

# BOOK REVIEWS

"Strong, unscrupulous men, rising up upon occasion, will become the exponents of blind popular desires or fierce popular passions, and dash aside forms that have lost their vitality. The sword will again be mightier than the pen, and in carnivals of destruction brute force and wild frenzy will alternate with the lethargy of a declining civilisation....

...Whence shall come the new barbarians? Go through the squalid quarters of great cities, and you may see, even now their gathering hords! How shall learning perish? Men will cease to read, and books will kindle fires and be turned into cartridges!"

Galbraith's prognosis in the 1990s is similar. In his view the age of contentment will only end when the contented are sufficiently disturbed in their contentment, which he conjectures could happen in three ways: widespread economic disaster; adverse military action that is associated with military misadventure; or eruption of an angry underclass. In the absence of these, the likely prognosis is that the American will drift into greater decline, and the middle class will steadily be reduced to a working class lifestyle. It is what George described as "the lethargy of a declining civilisation".

It is brilliant analysis and compulsory reading, but, although the disease is well diagnosed, few cures are put forward. Galbraith advocates a reduced military, the abolition of subsidies for the well protected, the increase of taxes on the rich and the increase of welfare spending. The message is little different from that peddled in Britain and America in the '60s and early '70s. It certainly does not appeal to the culture of contentment (which Galbraith freely admits), but nor does it appeal to the intellectually discontented. They are surely looking for something more radical than this "milk and water socialism" of a generation past?

IAN LAMBERT

## REVIEW TITLE?

*The Long Wave in the World Economy,*

Andrew Tylecote, London: Routledge, £40.

THIS excellent attempt to picture the grand sweep of trends in the industrial economy offers detailed analysis of the components of a dynamic system which, alas, has failed to evolve a stabilising mechanism. Growth proceeds in fits and starts; a system whose logic is allocative efficiency - which supposedly abhors waste - periodically inflicts on itself waste on a gigantic scale!

Tylecote, an economics lecturer at the University of Sheffield, stresses the waves of technological innovation. He seeks to synthesise technological trends with demographic, climatic and the other variables which make life so seemingly unpredictable - for the individual - yet cyclical (and therefore predictable) for the system.

What distinguishes this book from the other attempts at economic analysis in recent years is the recognition that land tenure and tax policies can damage society and the environment. For example, Tylecote explains how landlessness in Brazil - where "millions of hectares lie uncultivated, or undercultivated, on the great estates" - encourages peasant farmers to exploit the rainforest.

The perplexed governments of today could do no better than to examine Tylecote's discussion on "The way to the next upswing". Naturally, we all want lower interest rates; the snag, notes Tylecote, is that this would encourage the speculative hoarding of land.

The solution, in his view, is the introduction of a tax on land values - a tax which he regards as setting the standard for fiscal policy in general: "look for taxes which, besides raising revenue, improve both

the distribution of income and the allocation of resources in the economy". There are precious few of them, apart from the land-value tax, the virtues of which are emphasised:

"One kind of wealth tax, however, has no distorting effect, because it is practically impossible to avoid whatever you do: the tax on the value of land. Such a tax is already in use in (among other places) Pennsylvania and New South Wales. Land taxation indeed offers much more than a harmless way of raising money. It would be highly redistributive in most countries. It would much reduce the incentive for a corrupt relationship between property developers and those administering planning control (and zoning systems), since it would cut, even perhaps eliminate, the gain to the owner from permission for change of use. And since it would make speculative hoarding of land prohibitively expensive, it would make for much more efficient use of scarce urban land: less dereliction of unused properties, more construction jobs available in the inner cities, less suburban sprawl. A side-effect would be a reduction in house prices and thus in consumer borrowing out of capital gains anticipated by the owners."

The primacy placed by Tylecote on the importance of technology as the causal mechanism for changes in trends requires much more investigation. I strongly suspect, for example, that he will discover that development of much of the technology of the early years of the industrial revolution was (directly or indirectly) influenced by prevailing economic conditions as shaped by the land-and-tax system of the time.

If this is correct, we need not fatalistically assume that booms and slumps are with us forever.

PETER POOLE