

THE CONFISCATION BOGEY

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(From an Address delivered at the Henry George Club,
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It has become the fashion in journalism for more or less distinguished people to make public confession of their religious experience.

It is not on the ground of any claim to distinction that I propose to approach this interesting and important subject from the point of view of a personal experience. After all, this subject has something of a religious appeal to those who follow the tenets of Henry George. It is just possible that my own adventures in this region bear some analogy to the experiences of others, and the story of travel in any region—geographical or mental—is nearly always instructive and is sometimes amusing.

My first association with the subject was when, as a student, I was preparing for an examination in Political Economy. I remember that one of my fellow students told me that he was not troubling to read the standard authors—Adam Smith, Marshall and the rest. For his part, he was reading one little book, and it contained all the Political Economy he knew. That book was *PROGRESS AND POVERTY*. I believe he passed, but I looked upon him at the time as something of a crank.

Later on I came into touch with some ardent, earnest and devoted adherents of the Cause in the then Colony of Victoria, Australia. Enthusiasm is contagious. One could only hold in the highest admiration the men who at great sacrifice of their personal material interests, were fighting what then was a very adverse battle.

I read *PROGRESS AND POVERTY*. It impressed me as a remarkable book. I was young enough to be captivated by the eloquence of its literary style, but I knew enough of the subject to appreciate the wealth of knowledge and the clearness of the reasoning of the author. I could find no flaw in the argument, and yet my mind rebelled from the conclusion. I thought that something must be wrong in the chain of reasoning, though I could not detect the flaw which led to such a revolutionary conclusion.

You will remember that in Australia the situation of land ownership is a little different from over here. I agree that there is no difference in principle. In

this country all land ownership is derived in theory, and to a large extent in fact, from the Crown. The first Title Deed in respect of most of it, however, dates back to the time of the dissolution of the monasteries in Henry VIII's reign. In Australia the Title comes directly from the State and in no case is that Title very old. At the time of which I am speaking, one long lifetime would have covered by far the greater part of the Titles from the Crown. Land sales by the Government were proceeding, figuratively speaking, every day. Even now new land is being taken up by purchase from the State. It would seem very like repudiation, therefore, in the face of a recent sale of the fee simple by the State, to suggest that the State, by Act of Parliament, should resume without compensation, the land value.

There, therefore, I stood, somewhat like Mahomet's coffin—midway between Heaven and Earth. Henry George's criticism of the land system stood unassailed, and yet it led to a conclusion that seemed to shock the conscience.

The result upon my mind was this: I felt strongly that our system of rating was entirely wrong. It was clear that the taxation in the form of rents of buildings and other improvements acted in discouragement of the user of land and in encouragement of its idleness. It followed clearly from Henry George's principles that great good could come directly and immediately from shifting the burden of rates off all improvements. I need not go into the argument with you; you know it well, and if I were to preach upon that text, I should preach to the converted.

Here, then, was a direction in which the principles could be applied without forcing them to a logical conclusion which seemed so dangerous a one. Here, indeed, was a direction which could be applied without increasing the burden of taxation, but merely readjusting it.

The result was that I became a strong supporter of that Rating Reform which would free improvements from penalization. That position I maintained in the Election of 1923, and I am glad to say that it was a subject which found ready and receptive audiences.

It is not for you to consider primarily what is most expedient, and yet the argument of expediency enters into all practical politics, and therefore I may be pardoned for observing in passing that this one application of our principles—Rating Reform—is itself and by itself a most important department to which we should do well to apply ourselves for the present. It carries with it none of the practical disadvantages inevitable in the advocacy of new taxation, and it is free from abuse as class taxation. In mentioning that practical observation in passing, do not understand me to be suggesting that we should stop there.

Going back, then, to the position in which I found myself as late as 1923. I was a supporter, as I say, of our Rating Reform, but could not sign the article of the Single Tax, and yet the good work done was such that I felt not only able, but called upon, to support the movement and valuable journal, *LAND & LIBERTY*. I recognized that to get any reform adopted one had to contend for much more than one hoped to attain. As Browning says:—

“A man's aim should exceed his grasp,
Or what's a Heaven for?”

Now comes my recollection of how I came to accept the larger platform. I think that it was first through thinking out the logical implications of the Rating Reform position. There it was conceded that the Municipal charges should fall not upon buildings or machinery or any other improvements, but should be

borne by the land in its unimproved state. Suppose then, the area of Municipal functions were widely extended, the same result would follow. Suppose—it is only a supposition, but one logically permissible—that Education, the Police, the Post and any other Governmental functions, were handed over to the Municipal Councils. Would not the same position obtain with regard to the Rates? After all it is only through custom that the Municipal revenue is derived from land and buildings at present. There is no essential reason why the local government bodies should not levy an Income Tax. The fact is that they do not, and the reasons are only historical why they do not. It does not shock us in the least that the important functions that are carried out by Municipalities are paid for by rates levied as they are. Is there any reason why the total Revenue of the State should not be raised in exactly the same way, and if it were, would not the principles which we all accept, indicate at once that that revenue should come from unimproved land values and on no account from improvements?

It was in this stage that some five years ago I accepted an invitation to be the Devil's advocate, and before this Henry George Club I ventured to criticise the Single Tax position. Exactly what my criticism was at the time I cannot remember, but I believe that it expressed the doubts that I felt as to the justice of seeking to raise the whole or almost the whole of the country's revenue from the one and only source of land values.

Let me pause to deal with Henry George's own view of the matter. He urged that there was an initial defect lying in the impossibility of bridging over by any compromise the radical difference between right and wrong. To buy up the land would be to raise by taxation for the benefit of the landowners the same proportion of the earnings of Capital and Labour which they are now enabled to appropriate in rent. Why not, he asked, make short work of the matter now; for this "robbery," as he claimed it to be, is a fresh and initial robbery which goes on every day and every hour. It is not from the produce of the past that rent is derived; it is from the produce of the present. It is a toll levied upon labour constantly and continuously. If the land belongs to the people why continue to permit landowners to take the rent or compensate them for the loss of it? The law—built up as it has been by and for landowners—and I must admit that the sarcasm is not unjustified—allows no rights to an innocent possessor when the land is judged to belong to another. It calls upon the world to put the principles into full operation without any hesitation or timidity. In one fine phrase he says:—

"Justice in men's mouths is cringingly humble when at first begins a protest against a time-honoured wrong, and we of the English-speaking nations still wear the collar of the Saxon thrall, and have been educated to look upon the vested rights of landowners with all the superstitious reverence that the ancient Egyptians looked upon the crocodile."

I put before you another view of this question of confiscation. I do not presume to think that it is a new view, but it helped me considerably. Fortunately it can be put very shortly.

Taxation is a necessity. It is also an evil. All taxation is confiscation.

Income Tax, generally reckoned to be a fair tax, involves confiscation. An Income Tax of 5s. in the £ represents the confiscation of three months' work in the year. The Death Duties are a plain case of confiscation. It is therefore irrelevant to urge against any proposed form of tax that it involves confiscation. Of course it does. It is obvious that when the State

compels an individual to make a contribution to the State Exchequer, it confiscates what it makes compulsory to give. Someone may object—"That is all very well, but here the confiscation involved is a limited one, falling upon a class." That is a slightly different question, and it can be dealt with satisfactorily, but as for confiscation, it is a bogey. It is an ugly word expressing an ugly idea, but the ugliness is no more and no less than the ugliness inherent in the fact of taxation. It means nothing.

The welfare of the community as a whole must be the guiding principle. The greatest good of the greatest number is not a principle which would be accepted to-day, but where the proposal is to obtain the necessary wherewithal for the government of the community and it is the business of the Statesman to look round for the best way of finding that wherewithal, and where on the one hand he finds taxation hampering industry, taking its toll on labour, restricting activities and causing social troubles, and where on the other hand he finds incomes falling into inactive hands due to the community's own development and the labour of others, it is not only fair but it is right and must be expedient to take for the expenditure of the community that which is due to the community and which has been earned only by the community.

Let us not be afraid of the word "confiscation." It was thrown at Mr. Gladstone when he brought in the Income Tax in 1853, and the word was largely responsible for his having to make the tax apply only for one experimental year. It is another example of the need to examine words to see what they really mean, and when one examines the argument that a tax on land values is confiscation, one finds that what is really meant is not that the proposed tax is a robbery, but merely that the proposed tax is a Tax.

KENYA NATIVES AND THEIR LAND

The Annual Report for 1924 of the Chief Native Commissioners of Kenya is reviewed by a Special Correspondent of the *MANCHESTER GUARDIAN*, 11th December, from which we quote:—

"The senior officer in charge remarks in his report that there are signs of political progress through the medium of education, and an attitude of watchfulness not unmixed with suspicion. He says: 'They are observant of the profits made by the white man from the black man's labour; they are jealous of any suggested encroachment upon their land.'

"... The Chief Native Commissioner closes his report on the Kikuyu by the sentence: 'The whole of the Kikuyu tribe is in a state of intense anxiety about the security of its land tenure.'

"During the year 168 notices were served on employers of native labour for such complaints as dilapidated or inadequate housing, failure to pay wages, failure to provide food, and failure to provide clothing. These cases do not come before the Courts as the Department has instituted a system of serving notices and giving a period for compliance, which is generally observed."

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