

THE PALESTINE PROBLEM

Memorandum submitted to the United Nations Special Committee on Palestine by Dr. Bernard Ascher, Haifa.

I

- (1) The Jews want to promote immigration. Immigration means an additional demand for houses, food, goods. Houses stand on land. Food and goods are produced on land. So immigration means an additional demand for land—that is, a rise of land prices.

A rise of land prices entails a rise of rents and prices. This rise prevents the Jews from reaching their goal. So the Jews are interested in bringing down land prices.

The Jewish National Fund tries to do so by offering cheap leasehold rights to Jewish settlers. But the J.N.F. owns only a rather small part of the country and next to nothing in the larger towns. So its activities cannot prevent the general trend of prices from rising.

The J.N.F. is itself a buyer of land. This means an additional demand, that is, a rise of land prices.

- (2) The Arabs should be interested in a deflation of land prices, too, for the following reasons:—

i. Jewish development and investment are causing a large Arab immigration, too. These Arab immigrants used to get the lowest-paid jobs. A rise of prices prevents them from coping with the most elementary needs of life.

ii. High land prices induce the small Arab landowner to sell his lands and to join the Arab proletariat in the towns.

iii. High land prices induce the Arab owners of large tracts of land to sell it and deliver it with vacant possession. No legal restrictions can prevent him from compensating his tenants and from uprooting them in this way.

- (3) The Government is interested in a deflation of land prices for the following reasons:—

i. High land prices mean high general prices. High prices compel the officials to demand higher salaries. Their demand compels Government to raise higher taxes.

ii. Government wants to encourage private enterprise and thus to create a rising supply of houses. High land prices prevent entrepreneurs from building in such a way that they earn a modest profit, and that tenants can afford to pay the rent.

iii. The value of urban building plots rises more quickly than all other values in a growing community. But just these plots and just this rise contribute next to nothing to public revenues, which are, therefore, taken from the industrious entrepreneur and from the poor workman, instead of from those who earn the fruit of other men's toil which enhances the value of their own lands.

II

Thus, there is no solution of the Palestine problem, unless land prices are brought down or retaken by the community, their owner. How can this be done?

Simply by the introduction of *Site Value Taxation*, as it is practised in Denmark, New Zealand and the more prosperous parts of Australia, Canada and South Africa.

Government should impose a not too low tax (or municipal rate) on the annual value of all lands, exempting all improvements. This tax should be periodically revised in

accordance with the rise or fall of the annual value.

The tax should be substituted for other taxes, at least for the Rural and Urban Property Taxes and/or the Municipal Rates and Community Rates.

It will have, including others, the following effects:—

i. The exemption of improvements makes it profitable to build. The more you do, the more you earn, without becoming liable to pay higher taxes.

So the people will build and plant.

ii. The tax on the annual value of the site makes it unprofitable and risky to abstain from improving the land in the best possible manner. If you fail to improve, the tax eats up the value of your land. So you are compelled to improve your land—or to sell it cheaply to a man who will do so.

iii. The tax raises the supply of lands (for the reasons aforesaid), and, thereby makes land cheaper. So the general level of prices will go down, without affecting the real income of both worker and entrepreneur.

iv. Poor tenants, and industrious people will pay less taxes; lazy owners will pay more, as a good portion of the general burden will be shifted on people who previously paid no taxes at all or only very little, though they could and should have done so as owners of valuable and often unused land, while the hitherto overburdened poor tenants and industrious entrepreneurs will pay so much less.

v. Government will get more money without imposing an additional burden upon the people. This, and only this, will enable Government to carry out those large-scale improvements as, e.g., the *Jordan Valley authority*, which are alleged to be the true solution of the Palestine Problem.

JOIN OUR INTERNATIONAL

THE INTERNATIONAL UNION FOR LAND VALUE TAXATION AND FREE TRADE (Mr. Ashley Mitchell, Hon. Treasurer) invites enrolment of readers of *LAND & LIBERTY* everywhere, the minimum membership fee being 5s. (or \$1) yearly with supplementary donation of any amount for aiding its work. The objects of the Union are thus stated: To stimulate in all countries a public opinion favourable to permanent peace and prosperity for all peoples, through the progressive removal of the basic causes of poverty and war, as these causes are demonstrated in the writings of Henry George. Specifically, towards the realisation of these objects, the Union favours the raising of public revenues by taxes and rates upon the value of land apart from improvements in order to secure the economic rent for the community and the abolition of taxes, tariffs, or imposts of every sort that interfere with the free production and exchange of wealth."

In addition to the membership fee there is the subscription (5s. or \$1 yearly) for *LAND & LIBERTY* payable by the members who desire to have it.

President of the Union, E. J. Craigie, Adelaide; chairman of the Executive, Austin H. Peake, England; hon. treasurer, Ashley Mitchell; secretary, A. W. Madsen.