

Production, is now in the hands of that section of the population probably least competent to use it. An income-tax will have little effect on inefficient farmers with small monetary incomes, and will not put pressure on them to release land. It will, on the contrary, by having a generally adverse effect on the economy, exacerbate the maldistribution of land.

An income tax on farmers would be counter-productive. Evasion, avoidance and its inability to improve the present misallocation of land are defects of an income tax on farmers that are likely to cause its imposition to have detrimental equity and economic effects. The poor results that would accrue from a tax on farmers' incomes, by refuting the proponents and corroborating the opponents, of farmer taxation, will make difficult further efforts to tax farmers. It would be tragic if a tax on income, that is entirely inappropriate to the circumstances of Irish farmers, were accepted as a substitute for a land tax that is equitable, efficient and appropriate to the circumstances of Irish farmers.

THE EQUITY case for taxing land has been eloquently stated by James Fintin Lalor: "The principle I state and mean to stand upon is that the land of Ireland, up to the sky and down to the centre, belongs of right to the entire people of Ireland." The principle reflects the view of land as a social asset freely available for use by all members of a society—a view that was an integral part of pre-Elizabethan Ireland, as of most societies and ages other than capitalist colonialist societies. The right of free and equal access to land, as to water and air, ought to be self-evident and need not be laboured in an age of universal adult suffrage. This right, like other fundamental rights, cannot be abrogated or alienated.

It is clearly impractical, especially in an age of extreme

specialisation, for every member of society to possess an equal share of the nation's land. Conceivably the State, on behalf of its citizens, might operate the land and share the surplus with its citizens. Though State operation may be feasible for great enterprises that realise important economies of scale, it would have little prospect of success in farming, especially in Ireland's predominantly livestock farming, where economies of scale are unimportant but where flexibility and attention to detail by livestock-tenders are paramount. It is, instead, expedient for the State to allocate the land within its domain to those competent to use it, recovering on behalf of all its citizens the land's surplus or rental value. Maximising that surplus is the necessary and sufficient condition for efficient land use. Appropriating the surplus for social use through a land-tax accords with the equity consideration that land, as a social asset, should be used to benefit equally all the members of society.

But a land-tax directly assaults the landed interest, the most powerful in the country. Its appropriateness is neither immediately nor clearly evident in a predominantly urbanised society, where taxes on income and expenditure are the principal source of public revenue on current account. The opposition of the landed interest to, and the indifferent support of urban interests for, a land-tax make other methods of taxing the farmer custodians of the nation's land appear expedient. Specifically, the case for taxing the incomes rather than the land of farmers merits consideration.

Farmers can easily evade or avoid an income-tax. Farmers can evade income tax by selling produce through informal channels, especially through small farmers and others not liable to tax. Costs can be inflated by buying inputs like fertilizers and feed in excess of own-farm needs and selling the surplus through tax-exempt producers.

The pre-condition for more jobs and wage restraint

TRADE-UNION members can expect to share with other citizens the common benefits of a land-tax: a greater domestic demand for the products of the non-agricultural sectors; stimulation of the building industry as under-utilised and hoarded land is forced onto the market; lower taxes on incomes and expenditure simultaneous with no deterioration, or an improvement in public services; and more rapid, secure and sustained growth, *writes Richard Crotty*.

A land tax is almost certainly a necessary condition for increasing employment in Ireland. A land tax that reduced the selling price of land to zero is probably almost a sufficient condition for full employment in Ireland. Ireland's declining employment opportunities and the resulting chronic surplus of labour have bedevilled the trade union movement since its foundation. The

presence of a large army of unemployed and underemployed rural workers and the danger of forcing their own members into the ranks of the unemployed have weakened the bargaining power of trade unions and compelled them to modify their demands on their members' behalf. A land tax that ended rural-urban migration and that gave rise to full employment would remove the overhang of surplus labour that has weakened the Irish trade union movement for 150 years.

A land tax should rationally be a prior condition for a policy of wage constraint by the trade union movement. Wage restraint cannot offset the structural weaknesses of the Irish economy, especially the small scale of the local market. The Irish workforce, and especially that part of it engaged in manufacturing industry, declined most rapidly during the decade of the Great Famine when wages

were restrained to the point of starvation. Any short-run increase in competitiveness from wage restraint is offset by the further contraction of demand and further decline in the size of the local market that results from lower income and that has been the bane of the Irish economy. But wage restraint, though unable to save jobs, reduces some prices, especially of services, and, to that extent, increases farming profits and the price of land; which in turn depresses agricultural output.

A land tax would prevent any rise in the price of land and decline in agricultural output as a result of wage restraint. It would also claw back for society as a whole, through higher tax revenues, the benefits of any restraint on wages. A land tax would seem, for these reasons, to be a reasonable pre-condition for consideration of wage restraint by the trade union movement.