

whereas the larger incomes frequently escape with a part payment of the tax due from them. Though to a smaller extent than a tax on property, a tax on incomes, nevertheless, gives rise to similar inequality of treatment and to similar evasion and corruption.

In every country there are many persons whose incomes are much larger than their consumption. These men do not desire an increase in their income, but an increase in the value of their possessions. This they obtain by using their surplus income for the purchase of some property. If this property produces a further income they will be taxed upon the same. They will, therefore, prefer to acquire property which gives an income which cannot be taxed. This they can acquire by purchasing land as yet unused or only partly used, and keeping it out of use or full use.

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The inevitable increase in the value of the land of every progressive country gives them an increase in the value of their property, which cannot be taxed so long as no use is made of the land; \* whereas, if they were to devote part of their savings to place it in condition to be used, this wealth would not increase in value and the income would be taxed. Hence, an income tax strengthens the tendency, already active, to keep land out of use or full use.

**§ 67. TAXATION IN RELATION TO GOVERNMENTAL FUNCTIONS.**—The assumed object of taxation, that which is held to justify the Government in depriving its citizens of a part of their wealth, is the due fulfilment of the functions of Government. That these functions cannot be fulfilled without expenditure, and, therefore, without revenue, is true; but it also is true, that to raise the revenue by taxation, is incompatible with these functions. For the primary and most important function of Government is the establishment of security for life and property, i.e. to procure for all members of the community equal security of life and for the possession of the wealth which their labour makes.

When the existence of the Government itself is at stake, i.e. when the security of life and property itself is threatened, Government can demand that all members of the community shall equally sacrifice their individual lives and wealth in the defence of the general security. Inasmuch, however, as the very object of such sacrifice is the ultimate security of life and property, no Government can be justified in demanding of its citizens a continuous sacrifice of either.

Taxes, therefore, which continuously deprive citizens of wealth which their own labour produces, violate the purpose for which they pro-

\* A measure of Land Values Taxation is now levied throughout Australia, but it does not apply to all land, nor is it heavy enough to prevent land speculation and the withholding of land.

fessedly are imposed, as well as that for which Governments exist. All true taxes, therefore, are unjustifiable in time of peace, and, as is proved by the foregoing examinations, are largely responsible for the poverty of the masses of the people and the increasing and dangerous riches of the few.

The contention that taxes are necessary for providing the revenue of Governments, presupposes that a State is a parasitic organism—that it can only sustain itself by drawing nourishment from private individuals. If that were a true view of the State, its value as an institution would, at least, be questionable. If, however, the State can be shown to produce the means for its own subsistence, and for the fulfilment of its functions, no such question can be raised, and taxation is proved to be as unnecessary as it is injurious.

## § 68. THE ETHICS OF PUBLIC REVENUE.

—Governments exist solely for the purpose of rendering services to the members of the community, and all the members are equally entitled to such services. All citizens, therefore, are entitled to equal service, i.e. to receive services of equal value at the hands of their common Government. No Government, therefore, can justly render services of greater value to some citizens than it can render to all citizens; nor can it justly grant privileges to some citizens which cannot equally be granted to all citizens, without securing to all who are excluded from the direct enjoyment of these special services and privileges full compensation for this unequal treatment.

Whenever, therefore, Government, either from necessity or considerations of expediency, does render special services or grant special privileges, justice demands that the recipients of these special services shall be compelled to restore to the community the exceptional benefit which they receive from them. The use of the wealth thus returned for the equal benefit of all citizens, will then restore the equality of treatment which justice de-

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mands. This course, would, therefore, be incumbent upon Government, even if these special services could be rendered by it without the expenditure of revenue. When, however, it is recollected that all the services which a Government can render depend upon such expenditure, the injustice of any other course is still more apparent. For, if the recipients of special services and privileges do not provide the funds for the expenditure which the rendering of such services and the maintenance of such privileges involves, then these funds must be provided entirely or in part by those citizens who do not participate in the benefits which arise from these special services and privileges.

Such action on the part of the State violates every conception of justice.