

France: A Political and Economic Survey

By Sam Meyer and A. Daudé-Bancel

France, which saw the birth and growth of the theories of the Physiocrats, who in their turn inspired the founders of the English school of classical economists, is a country where Georgeism finds great difficulty in influencing the spirit of the people.

Public opinion is not greatly interested in the land question, and those rare spirits who have been inclined to consider this question more or less closely have very often confused the Georgeist programme of socializing economic rent by means of a tax on land values in replacement of other taxes with the socialist programme of socializing the means of production and exchange. There is a French proverb that he who can do the greater can do the less, and the French socialist party should therefore be Georgeist. But it is not ; for it is above all concerned to capture votes, and therefore pays respect to vested interests. As France is a country with many small landed proprietors, the socialist party respects small private property and will never nationalize it. But as it wishes to pose as revolutionary it speaks of the future revolution but never makes it. Thus it becomes entangled in interventionism and etatism ; this is in many respects an anti-socialist tactic, but it fits in with the mentality of the French workers who have substituted for God in heaven God on earth, the State.

In fact, the French socialists have forgotten (as Henri Pirenne says) that great commercial fortunes crystallize into great landed properties. They have also forgotten the teaching of Karl Marx that land monopoly is the basis of capital monopoly. Prof. Franz Oppenheimer underlines this in his apposite observation : " Marxist socialism has made a great error in tactics in making a frontal attack on landed property instead of seeking its weak point. It makes a violent attack where the fortifications are strongest and ignores the almost open door which leads to the heart of the fortress."

This error of tactics is voluntary, because it permits those who hold or seek public office to promise the electors an earthly paradise and to mobilize the votes of the industrial workers without losing the

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votes of the small rural land owners whose land monopoly they sedulously defend. The struggle against the great landed proprietors is purely theoretical; land monopoly runs no risk from the buttoned foils with which these parliamentary socialists threaten it. They are revolutionaries who have never made a revolution, and who never will make it. They have forgotten the teaching of the editors of the *Revue Socialiste*, Benoît Malon, Fournière, Georges Renard, Gustave Rouanet and others. They have forgotten the decisions of the International Land Reform Congress (Paris, 10th and 11th June, 1889), and the teachings of Edouard Vaillant who on many occasions pointed out to the socialist party the importance of the unearned value of land in its many diverse forms.

The French communists are as much demagogic conservatives as the socialists. They also prostrate themselves before the small landed proprietors who are important as electors, and they are too lazy or too cowardly to attempt to explain to these working landowners (as do the Danish radicals) that it is to their interest to substitute for existing taxes a tax on the value of land apart from improvements.

Happily there are among French social democrats, as we shall see presently, some partisans of land reform on the lines of Henry George.

The French syndicalists, in spite of their verbal revolutionism, very willingly allow themselves to merge into the salaried classes. Only the co-operators move very slowly towards a change in the economic structure of society, which rests ultimately on land monopoly.

Our bourgeoisie is wholly ignorant of social and economic questions. It becomes more and more reactionary, and, until the dictators made themselves absolutely insupportable, many of our good bourgeois in their hatred and fear of Marxism declared themselves anti-Marxists without ever having read a line of Karl Marx.

The French people expects its economic emancipation by an electoral miracle, and the French bourgeoisie digests its dinner while waiting to launch an army against the people, if the communists, the socialists, and the syndicalists, all nicknamed Marxists by the lackeys of the Press, menace their privileges, and, above all, the privilege of rent.

The liberals no longer exist, for, since the last war, those who call themselves liberals desire nothing except to work in some protected field. If they still declare themselves liberals, it is only by way of protest against the interventionist excesses of the Marxists which deprive them of some opportunities of exploiting producers or consumers, especially by protective tariffs. The radicals (ex-liberals) try to hold the balance between the old liberalism and the new interventionism and take care, above all, not to disturb the great financial and capitalist undertakings, known in France as the two hundred families.

But, it will be said, what is the position of Georgeism in France if it has so few adherents? It is true that it has few partisans, which

is also the case with free trade. The French Georgeists are free traders, but the contrary is not always true. It must be admitted that, for some time still, Georgeism in France will only be the cult of an elite, prepared to understand it by preliminary studies in the universities.

When the great revolution took place it gave the bourgeoisie the opportunity to appropriate for itself a great part of the estates of the nobility and the clergy. The bourgeoisie in every country leans towards land monopoly and has no inclination to pay taxes. It was the same in France, and the bourgeoisie exerted all its influence, which was very great at that epoch, to upset the taxes on land values, which was a serious blow to the principles of the physiocrats.

The Empire followed, and it endeavoured, perhaps in order to recoup a part of its military expenses, to levy a tax on increases of land values due to works of public improvement (Law of 16th September, 1807). But, curiously enough, although legislation is usually obligatory, the application of this law was purely optional, and it became in fact inoperative.

The laws of 3rd May, 1841, and of 26th March, 1852, of 1902, of 1908, and of 6th November, 1918, were likewise inoperative.

That is why, in Morocco, for example, the tax on increases of land value has never produced any revenue. That is why also the Georgeists do not demand taxes on increases of land values, but taxation on the value of land apart from improvements in replacement of other taxes.

In 1925 M. Henri Sellier, member of the General Council and Senator for the Department of the Seine, afterwards Minister of Health in the Blum government, put down a motion in the General Council of the Seine, which was supported by 29 of his colleagues, in favour of an annual tax on the value of landed property in the Department, together with a tax on the unearned increment disclosed on any transmission of property. The Council, however, preferred a tax on the capital value of all immovable property. The plain result of this is that the city of Paris and the Department of the Seine, instead of benefiting their citizens by a levy on economic rent, are obliged to increase the taxes which fall heavily upon work and industry in and around Paris and stifle the building trade.

However, the advocates of taxes on the increased values of urban land won a small victory before the Jury of Expropriation on a question of compulsory acquisition of land for public purposes in Suresnes (Seine), when it was decided that the owners of land should not be compensated for the increased value due to the proposal itself.

On 13th December, 1930, M. Eugène Frot, proposed that the government should institute a compulsory register of the value of all land not built upon. This proposal was referred to the Finance Commission and was never reported.

In 1931 M. Piétri, deputy for Corsica, a former Minister of Finance, promoted a Bill for reform of local authority finance which was being

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crushed under the burden of social legislation. He proposed a municipal tax on the selling value of unbuilt land. It was to apply only to urban areas and to the value of land alone, but only to land not used for building. Although this tax was optional only and at the rate of $\frac{1}{2}$ per cent, and proposed by a very moderate minister, it was not accepted by the parliamentary committee—another proof that France, in spite of its apparent revolutionism, is pre-eminently a conservative, not to say reactionary, country.

In 1932 a movement was started in Paris for the suppression of the octrois. Our League suggested that these internal tariffs should be replaced by a tax on land values. Unfortunately these proposals were not accepted, and the octroi still ravages the Department of the Seine. In this instance we were following the precedent set before the war by our compatriot Georges Darien and his American co-worker Joseph Fels in their campaign for Georgeism and free trade.

In the same year M. André Morizet, mayor of Boulogne-sur-Seine, councillor and socialist deputy for the Department of the Seine, introduced a proposal for organizing the government of Greater Paris, including a tax of $\frac{1}{10}$ per cent on the value of land apart from improvements in the Department, but his proposal did not secure the assent of the council.

In 1937 M. Henri Sellier, the Minister of Public Health, endeavoured to initiate our plan of reform by giving to towns with more than 10,000 population an optional power of levying a small tax on the value of land apart from improvements. This modest proposal was throttled by the Finance Committee of the Senate.

In spite of these discouragements M. Pétrus Faure, mayor and socialist deputy of the industrial town of Chambon-Feugerolles (Loire), has succeeded in introducing a tax which goes to a limited extent in our direction. The circumstances are these: There has for many years been a strong agitation in France in favour of old-age pensions for workmen, but although the proposal is accepted in principle Parliament has never voted the law required because of the difficulty of finding the funds necessary to operate it. Tired of the struggle in Parliament, some of the mayors of the large towns have taken action in their own locality. M. Pétrus Faure introduced an annual tax of 500,000 francs, one-eighth of the revenues of his town, and levied mainly on the value of the mines in the district. The revenue will provide a pension for workmen over 60 years of age who have resided in the town for not less than five years. It is, on the whole, a modest application of Georgeist principles, but its ratification by the authorities was more due to the object on which the revenue was to be spent than the method by which it was to be raised. It is unlikely that our senators would agree to a proposal for replacing the octrois by a tax on land values.

We must now consider why the question of land reform excites so little interest in France. The physiocrats contended that all taxes reacted on the value of land, and the value of land in France is a striking example of this.

We have no exact statistics of the income of the whole country, but it may be put approximately at 300,000 million francs a year. The total taxation, national and local, is about 110,000 millions a year, or, say, one-third of the national income. This heavy burden of taxation has had the effect of reducing the value of land by two-thirds in spite of the protective tariffs which have had the result of increasing the rent of the land in paper francs. As a result of various devaluations French money has depreciated by more than 90 per cent, an ounce of gold being worth now twelve times as much as before the war, but land has increased in value only $2\frac{1}{2}$ to three times.

This indicates clearly the effect that our taxation has had on the value of land. In face of this apparent diminution of the value of land it is difficult to make the most intelligent, let alone the general public, understand that the taxation of land values is a practical proposal at the present time.

Our colleague Mr. Giannelia has compiled the following information regarding agricultural land values from a study by M. E. Michel, published in August, 1937, in *La Vie agricole et rurale* :—

Pre-war Period 1908-12

Description	Area in millions of hectares	Letting Value in millions of gold francs	Average annual value per hectare
Superior quality	1.2	123.0	108
Arable land	24.5	1,195.6	49
Meadows	6.9	447.6	65
Vineyards	1.5	114.6	76
Forests	9.7	144.8	17
Moors	7.2	31.2	4
Total	51.0	2,056.8	41

The selling value of rural land, including buildings, was at this time about 77,500 million gold francs, or about an average of 1,520 francs per hectare.

Deducting the value of the buildings, about 7,500 millions, we have a ratio of selling value to letting value of 70:2, or 35 years purchase, but these figures are at best a rough approximation.

According to the same authority in 1936, when the gold franc was worth 7 paper francs, the selling value of rural land, including the buildings, had risen to 225,500 millions paper francs, or, say, 32,000 million gold francs. The value of land had therefore increased only half as much as the general rise in prices as measured by the appreciation of the gold franc.

Examination of many examples of letting values indicates that they had risen between 1914 and 1936 in the proportion of 1:3.75, that is to say, a little more than selling values but only by about half of the inflation-coefficient.

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In the following table will be found a comparison of the classification of agricultural holdings according to size in 1892 and 1929 :—

	Number of holdings				Size			
	in thousands		Per cent		in thousands of hectares		Per cent	
	1892	1929	1892	1929	1892	1929	1892	1929
1—10 ha or 2·5—25 acres ...	2,617	1,753	75·6	62	11,245	9,101	23·6	20·5
10—50 ha or 25—125 acres ...	764	959	22·5	34	36,807	22,170	76·4	49·5
50—100 ha or 125—250 acres ...	52	81	1·5	3		6,064		13·5
100 ha and more or 250 acres and more ...	33	32	0·9	1		7,255		16·5
Total ...	3,467	2,826			48,052	44,588		

The foregoing statistics relate only to agricultural land. There is no authentic information about the value or distribution of other land. The proposals of Henry George apply to all kinds of land, mines, railways, sources of hydraulic power, and, last but not least, urban lands where the value reaches extremely high figures, although as we have said the weight of taxation in France is such as to stifle industry and suppress land values. One of our main objects in France is to enlighten people about the incidence of taxation.

At this time problems of external politics and of military defence occupy so much attention that little regard is paid to fundamental changes.

Our conclusion is depressing, but we must not lose courage. The more obstacles we see before us the more must we strengthen our courage and determination. Our late honorary president, Professor Charles Gide, used often to quote the saying of Baron de Marnix, friend of William of Orange :—

“ It is not necessary to hope, to attempt ;
It is not necessary to succeed, to persevere.”

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