

county, city or district bonds, it has the power to destroy the bonds.

In the Ashton case the Court said: "The difficulties arising out of our dual form of government, and the opportunities for differing opinions concerning the relative rights of the state and national governments are many; but for a very long time this Court has adhered steadfastly to the doctrine that the taxing power of Congress does not extend to the States or their political subdivisions. The same basic reasoning which leads to that conclusion, we think, requires like limitation upon the power which springs from the bankruptcy clause." The Bekins decision, hereinbefore cited, upsets this, utterly.

In the Federalist Essays (No. XXXII) by Hamilton it was recognized that the individual States would "possess an independent and uncontrollable authority to raise their own revenues" on adoption of the Constitution. The only reference to Bankruptcy in any of the Federalist Essays is in No. XLII as follows: "The power of establishing uniform laws of bankruptcy is so intimately connected with the regulation of commerce, and will prevent so many frauds where the parties or their property may lie or be removed into different States, that the expediency of it seems not likely to be drawn into question."

It is difficult to imagine a State removing its lands to another State, or being in any sense a "party" intended to be reached by that paragraph. Surely, it was never meant to include the sovereign power of a State to levy and collect taxes on the value of land. But the present members of our Supreme Court have interpreted the Bankruptcy Clause in the Constitution to be broad enough to include the taxing power of the State.

Obviously, given this new power, the landlords have little to fear from any tax on land values they deem too heavy. With their influence in local government circles, they will seldom if ever experience difficulty in getting local politicians to side with them, and we may confidently expect to see local governments petitioning for bankruptcy whenever the tax rate is thought by the private collectors of ground rent to be too heavy.

**I**N a study on "Urban Planning and Land Policies" recently released by the National Resources Planning Board, George A. Blair analyzes the probable effects of a graded tax on land values for municipalities. His conclusions are: 1—The burden on vacant land would reduce speculation and stimulate building. 2—The burden on business property would induce improvements of squalid buildings. 3—Tenements in larger cities would tend to be improved. 4—Home ownership would be promoted, and housing projects would be encouraged. Mr. Blair's study was based on data obtained from fifteen municipalities.

## Greece

### Her Economic Background

By PAVLOS GIANNELIA

**O**NCE again in her long history, Greece is indicating to her wavering neighbors that there is another answer than unconditional submission to be given to the all-leveling march of empire and to the threat of devastating weapons.

While the immediate outcome is still uncertain, the world has been inspired to witness a new Thermopylae, another Marathon, a second Salamina.

But these are military and political matters. Though they are more spectacular, behind them lies the economic question. What is the economic background of Greece? To understand this question, it is necessary to delve into the Greek tradition leading up to the present.

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After many centuries of tithe-collecting governments, after Hammurbitian, Egyptian and Mosaic legislations in the near East, after Aegean and Homeric rulings in Greece, there arose Lycurgus, the man whom the Delphic Oracle pronounced as "god rather than man." Lycurgus gave his laws to Sparta, the forerunner of totalitarian governments. The laws were a multitude of minute prescriptions, concerning not only landed property and government, but also the organization of the family, the education of the children, private life itself.

Sparta was a military community, and the Spartans constituted a permanent army. At his birth, the Spartan was examined by a council, and only if found physically fit was he given to his mother. The Spartan's birthright was 17 acres of the public land. At the age of seven his formal education began. He was introduced into a group of children who were led by a boy distinguished for his intelligence and valor. Physical training occupied the chief place in his education. Girls went through the same physical training as the boys. At twenty the Spartan entered the army; at thirty he became a citizen, but was obliged to continue his military life.

In addition to the soldiers, the mass of Spartan population consisted of *perioekes* (neighbors), who were nominally free men; *helotes*, servile peasants, though not slaves; and pure slaves, who are rarely mentioned by ancient authors. The *perioekes*, permitted to own land in certain areas, practiced agriculture, trade, the arts and manufacturing. *Helotes* were similar to the Medieval feudal tenants, not permitted to leave the land they cultivated.

Quite a different set of laws from those of Lycurgus were those of Solon, the *archon* of Athens, to whom his fellow citizens entrusted (in 594 B. C.) the formulation of laws which should reconcile the nobles and the people. Besides his more transient measure (*seisachthia*) for settling the dis-

proportionate debts of the indigent population, Solon promulgated the laws which formed the constitution of the Athenian state, the "fatherly policy" of the golden age of Greek democracy.

Plutarch relates as follows: "As Solon intended to leave the government in the hands of the well-born, and at the same time also to allow the common people to participate, he took as the basis the fortune of the citizens. First class citizens were those who produced five hundred bushels of produce; these were called *pentakosiamedimnes*. As second class citizens he chose those who were able to feed a horse, or to produce three hundred bushels; they were called 'horsemen.' The third class were called *zeugites*, and their measure was two hundred bushels. The rest were all called *thetes*; they were not allowed to rule, but could participate as hearers in the Assembly and the Tribunal."

Thus the participation in the administration of the state, its duties and the obligation to defend it, seemed fitting to Solon to rest proportionately on the landed gentry. The *pentakosiamedimnes* could aspire to the highest place in government—the position of *archon*. Their duties were to pay naval expenses, and to serve in the cavalry. The second class citizens had to furnish military equipment and also to serve in the cavalry. The third class citizens formed the infantry. From the ranks of the second and third classes came the employees of the state. All the others, the *thetes*, even the merchants and manufacturers, were land-poor or landless, and had no participation in public service, neither did they have any taxes to pay or military services to fulfill.

It can be seen that the most important qualification for sharing the duties and privileges of government was the ability to produce—*dynamenos*. Thus, the *fertility* of the land, not the extent of the property nor the investments of labor and capital, was the measure of advantages and obligations. This subtle distinction has been neglected by most economists. That Solon made the distinction is interesting from Geogist point of view. It is also significant that Solon abolished the term *telos* (taxes), and spoke of the obligations that had to be paid to settle the budget as *litourgies* (people's works). One is reminded that modern Danish legislators avoid the term "land value taxation," and refer to the public collection of rent as *Grundskyld* (ground debt).

Once again—in the tenth century A.D.—the then Greek Asia Minor furnished a sample of the combination of military service and landownership. The Byzantine emperors Leo III, Romanos, Phogas, Tsmiskis and Basil II, settled in their conquered territory the *akrites*, those valiant warriors who helped them recapture the Eastern Roman Empire from Sicily to the Caucasus, from the Adriatic to the Indian Ocean.

This commendable sort of feudalism was accompanied by

a prohibition on large landowners to buy out the holdings of the small peasantry. Even more than that, the *allilengyon* (mutual warranty) made the large holders responsible for the arrears in taxes of their smaller neighbors, so that they were interested in the highest degree in helping these poorer fellows to make their way.

Over a thousand years later—1923—Greece delivered a blow to the Malthusian theory of overpopulation. In that year Turkey exchanged her Orthodox Greek population with the Mohammedan population of Greece. The land distribution that Greece administered for this influx of population—the sort of distribution which Henry George discouraged—is perhaps the only case in which such a method succeeded, because it was ethically motivated and was attended by economic as well as nationalistic considerations.

In other countries, land distribution and movement of peoples has failed, because there were usually little other than political motives. To quote only one example: Czechoslovakia, which distributed 28% of its land to the Czech legionnaires, increased its population by 10%; but the peasantry decreased by 1%. The bill was paid in September, 1938 and March, 1939, when the frustrated Slovakian, Polish and German populations took their revenge.

The Greco-Turk exchange of population increased the population of Greece by 47%. This resulted in a 40% increase in the corn fields, a 67% increase in the vineyards, a doubling of oil and olive crops and sheep breeding, a doubling of imports, and a tripling of tobacco crops and general exports. Notwithstanding this brilliant effect of the increase of population, the Malthusian theory is so deep-rooted in the minds of the legislators that no attempt was made to attract the Greek population of other neighboring countries, or to encourage "foreigners" who desired to settle in Greece. The attitude of the legislators also causes them to tax heavily the products of labor and to hamper trade by "protective" duties and other restrictions. If only they would return to the policy of Solon! It is perhaps a small consolation that Greece has been the first country to be officially represented at a Henry George Congress—the International Conference at Copenhagen in 1926 and at Edinburgh in 1929.\*

Let us hope that Metaxas' successor, Mr. Corizis, who began his ministry by suppressing the bank-depot restrictions, will not fail to restore to Greece a fuller economic freedom after the end of the present ideological struggle. The modern form of the Solonian tradition, which Greece so sorely needs, would be a single tax on land values and free trade in its fullness.

\*Mr. Giannelia was the official representative of the Greek government at these two Conferences.

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