

Six Nations in a Trade Pact

*An effort to make a federation
out of Europe's Common Market*

A EUROPEAN movement for federation represented by 350 delegates held its ninth congress in February in Lyon (France) at a focal point for transportation routes from the six countries—France, Italy, Germany, Belgium, Holland and Luxembourg.

Pavlos Giannelias, a well known French Georgist, listened to the discussions with interest, and without going into the many political questions he gave us a brief report on some of the chief points brought out by the experts.

This federation aims at an extension of loyalty beyond national boundaries and also beyond mere "business and bargains," such as are the concern of the Common Market and other commercial group efforts. The federation is concentrating mainly on needs, standards and probable buying power of the "forgotten consumers." It is encouraging that since the first step to union the turnover in many industries has increased by 50 to 75 per cent.

Mr. Giannelias believes a European federation should avoid at any price the situations that have caused hardship to the majority of separated members. When noxious factors have to be abolished it is best to abolish those that restrict human rights and personal liberty. Social justice consists of recognition of the results of individual labor. But at present among the six countries in the federation, individual rights are violated most flagrantly, with levies of taxes out of all proportion to what has been gained. Income tax levies, for instance, make no distinction between wages earned as a result of individual labor and rental from land created by the activity of

others. Real estate taxes also do not distinguish between the true "non land" capital produced by labor and the increment from long held land.

To date, writes Mr. Giannelias, the only "European tax" which applies to the several countries is one on the Common Market transactions. This is unfortunate because European economists recognize that this "turnover tax," which falls on the immediate necessities of life and most heavily on the economically weak, is the worst way to raise money for the government. Nevertheless about two-thirds of the budgets of the six nations are raised in this manner, whereas the levy on land value which would be the simplest and most warrantable, is scarcely considered.

Paradoxically the authorities of the six nations extol "free trade" between their own members, while the Common Market is a customs union with protective levies on goods from the outside, calculated on an average basis. Members already federated, and future ones whose exports have risen or will rise, run the risk of being obliged to elevate the tariffs again.

The six Common Market members have protective tariffs against outsiders, and while this may be good for the governments and a small number of privileged people, it harms the average consumer within the area. For instance the Germans now pay higher prices for chicken parts which they formerly got cheaply from the United States, owing to tariffs favoring some other member of the Common Market. Domestic consumers and taxpayers must in some cases pay four times as much and more for imported goods, for home produced goods, and also for wares produced at home and ex-

ported to foreign countries. That fine, Mr. Giannelias reminds us, is paid not once but often over a long period.

At a meeting in Brussels certain favorable decisions were made pertaining to agriculture but no mention was made of the reasons why large sections had remained idle, and peasants were advised to move elsewhere. The system of taxation now widely in effect calculates rates on average yield; thus properties with higher than average yield benefit, while those under the average suffer increasingly from this disparity. In a word the rich become richer, the poor, poorer, and the most diligent are fined.

Something of this kind applies also to land and buildings. The owners of the better sites enjoy advantages which

are denied to the holder of poorer sites. The one tax that would fall fairly on both the best and worst sites would be the land value tax.

In both France and Germany home builders are trying to encourage the middle class to build their own homes, but rising costs make this increasingly difficult, and too high land values have caused the garden areas around houses to shrink to half their original size. A proposal made in a meeting attended by German home builders and representatives from other countries, recommended a ceiling on land values and measures against land speculation. Mr. Giannelias thinks all this points to an application of the principles of Henry George through the application of land value taxation.

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