ratepayers. But it did nothing to check crime. The first five years of Victoria's reign were among the worst on record. Relief came from a measure which attacked causes, not symptoms: Free Trade.

When Free Trade began to break trade monopolies and when at the same time increased facilities for emigration somewhat reduced the pressure of land monopoly, prices began to fall and wages started to rise. Wider opportunities encouraged everyone prepared to make an honest living; the smuggling profession lost almost all its attractions and fell into disrepute. People felt that the law, now simpler and easier to understand, was worth respecting. Crime decreased and the whole attitude to public affairs was gradually transformed. Some Parliamentarians, like Gladstone, openly aspired to raise public morality to the level of private morality. Although, by the last five years of Victoria's reign population had doubled, crime had fallen by half, pauperism by a third.

Public opinion, however, inclined to attribute too much of this improvement to secondary measures such as education. The principle of justice was never extended sufficiently to the domain of taxation. From the beginning politicians were in a dilemma. Revenue from import duties having been reduced or abolished it was necessary to find another subject for taxation. Land value, which is produced by the community, might have been collected as revenue with strict accord for justice. Growing with the growth and material progress of the population it would have placed at the disposal of governments a constant fund enabling them to relieve work and its products from taxes. The landlord Parliaments of the 1840's, however, preferred to revive "for a limited period only" the Income Tax. This had been abolished in 1815 at the indignant demand of the middle classes who had justifiably regarded it as robbery. To take a person's private property merely because he happens to possess it can be justified only on the principle that all property belongs to the State: the basis of Communism. This contrasts with the land-value tax principle of obliging a person to pay to public authority only in strict accord with the value of the public advantages he enjoys. This obligation at the same time

prevents anyone from monopolising natural or social opportunity and, consequently, opens up opportunity equally to all.

From the 1840's to the 1860's successive Ministries hoped that by revenue, not Protective, customs duties and by rigid economy they would be able to repeal Income Tax. But the need for revenue steadily grew and eventually it became necessary not only to retain the tax but to raise the rate. The politicians' attitude gradually changed from apology to justification, especially after the franchise had been extended to the working classes. With no shadow of P.A.Y.E. on the horizon the poorer classes were encouraged to believe that graduated income tax was a panacea for curing poverty by redistributing wealth. Political appeal fell to a lower pitch. Taxation was openly described as a "weapon" for use by one class against another. Respect for such a law could not be maintained. People's minds were prepared to accept politics not as a matter of legislating for the good of all, but as a scramble to obtain favour for particular classes and sections. This decay reached a notable stage when in 1932 Great Britain fell back on the discredited system of Protective tariffs. Shortly afterwards Mr. Arthur Chamberlain, a business man and relative of the Prime Minister, remarked that in one afternoon, by negotiating tariff, a man could make more money than in a year of honest work. Through the dishonesty of protective tariffs, quotas, exchange controls, subsidies, price rings, labour restrictions, trade union monopolies, exploiting welfare regulations, etc., the hint has reached an ever-widening circle of potential criminals, especially the generations grown up in the atmosphere of protection and gilded pauperism. If a pressure group can do it, why not a private practitioner? The hardships of poverty have been transferred from the organised workers to pensioners and others on fixed incomes, not embodied in the strongest pressure groups. But this supposed solution of the poverty question has not brought respect for the law and it raises the problem of an ever rising cost of living. Respect for the law can be

revived only by reversing the whole process, beginning by introducing the principle of justice into our tax laws. This is the only cure for the crime wave.

Some might object that this method would be slow, almost imperceptible in its effects and that it could never change "born criminals." These hypothetical objections cannot be logically refuted. It can be shown, however, that where the law grants no favours "born criminals" in a surprisingly short time begin to act like good citizens—and this without any psychological treatment.

In the 1830's a small community established itself on an island at the entrance to Spencer's Gulf in South Australia, its members maintaining themselves by hunting seals and exchanging the skins for other commodities with passing ships. These sealers consisted of convicts escaped from the penal settlements of Tasmania and New South Wales, and mutinous sailors who had deserted ship. They were, in fact, outlaws: hardened criminals whom legally the neighbouring Governor at Adelaide should have arrested and punished. But Governor Grey, later Sir George Grey, who began life by running away from school and entered the Colonial Service by accident, was unorthodox. "I never judged it my business," he said later, "to interfere with those sealers. They kept the peace among themselves and did not come into contact with the settlement at Adelaide." In amicable conversations with their chosen leader he was impressed by the good management of their little society. Property was sacred, and they were averse to violence. Any transgressor was merely transported for a time to a neighbouring island where there were no seals and he had to maintain himself more laboriously by fishing†.

Where natural opportunity was open to all, and the laws were just, "born criminals" became eager to maintain the laws and solved the crime problem without imposing any penalty on law-abiding citizens. They preached the gospel of honest work more effectively than all the exhortations.

F. D. P.

† James Milne, *The Romance of a Pro-Consul*.

## RETIRED JUDGE CONDEMNNS INCOME TAXATION

### Statement to the Central African Government by the Hon. F. A. W. Lucas, Q.C.

The Federal Government of the Rhodesias and Nyasaland recently appointed a Commission of Enquiry to investigate the working of the Income Tax Act, 1954, and the Territorial Surcharges Act, 1954. By public advertisement in the *Central African Post*, setting forth a very extensive schedule of questions for reply, the Government invited helpful opinion from all quarters.

The HON. F. A. W. LUCAS, Q.C., former Judge of the Supreme Court of the Transvaal, in a written submission to the Commission, has made the following recommendations, dealing in particular with paragraphs 1 and 2, under the heading "A—General" of the prepared schedules:

"In my opinion the present system of taxation does not achieve a fair and equitable distribution of the burden of taxation while it exercises an adverse effect on the economic development of the Federation.

"It is notorious that income tax bears more harshly on persons with fixed incomes than on others. Despite the most careful enforcement of the provisions of the income tax legislation a great deal of fraudulent evasion takes place. Because of the temptation to make false returns in connection with income tax the community pays a fearful price in the consequent lowering of moral standards among

its members. As, however, notwithstanding this danger, the State seems prepared to continue to levy income tax, I shall proceed to make my submission on the basis of such continuance.

"Just as with any other tax on commodities produced by human labour or industry, the tendency of income tax is to hamper industry and raise the cost of living. In this way it has an adverse effect on the economic development of a community, especially in a young country. When the tax is almost confiscatory, as it is in Great Britain still and as it was until recently in the South African Union, the effect has been to destroy much of the incentive to work and produce, a state of affairs which is obviously against the interests of the community. In general a tax on commodities is destructive. A tax on date trees in Egypt led to their destruction and a tax on windows in England caused many people to brick up their windows.

"Income tax tends to raise the cost of living in several ways. A lender to the State or to a private individual requires a higher rate of interest than he would if there were no tax to take away part of what he receives in interest. The grocer or farmer requires a higher price for his goods than he otherwise would do so as to give him the net yield he feels he should have.