

reduced to demanding extraordinary revenue through Parliament. As landowners dominated this assembly the burden of taxation was gradually shifted from rent to commodities, from landowners to the common people. The Great Rebellion made little difference because, as Lord Acton noticed, quoting Harrington, "it omitted to redistribute property." The Parliamentarian officers, having acquired estates, re-established the monarchy, under appropriate guarantees, as their safest insurance against any radical changes.*

During the earlier period of constitutional monarchy, 1688 to 1832, the landlords as M.P.s and magistrates governed England openly and directly. Thus all our "traditional parliamentary liberties" developed safely for landlordism. To question the land laws was made a penal offence. For a moment, after 1832, landlord power trembled but as no extension of the franchise has been followed by land reform the indirect power of landlordism has proved just as effective as direct power. Abolishing the laws of entail facilitated new recruits to the monopolists' ranks and the manufacturer and merchant landowners obscured the distinction between the landed and landless elements of society. The efforts of English land reformers at the beginning of this century marked a critical period in history, although historians ignore it. But the crude feeling evoked by the war and its aftermath turned the masses towards socialism with its blind hatred of "the capitalists" and frustrated reform. So the whole burden of taxation has been placed upon industry to provide the revenue for "solving" social problems by taking from everybody and handing out to everybody, including the industrialists suffering from the process.

The effects of taxing industry beget further taxation of industry — to relieve industry, already labouring under an ever-increasing burden of private rent. The contest for State favours fosters an atmosphere of universal selfishness, and as customary methods of taxation cannot meet the demand for assistance, the government covers the deficiency by debasing the currency. This is a politically convenient subterfuge as it robs honest thrift and wages while sparing the rich and, by its side effects, somewhat relieves industry for the moment, until rent has absorbed the advantage. The public dishonesty of currency inflation becomes the established system of government. We need look no further for the root cause of the decay of our civilisation. It is not in inflation itself, or in taxing

* General Monk, originally a Royal Officer who deserted to Parliament, was the main instrument of the Restoration. He became a duke with a state pension of £7,000 per annum and large estates. The yeomen who won Naseby and Marston Moor were not so fortunate. At the remarkable army discussions in 1647, Edward Sexby, speaking for the private soldiers, declared: "We have ventured our lives to recover our birthrights and privileges as Englishmen. But it seems now that except a man hath a fixed estate he hath no right on this kingdom. I wonder we were so deceived".

industry itself, but in the gradual transfer, traceable through history, by which the cost of maintaining communal services has been removed from Rent and imposed on labour and its products.

Professor Trevelyan could not possibly have missed the many examples of similarity between the decay of Roman civilisation and our own, leading in the same way to the decline of public spirit, the quality which no money can buy, and on which the whole social structure ultimately depends. If he had concluded his book with this warning it would have been more useful. But it might not have received the approval of a university depending on state grants and great endowments in land. Professionals cannot be unduly censored for the atmosphere in which their thoughts develop and the conditions which imperceptibly govern the publication of their works.

Fortunately, history provides many examples to show that no social trend is inevitable. Although the experts often given the impression that social forces are beyond man's control (and the Communists and National Socialists have exploited this fallacy) man, within the boundaries of natural law, is master of his fate. Periods of enlightenment, when public opinion throws off the yoke of mental authority, have in the past begun under circumstances which must have appeared very unpropitious to contemporaries, whatever the historians wise after the event, may now say.

NEWS FROM ISRAEL

"Land Prices Quadrupled In Four Years"

THIS is the title of an article published in *The Jerusalem Post* on July 27, 1962. Such an item could have been published under the same title in London, New York or elsewhere. But here is something peculiar. The article says:

"While building costs rose 9.2 per cent. in 1961, the prices of building plots soared by an average of 52 per cent. . . . As a result, the cost of land in January 1962 accounted for an average 30 per cent. of the price of flats sold by private builders, as compared with 15 per cent. in 1958. The figures for Tel Aviv were 45 per cent., against 23 per cent. four years ago. Plot prices quadrupled during that period, while apartment prices advanced by about 80 per cent. (building costs rose only 20 per cent.). It is primarily the rising price of land that has driven up the price of dwellings, particularly in well-to-do suburbs. Indeed, private building contractors maintain that their profit margins

have been squeezed in the process, especially in the past year, when big rises of plot prices took place.

"In January 1962 building costs per room — excluding land — in houses offered by private contractors ranged between £5,700* (in smaller northern townships) and £8,500 (in Jerusalem and Tel Aviv). The land prices, however, varied from £1,300 to £7,200 per room, depending on the locality. The relation of land prices to building cost proper per room was 1:4, and even 1:5 in the smaller townships, but 1:2 in Haifa, 1:1.7 in Jerusalem, and 1:1.1 in Tel Aviv."

Building costs — excluding land — reflect nothing but the general trend of inflation and local differences. But land prices went far beyond the general rise of prices. Why? Simply because the value of land is but another word for the number of people living and working on the land, and for their commercial and industrial activities. The more people living in a town, the higher their output and the higher the value and price of land in that town. Building costs, on the other hand, are real costs. You will have to pay £10 for a certain number of bricks, if their production, including some reasonable profit, costs just so much — and the number of working inhabitants or their output *does not influence this price*. The above figures show exactly how far people prefer to live and to work in Tel Aviv, to some lesser extent in Jerusalem, and that Haifa is only their third choice. But now the article goes on:

"These figures do not, of course, reflect the situation in public housing, for there the authorities and the publicly controlled companies are in a position to secure land at prices much below these inflated levels."

The truth is that virtually all public housing estates are built on land owned by the Jewish National Fund. This Fund does not sell the land. It gives it on long-term lease for a revisable ground rent. This ground rent recoups for the community the rising land value created by that same community (or at least an appreciable part of it) so the price of this land is not going up that fast.

Unfortunately, the land owned by the National Fund is nearly all the agricultural land in Israel, but only a rather small part of urban land. The fact that a farmer can obtain from the Fund as many acres of agricultural land as he needs, keeps down the price of agricultural land which does not belong to the Fund. But the lack of Fund-owned urban lands results in the Fund's failure to influence the general price level of urban lands. We learn from this failure that land-value taxation, or letting for public ground rents, *must be general* in order to exercise real influence upon a country's economy.

—Dr. David B. Ascher.

* Israeli Pounds.

NEWS FROM DENMARK

The Stax in the Lab

By Our Danish Correspondent



A BOOK written in the thirties was called "Denmark — A Social Laboratory." In the past summer, this laboratory assumed a novel and rather weird function. It showed the world what happens when certain government measures, intended to stabilise the national economy, are announced some six weeks before they take effect.

If people are told that a new tax will be levied on most consumer goods six weeks from now, raising the prices quite some, what will they do?

Everyone—even the few who are still blissfully ignorant of that jumble called modern psychology — can answer that one.

Well, people in Denmark did. They bought as much as they could possibly afford before the price went up. They exhausted every possible source of credit and depleted their savings in order to stock up on goods — maybe goods they did not actually need "right then," for who knows the future?

The new sales tax — nine per cent., levied when the goods enter the retail stage — has been nicknamed the *Oms*. The name makes no sense in Danish or any other language, in which respect it fits the tax well. It is simply the first three letters of a compound word of unmanageable Scandinavian proportions. In England, a corresponding terminological monstrosity might have been the "stax."

Another new word has been coined — *bukke vare*. A blunt translation would be "bow-and-scrape goods," i.e. goods one obtains by kissing the businessman's big toe (figuratively speaking, of course). The sale of cars went up by more than 50 per cent. Stores were cleared of vacuum-cleaners; refrigerators and even wardrobes became about as rare as ostriches in Hyde Park.

The retailer bends down to find the rare item in some hidden cache of the counter. The customer bows because he gets the darn thing. Hence the name.

Hence, also, an excellent laboratory demonstration of how politics and ethics are interwoven.

By August it was all over. The flowers had withered, the beer gone flat and the festoons limp. The worst hang-over, as everyone (but not the Danish government) could have foretold, was suffered by the National Bank for whose sick baby, the foreign exchange reserve, the whole show had been produced!

People are already asking: "When will the STAX be increased?" The politicians say "Never . . . !" but the general feeling is that they will cross that STYX when they get to it.