

ordered to pay customs duty on the bunnies. But then an over-zealous official discovered that they were not chocolate pure and simple, but works of art, because of the said red ribbons, and works of art were liable to duty. But both the importer and the manufacturer outwitted him. The bunnies were returned to England. There they were stripped of their ribbons. Then the bunnies were sent stark naked to the U.S.A., and the ribbons were sent by separate mail. Both parcels passed the customs without any duty being imposed. The importer simply put the ribbons back again on the naked bunnies and made a handsome profit.

The real structural flaw in all these tax laws is the fact that the tax is raised on a certain "occasion." In the case of income tax, the "occasion" is your making a profit, your getting paid for work, your receiving dividends or interest. In the case of customs duty the occasion is your bringing certain articles into the country. With other taxes, the occasion is your selling or buying a thing, your building a house, your letting a flat, etc.

Now it is the very nature of an occasion that you are free to avoid it. Bunnies with ribbons represent the occasion? Very well, you will send bunnies without ribbons, and ribbons without bunnies. The sale of land is the occasion to pay land increment duty? Then you avoid it by giving the land on lease for 999 years. And if letting land is declared to be an "occasion," you will simply permit use of the land in consideration of the lessee's handing over to you 500 cows, etc. There is no need to mention the countless ways of avoiding the "occasion" of income tax such as by using expense accounts and the like. Everybody knows them.

Taxes built on "occasions" have no "announcement value" or, at best, a rather low one. This means that you are free to give the occasion or not to give it. Consequently, nobody, neither the official nor the taxpayer, obtains from the law a clear announcement in advance as to how much ought to be paid, and whether it should be paid at all.

A responsible statesman ought to discover taxes the incidence of which cannot be altered by the taxpayer's acts or omissions, i.e., taxes not built on "occasions." Such taxes have a high announcement value.

Land-value taxation has the highest possible announcement value. Its distribution value is exceedingly high because it is proportionate to "benefit received." Land value rises precisely in the same manner as the level of production, the execution of useful public works, the improvement of communications, the concentrations of working people in a given area. Whoever enjoys this land value (or its equivalent in money), ought to pay a corresponding portion of the public burden. This is the only just and fair distribution of that burden. "Ability to pay" is not the answer because a tax on ability reduces the effective ability and

energy of the taxpayer, which a good statesman does not want to do.

The announcement value of the land-value tax is one hundred per cent. Nobody can alter the value of the land he owns by any means whatever. There is no "occasion" at all. If the annual value of your land is £X you have to pay, under this system, a predetermined percentage of this value, and it makes no difference whether or not you build on the land, mortgage it, or do nothing at all with it, the law says that you have to pay x per cent of the value, so there is a *clear and unequivocal announcement*. And even a poet could not imagine Mr. Sivan using a tax on land values as a way of getting rid of Mr. Reisman!



Feudalism Ancient and Modern

NICHOLAS BILITCH

THROUGHOUT Asia and Latin America, revolt, rebellion and revolution are commonplace, and in some of the countries of these two continents a landless peasantry is in virtual political control. Contrary to Marxist prophecy, it is the rural areas where Marxist ideas have taken root, Russia and China being the classic cases. The distinction between agricultural and industrial lands is, in economic and social terms, invalid, and the pursuit of bogus arguments which embody such a distinction leads to the promulgation of policies which never get to the root of the problem.

Land reformers have no need of recourse to theory in pressing their case. The voluminous evidence from visitors to Latin America and Asia confirming the existence of large-scale land ownership with crushing poverty of the landless is in itself sufficient argument for restoring the land back to the people. The same basic situation occurs also in the U.S.A., where we may observe the growing poverty and despair of the urban poor, who have to contend with the effects of rising land values, increasing prices, low wages and inflation, much of the latter often due to the enormous government expenditure involved in "poverty programmes" ostensibly designed to alleviate the plight of the negro and America's other poor.

The latest (and one of the best) contributions to the land question is a book of some 457 pages by Doreen Warriner*. The author has been studying land reform for at least twenty-five years and knows her subject, having visited Iraq, Iran, India, Brazil, Chile, Venezuela, Egypt and other countries, to study land tenure systems

**Land Reform in Principle and Practice* by Doreen Warriner, Oxford University Press, 63s.

and to compare the effects of programmes of alleged reform in the countries she has chosen for special study.

Early in her book she notes the absence of feudalism in those places where "reform" is changing the existing system of land tenure. "Whatever governments are abolishing, it is not tenure-in-fief . . . The land is not owned by military aristocracies holding rights of ownership in land and jurisdiction over its inhabitants under obligation of military service to an overlord; and for the most part has never been so owned . . . As Adam Smith said, feudal law did not create large proprietors or their rights of jurisdiction. The real purpose of tenure-in-fief was to define and limit the rights and powers of land-holders—it was, in effect, a sort of land reform. What is wrong with many modern land systems is that the land is held under no sort of obligation."

This total absence of a true feudal system is emphasized at some length in the chapter on Principles, and in carefully defining the true and proper meaning of feudalism as applied to land tenure, the author has highlighted the essential and all-important difference between land held *with* and *without* obligation. In her words, "The elements of reciprocal obligation are lacking between land owner and state and between land owner and serfs." This abrogation of any obligation to the community has resulted in the debasement of capital and labour, leading to a kind of "quasi-feudalism" or "capitalistic-feudalism" where "the manorial lord (or tribal chief) has repudiated his economic responsibility vis-a-vis the community and has become an individual capitalist, exercising only the prerogatives but not the duties of his position."

This quasi—or capitalistic—feudalism has often produced a hybrid modern feudal business man who flies out daily to his estate from a city residence, so that any sharp distinction between feudal and capitalistic ownership is blurred—almost impossible of definition. "What exists," says Doreen Warriner, "is a mixture, with the evils of both and the merits of neither."

Where land reform has been undertaken, recourse to expediency has resulted in some bizarre consequences.



Large land-holders having been expropriated, the land is then parcelled out to peasants—holdings being limited to between 50 and 300 acres. The all-important rental element having been ignored, the new owner cultivates the land to meet his own needs in consumption and ex-

change, the result often being an overall drop in agricultural yield, requiring the importation of food to feed the urban masses who have not shared in the so-called land reform. In Brazil, when there is a big rice harvest, the government stock-piles rice to keep up the price. The result is increased production benefiting no-one—farmer or urban poor.

Land Reform in Principle and Practice is concerned almost exclusively with agricultural land; even so, it is a valuable contribution to our knowledge of land tenure and agrarian reform and gives an insight into the problems involved in the efforts of governments to come to grips with the pernicious consequences arising from the private monopoly of land, which has enslaved whole peoples leaving them impoverished and ripe for some future collectivist vassalage.

EVEN in Hell the peasant will have to serve the landlord, for while the landlord is boiling in a cauldron the peasant will have to put wood under it.—Russian proverb.

(Continued from page 57)

is its valuation methods. Since, initially, the system must be a crude one, because of limitations of skilled staff and valuers, all land is to be graded into one of five rating values, having regard to water availability, soil classification and location. The calculation of tax will be made on electronic processing equipment and billed automatically according to tax rate, value factor and site area. The whole process will be controlled by the Revenue Department of the Ministry of Finance.

There can be no doubt that the Afghan Government has taken a bold step in calling upon the technical skills available and setting up what could well become a model for all developing countries. In a very few years the wisdom of this move should be evident and measurable in economic performance. It is indeed encouraging to find such a story in a small but enterprising country, which, before the ravishings of the Mongolian armies of Genghis Khan and Tamerlane, was one of the most fertile countries in the world.

These three papers illustrate the varying degrees of sophistication in land registration. They also illustrate the paramount importance of cadastral surveys in land taxation. Afghanistan and Australia have had the benefit of both.

Who knows when either measure will become a practical reality in Britain? As Mr. Ruoff has pointed out, as far as Britain is concerned, compulsory registration, when extended to the whole country, will not of itself ensure that all land is registered, since this occurs only on transfer. In his own words, "Some land never has and never will change hands."

It certainly will not without land-value taxation!