

apportioned, according to population, as provided in the U.S. Constitution. The tax was upheld by the highest Court. (81 U.S. 553)

I do not hesitate to predict that unless valuable land is again made subject to federal taxation, land hoarding is going to increase. If this happens the general costs of production, of distribution and of living will continue to rise. There is every incentive today for persons in the high tax brackets to acquire deeds to valuable mineral and urban land. Any State or local tax paid is now deductible from the federal income tax. In this way, the rich can make federal taxpayers pay up to 91 per cent of the State tax on real property which the landholders would ordinarily have to pay.

When we reflect on the record of failure left by the monetary experts in Germany, France, Italy, Spain, Greece, Argentina, Brazil, Japan, etc., since World War I, it behooves us to stress the fact that the BASIC reason for rising living costs in every nation has been wrong and unjust taxation that hampered and penalised those who produced the wealth.

HANOVER
CONFERENCE

The Need for Thorough Taxation Reform in France

By MAX TOUBEAU

Secretary-General of the French League for Land-Value Taxation and Free Trade.

FOR the last ten years, French public opinion has been violently stirred by the distressed appeals and sometimes the cries of revolt of those who denounced bad taxation.

A mass of confused citizens would listen to reformers that were very far from us, or would often be satisfied—without even looking for a theory—with joining such groups of malcontents as that of Pierre Poujade, who favoured a tax strike, with street brawls and the convening of some constituent assembly.

“Poujadism”, as it was called, was famous for a time: two million voters elected its candidates in the 1956 elections: more than forty of them were elected to the French National Assembly. It was quite a surprise; observers were even dumbfounded. But this victory, which was the victory of ignorant shopkeepers, was to be without much consequence. The spark which was to kindle the country into flame, fell back to the ground and died out, for lack of intellectual breath, surrounded by gross mistakes.

In 1952, a book inspired with quite a different spirit, aimed at imposing on reformers a new theory: that of the *single tax upon energy*. It was published in Paris by a manufacturer with considerable wealth and a vast knowledge of the subject with the exception of all concerning our Georgeist movement and its achievements throughout the world.

This book had a great success. It brilliantly criticised the current taxes, denounced the innumerable evils result-

We know it is possible to support government *without* taxing the fruits of capital and labour and without pushing up the costs of living. Is not this the politico-economic fact that the people everywhere are seeking? When people are allowed to keep the full fruit of their work, untaxed, and are allowed to buy food, clothing, etc., untaxed there is really the “Equal Justice Under Law” that at present is only graven in marble over the entrance to the Supreme Court of the United States.

This can be accomplished by any State or Nation that is willing to draw its revenue from the economic rent of land. In that way, no tax would be needed from capital or labour. There would be no hoarding of valuable land, waiting for the community to increase its selling price. There would be no periodic booms and busts and wild fluctuations in living costs such as the people in so many nations suffer.

In short, the system of taxation recommended by Henry George is the only way public revenue can be raised with equal justice to all.

ing from inadequate taxation, the frauds which resulted in an annual loss of several hundred billion francs for the Government, the petty annoyance of all kinds to the taxpayers . . . In short, Eugene Schueller condemned the fiscal régime of contemporary France as vigorously as a pure Georgeist would do. But instead of renewing the old French theory of the single tax upon land and thus to agree, in our modern world, with Henry George's outlook, the author of *L'Impôt sur l'Energie* (“Taxing Energy”) favoured the replacement of all present taxes with a tax on the three forms of energy: oil, coal and electricity. Vainly was his attention called to the fact that the land is the source of all energy and that the best social and fiscal reform is to stop taxing work as such and the products of work and to tax only the land according to its social value. Eugene Schueller stuck to his position until his death in 1957.

His campaign won the support of many in the business world, in trade unions and in Parliament. After his death the campaign was continued by a group of ardent followers. They held meetings, gave lectures, founded a monthly newspaper named *Revolution Fiscale*. Relinquishing gradually the single tax, they insisted upon taxing raw materials, which meant establishing indirect taxes to replace the present direct taxes and especially the income tax.

However, those in favour of the income tax are numerous in the democratic camp. They consider this

tax, introduced into France in 1914 by M. Caillaux with the support of Jean Jaures, as being a fair tax which corresponds to the principle included in the "Declaration on Human Rights", 1789, that every citizen must contribute to the general expenses of the nation according to his means. Indirect taxes, such as these taxes on raw materials proposed by M. Schueller's followers would eventually affect all the inhabitants of the country, without taking their means into account.

Supporters of the income tax, hostile to the theory of taxing energy, would generally acknowledge, however, that in practice numerous incomes are not declared and that civil servants and other employees, whose incomes are known to the Internal Revenue Office, can rightly complain of a shocking lack of equality between themselves and those, much better off, who find ways of concealing their incomes.

THE POPULAR CONCEPT

Fiscal reform, in the eyes of many taxpayers, would be achieved simply by preventing fraud and by obliging everyone to contribute to public expenditure according to his actual means. Hence a whole system of preventive and repressive measures in the last few years: publicity for income declarations, circumstantial controls, heavy fines. But where must one stop? A fiscal Inquisition would soon get obnoxious. Is it not already unbearable for many categories of citizens?

Be this as it may, the fundamental objection to taxing raw materials, whether or not in relation to energy, is still valid: a new tax on building materials, especially, would not stimulate building itself and would increase rents. As a matter of fact a number of taxes have already been established in this respect, and the amount represented by taxes in the net cost of a building is already considerable.

Taxing energy in all its forms, and increasing the prices of products made from raw materials would mean slowing down the production processes and economic development which already have to cope with numerous expenses and difficulties.

A NEW DEAL IS WANTED

The criticism which has thus been directed at current taxation, whose mass has proved to be crushing, and at the above-mentioned reform plans, has put them both out of court. But public feeling has been stirred. People have become aware that changes must be made to the current fiscal system, and that this system must even be thoroughly re-shaped. A new deal is looked for. It is our duty to lead the way, to set out the ideal of our International Union and of the French League presided over by M. Daude Bancel, the venerable apostle whose name at least you will know.

Last January, a great French writer, M. Georges Duhamel, concluded a newspaper article with these words: "A few years ago, a generous-hearted man launched the idea of a single tax. Could not this idea be developed—could

not the French people be spared the hard labour of computing and red tape?"

Commenting upon these lines—that were not written by a Georgeist—and mentioning Eugene Schueller's plan, I said in *Terre et Liberté* (no 37, April, May, June, 1959), "Yes, M. Duhamel, you are perfectly right, and this is what we have been saying all along... The idea of a single tax has haunted men's minds for quite a long time."

How could the French people remain indifferent to the ideal of a single tax, to the doctrine of Henry George, to the world Georgeist movement, when it was in France, as early as 1707, that Vauban wrote his *Dîme Royale*—which brought about his disgrace—and which was nothing else but a plan for a single tax upon land? And when, a few years before the French Revolution of 1789, Turgot, a Minister to Louis XVI, vainly tried to persuade the king to adopt a similar tax, inspired by the Physiocrats whom Henry George called his forerunners?

Such is the great tradition to which M. Daude Bancel asks his fellow-country men to return, and which paves the way for a true fiscal reform. In *Terre et Liberté* he relentlessly advocates the replacement of all bad taxes, direct and indirect, by the Georgeist tax, the tax upon the value of land, rural and urban.

We are convinced that in the present fermentation of minds in France towards a better taxation system, those who have tried to profess the truth will at long last be heard. They will bring about, in this country as elsewhere, the triumph of a just cause, towards which so many efforts have been made in the past, and to which our late President, Hon. F. A. W. Lucas, as also his predecessor, Mr. J. Rupert Mason, was such an active and devoted contributor.

Illness prevented M. Max Toubeau and Mr. J. Rupert Mason from attending the International Conference to present the two foregoing reports. We know that we speak for our readers throughout the world in wishing them both a full and speedy return to health.

APOLOGY TO READERS

The Publishers and Editor regret late publication of the present issue of *Land & Liberty*. It was prepared under great difficulties during the recent dispute in the printing industry.

Our sincere thanks are due to the Free Press Ltd., for enabling us to maintain publication and for printing several of the Hanover Conference papers.

The Conference was generally considered to have been a resounding success. It will be extensively reported in our September issue. Although every effort will be made to secure punctual publication, present indications are that the next issue may also be delayed. For similar reasons, it has been necessary to postpone publication of a new issue of the *Rating Reformer* leaflet.

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