

WHAT'S WRONG WITH TAXATION ?

By Jackson H. Ralston

(Ingram Institute, San Diego, California)

It is pleasant to be reintroduced to a familiar subject by a new approach, and especially when the new approach leads to conclusions already arrived at by a different route. If we want to test a principle it should be examined from every point of the compass, from above and from below, from inside and from outside. If no flaw is disclosed we should then proceed with our test by pushing the principle to its extreme logical conclusion, and if still no crack or contradiction appears we may safely accept it as a sound proposition. This is the service Mr Ralston performs through his book in which he subjects taxation of every kind to tests in many respects novel, or hitherto little employed, and finds that the Land Values system alone emerges unscathed. Mr Ralston's method is to establish a sound basis of taxation and then to see how far, if at all, present methods of levying funds for the support of Government conform to it. But he cannot do this till he has told us what, in his view, the thing "Government" properly is and what are its legitimate functions. So he proceeds to clear the way by defining Government as "a co-operative institution, developed for the better doing by all of that for which, by reason of their weakness, individuals separately have not the power to do for themselves." The only true foundation for the existence of Government being the well-being of every individual within its jurisdiction, there can be nothing mechanical or arbitrary either in its methods of raising revenue from its subjects or in any of its activities. Conforming to this, the Government must, in duty bound, raise its revenue in such a way as not to take from a single citizen under its jurisdiction what is properly his own. Contrast this with the definition of the *Standard Dictionary*. We there find it stated that a tax is: "A compulsory contribution levied upon persons, property or business for the support of Government." Here we have the bold, brutal statement under which Government becomes a mechanical state, with no thoughts for the well-being of its citizens, taking property from persons or business without any care for consequences or recognition of any duty to render an equivalent for that which it takes.

Repudiating any such conception of Government and taxation as utterly inconsistent with his ideals, Mr Ralston sets out to discuss the purpose and meaning of the word "taxation" and to take from it all its odious implications. Here we make free to quote his words: "As we shall present it the word 'taxation' will no longer connote a 'compulsory contribution' and taxes will not be levied for 'the support of Government' as a thing alien to its citizens. We would have Government made for the first time a grand experiment in real co-operation, the amounts paid to it an exact return for benefits experienced by the individual under its protection and returned again to the individual according to the privileges he enjoys." He proceeds to compare the true operations of Government in relation to taxation with the sun which draws up moisture from the earth and benefits it in the process, but which returns it again to the earth in the form of rains, enabling the ground once more to bring forth its increase. Under this fine conception, Government and taxation abandon their rôles as tyrants and assume that of benefactors.

Thus the fundamental principle of taxation to which Governments must conform is the return to the taxpayer of an equivalent for every penny they take from him. The taxpayer must be treated by the Government as all honest private traders treat each other in their daily

business transactions—never demanding service without returning equivalent service. It is because Governments depart from this principle that taxation is now looked on as something detestable, to be dodged and evaded like the very plague itself. When the honest private citizen pays his baker or his butcher for what he gets from him, he leaves the shop without any grudge or feeling of grievance. But somehow, when he pays his taxes, his feelings are of quite a different kind, and the reason is that in one case the transactions are based on equivalence of service while in the other there is no such relationship.

Arising from the rule of Service for Service there are other conditions to which Governments must conform if the good of all be their aim. Being a vast apparatus for securing mutual benefit, one of these conditions is that they must not do anything to interfere with the free and beneficial action of their citizens. Taxation must in no way interfere with industry or penalize it. Interferences with industry are shackles upon the liberty of the individual and a denial of the very object for which Governments primarily exist—the maintenance of equal liberty. On this ground all taxes on industry stand condemned, and it is our misfortune that almost every existing tax must fall within the condemnation.

A further condition is that taxes should remain where they are put. If Governments are honest with themselves they will not levy a tax on one person, knowing that he must of necessity pass it on to another without that other knowing it. Taxation of this kind is like the picking of pockets, though it is very popular with our legislators. Thus is convicted indirect taxation of every kind, including tariff taxation.

The final conclusion is that Land Values Taxation alone meets the conditions imposed because it alone secures equivalence of benefit, not only as between the taxpayer and the Government that imposes the tax, but also as between taxpayers themselves.

We need not follow Mr Ralston in his exhaustive demonstration of this. To many of our readers the proofs are already well known—others have yet to learn them. But to whichever class they belong, our advice would be: "Read this book." W. R. L.

UNITED STATES

Baltimore Conference, 12th-14th October

The Henry George Foundation, under whose auspices the Conference is being held, has sent out a first notice of the event, from which we quote.

The Sixth Annual Henry George Congress to be held in Baltimore, 12th-14th October. Several of the speakers will deal specially with unemployment and industrial depression.

Recent events in Great Britain, where Chancellor Philip Snowden has made land value taxation a live political issue, have served to direct attention more forcibly to the question of stimulating political activities in the United States, and since the Henry George Foundation has decided to sponsor a practical programme of political action, this topic is sure to occupy a prominent place on the programme at Baltimore.

Charles G. Baldwin, President of the Maryland Tax Reform Association and Chairman of the Baltimore Convention Committee, recently visited Pittsburgh to confer with Secretary Williams of the Henry George Foundation with relation to the Congress. Mr Baldwin is especially pleased with the arrangements that the Lord Baltimore Hotel is making for the accommodation of the delegates and with the splendid facilities which will be available for the convention sessions.