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Does Taxation Matter?

Answering Sceptics in France

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Indifference in matters of taxation consists of saying: "All taxes are the same; they are all disagreeable and hard to endure; they all, at times, seem unjust, sometimes even odious . . . But what can you do about it? There is no just tax; if there are many taxes, the injustice of the one offsets the injustices of the other . . . The State is playing its accepted part by procuring resources in the way which it finds most convenient, without worrying about anything other than obtaining a good revenue. If Parliament is in agreement with the Government Finance Minister; if the tax is voted by the representative Assemblies, everything is for the best. What more can one ask?"

Such is the position taken up by the sceptics—and we know they are numerous!

Attempts to obtain fiscal justice in the 18th century

In France, before 1789, there were philosophers like Quesnay, Mercier de la Rivière, Dupont de Nemours (they were called the Physiocrats); there were statesmen, like Turgot, who put forward an ideal of justice, in opposition to the practices of those who used to say to the people: "You need food to live, material with which to clothe yourself—you will have them by paying tax; you need to exchange your products, use communication routes, take your place in the market—you can do all this, by paying tax each time that you obey this need."

Under the old, French monarchical régime—the history of which has been written for us in a masterly way by Taine—not one transaction, not one act of displacement or exchange of goods escaped fiscal inquiry. Defaulters suffered the severest of penalties. Except among the privileged, exempted from certain taxes, discontent was rife; had the privileged not been blind, they could not have failed to notice the stormy signs which heralded the revolution; they would have listened to the voice of wisdom from men such as Turgot, that liberal minister who was straining to reform without violence a worm-eaten society.

But King Louis XVI, badly advised, dismissed Turgot, whose hand Voltaire came to kiss after his disgrace.

Turgot wanted the single tax on land, because he considered—like the Physiocrats, like Henry George later, like ourselves to-day—that the tax on land value is a just tax, while all taxes which are a burden on man's activities and are arbitrarily levied on the fruits of man's labours should be abolished.

In 1790, the deputies of the Constituent Assembly, to satisfy the claims of the *Etats Généraux* (States General) voted for the principle of a land tax which would furnish the State with four-fifths of its budget receipts. It was almost the single tax proposed by the Physiocrats and which Turgot had tried to introduce.

Unfortunately, the idealism which was felt in the early days of the Revolution, was submerged by the cruel realities of war, first of all, and later by the counter-revolution.

Napoleonic reaction and the approval of Thiers

In order to meet military expenses, Napoleon I reintroduced indirect taxation under the name of *droits réunis* (" collective dues "). Later, Thiers in his *History of the Consulate and of the Empire,* congratulated him on what he considered a very wise measure.

" What the Revolution did," he said, " is only too usual in troubled times. At the first disturbance, the people, especially those in the towns, take advantage of it to refuse

to pay the tax on food and, particularly, drink, which constitutes the major part of their pleasures . . . But these taxes which are the ones most detested by the town populations are nevertheless those which characterise the truly prosperous countries . . . It was for the man who had restored order in France and retrieved its finances from chaos, by re-establishing the regular collection of direct taxes, to finish his task by reopening the closed source of indirect taxes. But, for this, great authority and great energy were needed. True to character, Napoleon did not fear, even at the very time that he was aspiring to the throne, to reintroduce under the name of collective dues the most unpopular, but the most useful of taxes."

To begin with, it was the tax on drink; all the rest was to follow.

After the Restoration of the monarchy, Louis XVIII changed the name—now become too unpopular—of "collective dues" to that of "indirect taxes." As these increased, the land tax, desired by the Constituent Assembly, lost its importance; in certain regions of France, large estates were reconstituted.

Most of the nobles who had emigrated during the Revolution regained possession of their old lands.

Exempting the land from tax and its dire consequences

The history of the land tax in all countries is also the history of the relations of the peasantry with the big landowners. To exempt land from tax is, in the country, to permit the monopoly of great stretches by the privileged and, in towns, to encourage speculators to hold sites out of use in order to profit from the increase in value.

No one has denounced this double scourge better than Henry George, in his immortal work *Progress and Poverty.*

In France, where the real estate tax has become, to all intents and purposes, non-existent, having been steadily replaced by indirect taxes, the two mortal dangers resulting from that reaction are making themselves felt. They have, in recent times, brought about certain reactions.

From an enquiry carried out by a Civil Administrator, Mr. Dumant, of the Ministry of Agriculture, part of the results of which were published by *La Vie Française* it appears that the agricultural land in France (50,330,000 hectares) is made up as follows:—

Arable land	18,500,000	hectares	approx.
Pasturage	7,500,000	„	„
Market gardens... ...	500,000	„	„
Orchards	230,000	„	„
Vineyards	1,600,000	„	„
Woods and forests ...	11,500,000	„	„
Waste-ground and moorland	10,500,000	„	„
	50,330,000		

These statistics do not indicate which areas belong to owners who have under development—directly or indirectly—more than 100 hectares, for example, and which areas to owners working directly less than 10 hectares, which would give an interesting picture of the land ownership in this country.

Uncultivated land

But the most striking thing that is apparent from the table given above is the figure showing the area of waste-land. The newspaper which published this table drew attention—in a special article (October 22nd, 1954) signed by Goislard—to what it calls this " shameful malady in agriculture ": waste-land. And it reveals that a legal plan drawn up at the instigation of Mr. Edgard Pisani, a senator and former Chief Magistrate for the Haute-Garonne, has the object of creating a company for the purchase of abandoned land. It points out also that in the Haute-Marne, thanks to the help of the national forestry fund, nearly 4,000 hectares of waste-land in 4 years have been afforested by men who have voluntarily grouped themselves together in co-operative societies.

What seems certain, although the newspaper quoted by us does not speak of it, is that lands exempted from taxation and lying waste generally form parts of large estates and that their owners have not the slightest intention of giving them

up, because they constitute their hunting-grounds or, at the very least, are a sign of their landed greatness.

The just tax favoured by us, the Georgeists, would put an end to this situation, without expropriation measures having to be considered.

The wretchedness of the homeless

In Paris, one morning in the winter of 1954, all the radio stations launched a moving appeal to the population—an appeal by the Abbé Pierre saying that a woman had been found dead from cold in the street and urging citizens of good-will to join him, that same evening, in going to the aid of the homeless in every corner of the capital.

This appeal was heard. A great burst of charity manifested itself and caused the public authorities also to intervene.

The fact that there were, in the heart of Paris, waste-lands lying idle, at the whim of their owners, provoked legitimate protest. Capitalist companies, encouraged by the State, were armed with powers of expropriation. They laid claim to any land which suited them, the owners complaining that they received indemnification which was below the real value of the land. These companies built great blocks of flats, especially in the rich quarters, the rents or sale-prices of which were completely out of reach of families of modest means.

The accommodation problem in France is therefore far from being resolved. More than ever, it needs the attention of the Government.

There again, the adoption of a just tax on the value of land whether or not it has a building on it—the tax being equivalent to the natural rent of the site—paid to the community by the owners, who would correspondingly be relieved of all taxes on their buildings, would be the best remedy for an extremely bad state of affairs.

The remedy which we propose

This just tax on land value in France would have the great advantage, from the point of view of the Exchequer, of not lending itself to any fraud, as we incessantly repeat;

whilst the present taxes, based on uncertain declarations and prices which are often fictitious, give the opportunity for the evasion of taxes which amount each year to some hundreds of thousands of francs; the amount of these frauds, added to the amount of the subsidies granted by the State to various interests, cancels out or absorbs a considerable part of the budget receipts.

That is why that veteran of Georgeism, Daudé-Bancel, Vice-President of our International Union and President of the French League for the Taxation of Land Values, Fiscal Reform and Free Trade, has just produced under the title *The True Fiscal Reform*, a leaflet which, appended to *Terre et Liberté*, the quarterly review of this association, shows everyone—especially his friends in the Co-operative movement—which is the road to follow in financial matters if one wishes to avoid, from the social point of view, the worst catastrophes. That road is the progressive abolition of bad taxes and their replacement by the tax on land value, rural and urban.

It is true that the sceptics reply: "there is no justice in the matter of taxes; the ones which one does not know about are best"—but things are going from bad to worse.

In France one day Mr. Mendès-France said in Parliament: "We are again in 1787 . . ." Sporadic movements, like the refusal to pay tax, the collective closing of shops, traffic obstructions in the roads, are of a kind to bear out those who fear a repetition of history.

But there are also, in this country, other symptoms which show that the French people are not disposed to slide towards their downfall. To show up the evil and profit from the lessons of the past; to oppose against the sceptics, who would lead us into nothingness, the ideal of our great thinkers and our will to organise peacefully a better social life—these must be the constant thoughts to guide our fraternal efforts inside as well as outside our respective countries.

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