

the flow of topsoil from the continents to the oceans, via the rivers and air.

He does not doubt that all the demographic and economic pressures on Man's ecological base is bound up intimately with our land tenure system.

He concluded his speech with this prospect: "Almost all the important issues that we concern ourselves with in development — productivity, income, distribution of income — are influenced by land tenure patterns.

"My guess is that over the long term, as the employment problem worsens, it is going to either directly or indirectly lead to a lot of soul-searching in national capitals on the land distribution question.

"What is not clear to me is whether the reforms will come as a result of enlightened public policy and strong political leadership, or indirectly as a result of civil war and political instability, over-throw of governments.

"There is not much question but that land reform is going to come in the world. The question is how."

Citing the case of El Salvador, Mr Brown acknowledged that political problems could not be separated from the issue of land ownership.

UNFORTUNATELY the Worldwatch Institute, while excellent in documenting the scale of the ecological crisis, has not been able to define the elements of appropriate land reforms.

This is because its analysis of the social origins of the problem is superficial, leading it to a vague condemnation of capitalism as the source of evil. This in turn leads to nebulous conclusions such as the following:

"Whether in the form of legislation, government decrees, or such incentives as differential tax rates, the only defences against the ultimately destructive opportunism of the marketplace are land-use planning and restrictions."²

Deeper research may, however disclose that the marketplace offers the best prospect of solutions to the problems that now face Mankind.

That this research has not been conducted is affirmed by Mr Brown, who traces the analytical difficulties to the fact that the necessary research would cut across many academic disciplines.

In the end, however, more work will have to be undertaken if we are to realise the ambition of a new land ethic.

REFERENCES

1. Janet L. Hopson, 'Harvesting the Wind', *Economic Impact*, No. 42, 1983.
2. Lester R. Brown and Pamela Shaw, *Six Steps to a Sustainable Society*, Washington, D.C.: Worldwatch Institute, 1982, p. 25.

Tax revolt backfires on real estate lobby

THE TAX REVOLT is being turned against the real estate lobby.

For the first time in 50 years, there has been an increase in the share of all state and local government revenue drawn from real estate and other property taxes.

According to new U.S. Census Bureau figures, last year the share rose from 30 to 31.7 per cent.

Property still yields a relatively small part of total revenue in the U.S., as the table reveals (below), but it is higher than in France and Germany.¹

Ironically, the original tax revolt which led to the campaign for lower property taxes is now being used to raise taxes on real estate.

The first major success of the revolt was in California in 1978, where Proposition 13 was used to curb the growth of the tax on land and buildings.

But as a result of this success, state and local governments were forced to cut back on the provision of many services.

By Ian Barron

And in May, the San Jose school district declared itself bankrupt — the first one in the state ever to do so — because it could not pay \$3.5m in pay and benefits to teachers.²

Then the recession reduced revenues from other sources. And the Reagan Administration cut back on federal grants, as part of the conservative strategy to reduce the role of government.

The size of the public sector compares favourably with other industrial countries, as we can see from Table 2.

But as poverty mounted under the pressure of rising unemployment, state and local governments became desperate for additional funds to finance welfare services.

In Los Angeles, Mayor Tom Bradley has asked the City Council for a 15 per cent rise in the average family's real estate tax to meet a deficit of \$142m.

The alternative, he declared, was the sacking of 900 police officers, 200 firefighters and the closure of all libraries and recreation centres.

Table II

TOTAL GOVERNMENT ACTIVITY AS PERCENT OF GNP (1981)		
	Outlays*	Revenues
U.S.	33.5	32.6
France	45.8	47.4
Germany	44.3	44.7

*Excludes gross capital formation

THE PRESSURE on the California legislators can be gauged from the impact of Proposition 13. Real estate tax revenues crashed from over £10bn in 1978 to under £5bn in 1979.

But now the reaction has set in, and local politicians are turning to the property tax for more revenue.

Even so, real estate produces a minuscule proportion of revenue when seen in historical perspective.

Property taxes provided 80 per cent of state and local government tax revenues in the 1920s. The shift to other forms of taxes reduced the property tax share to about two-thirds of the total in the 1930s, and by the end of the last world war the share had fallen to 50 per cent. In 1981, it hit the lowest level ever — 30 per cent.

Our Washington correspondent writes: The economic crisis has now provoked the fiscal counter-revolution, and this may provide the opportunity for a reform of the property tax.

The U.S. house building industry is desperately short of land at prices which families can afford. A change in the structure of the tax — shifting the burden on to land and away from the value of buildings — would provide the impetus that could make a major contribution to reducing unemployment.

The *New York Times*, in its leading editorial, called for such a reform on May 13.

1. Jay Mathews, 'Recession Defuses Real Estate Tax Rebellion', *The Washington Post*, 23.5.83.
2. David Calleo, 'A European Solution to America's Budget Crisis', *The Washington Post*, 22.5.83.

Table I

COMPOSITION OF TAX RECEIPTS, 1981 (PERCENT OF TOTAL TAXATION)				
	Social Security	Profits & income	Indirect (value added)	Property
U.S.	38.1	46.3	6.5	9.0
France	42.7	18.4	29.7	3.7
Germany	35.7	34.0	27.1	2.6