

EQUALITY IN TAXATION

By Henry George

Adam Smith's canon is that "The subject of every State ought to contribute towards the support of the Government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the State." Every tax, he goes on to say, which falls only upon rent, or only upon wages, or only upon interest, is necessarily unequal. In accordance with this is the common idea which our systems of taxing everything vainly attempt to carry out—that every one should pay taxes in proportion to his means, or in proportion to his income.

But, waiving all the insuperable practical difficulties in the way of taxing every one according to his means, it is evident that justice cannot be thus attained.

Here, for instance, are two men of equal means, or equal incomes, one having a large family, the other having no one to support but himself. Upon these two men indirect taxes fall very unequally, as the one cannot avoid the taxes on the food, clothing, etc., consumed by his family, while the other need pay only upon the necessities consumed by himself. But supposing taxes levied directly, so that each pays the same amount. Still there is injustice. The income of the one is charged with the support of six, eight, or ten persons; the income of the other with that of but a single person. And unless the Malthusian doctrine be carried to the extent of regarding the rearing of a new citizen as an injury to the State, here is a gross injustice.

But it may be said that this is a difficulty which cannot be got over; that it is nature herself that brings human beings helpless into the world and devolves their support upon the parents, providing in compensation therefore her own sweet and great rewards. Very well, then, let us turn to nature, and read the mandates of justice in her law.

Nature gives to labour, and to labour alone. In a very Garden of Eden, a man would starve but for human exertion. Now, here are two men of equal incomes—that of the one derived from the exertion of his labour, that of the other from the rent of land. Is it just that they should equally contribute to the expenses of the State? Evidently not. The income of the one represents wealth he creates and adds to the general wealth of the State; the income of the other represents merely wealth that he takes from the general stock, returning nothing. The right of the one to the enjoyment of his income rests on the warrant of nature, which returns wealth to labour; the right of the other to the enjoyment of his income is a mere fictitious right, the creation of municipal regulation, which is unknown and unrecognised by nature. The father who is told that from his labour he must support his children must acquiesce, for such is the natural decree; but he may justly demand that from the income gained by his labour not one penny shall be taken, so long as a penny remains of incomes which are gained by a monopoly of the natural opportunities which nature offers impartially to all, and in which his children have as their birthright an equal share.

Adam Smith speaks of incomes as "enjoyed under the protection of the State;" and this is the ground upon which the equal taxation of all species of property is commonly insisted upon—that it is equally protected by the State. The basis of this idea is evidently that the enjoyment of property is made possible by the State—that there is a value created and maintained by the community, which is justly called upon to meet community expenses. Now, of what values is this true? Only of the value of land. This is a value that does not arise until a community is formed, and that, unlike other values, grows with the growth of the community. It only exists as the community exists. Scatter again the largest community, and land, now so valuable, would have no value at all. With every increase of population the value of land rises; with every decrease

it falls. This is true of nothing else save of things which, like the ownership of land, are in their nature monopolies.

The Tax upon Land Values is, therefore, the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the community, then will the equality ordained by nature be attained. No citizen will have an advantage over any other citizen save as is given by his industry, skill and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labour get its full reward, and capital its natural return.

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THE VOLUNTARY SYSTEM

Lessons from Australia

(A letter by Mr. R. L. Outhwaite, M.P., appearing in the DAILY NEWS, August 19th.)

SIR,—Now that the "National Register" has been taken the Tory Press and politicians evidently consider that the fight for Conscription is as good as won, and that by raising the cry of necessity they can compel the nation to accept Prussianism. But there remains something to be done first. It is said that an undue proportion of married men have enlisted. The reason is not far to seek. With pay and allowances the married soldier with a family may receive as much as or more than he did as a civilian. This is not the case with the unmarried man. He receives his 1s. 2d. a day, and if he has dependents they only receive such allowances as may be recommended by pensions officers after inquisitorial and at times degrading investigation. Before the conscription of lives the nation should offer at least as good pay to the man who undertakes war service in the field in a foreign country as to the man who undertakes war service in the factory. Let us first try the effect of the following Australian scale which appears on advertisements for recruits:—

RATES OF PAY.

Lieutenant	..	..	..	21s. per day.
Sergeant	..	..	..	10s. 6d. per day.
Corporal	..	..	..	10s. per day.
Private	..	..	..	6s. per day.

SEPARATION ALLOWANCES.

Married members receiving less than 8s. a day—(a) for wife living at home, 1s. 5d. per day; (b) for each child under 16 years of age, 4½d. per day. A similar allowance as in (a) is paid to the mother of a member who is solely dependent on him for support.

PENSIONS.

The pension payable to a widow on the death of a member of the forces or to a member on total incapacity is:—

Lieutenant	..	..	..	£91 per annum.
Sergeant	..	..	..	£70 per annum.
Corporal	..	..	..	£68 per annum.
Private	..	..	..	£52 per annum.

In addition, on the death or total incapacity of a member, for each child under 16 years of age, £13 per annum. In the case of total incapacity the wife, in addition, receives half the rate specified above for the respective ranks.

An increased rate of pay would have this great advantage in the eyes of the worker, and it is also a national advantage: he could save against the day when he will return to find his job in the hands of his substitute. It will be said that the State cannot afford the extra pay. This means