

Hey big spender

Living with Leviathan

by David B. Smith
IEA, 2007. 190pp
ISBN: 0255365799, £12.50

It is a great pity that David Smith did not read an earlier IEA publication, *Wheels of Fortune*, by Fred Harrison before he sat down to write this book. He states the problems and Harrison gives the answers.

Smith's theme is public spending, taxes and the size of the state and its economic performance. In 1913 UK public expenditure as a percentage of GDP was 12.7 per cent, in 1937 it was 30 per cent, and now it is around 45 per cent. Sweden with its high spending experience peaked at 72.4 per cent in 1993 but this is projected to fall to 55.5 per cent in 2007. The author is unclear what effect such figures have on economic performance. He quotes studies that indicate that 30 - 35 per cent will achieve most of the social and political objectives that justify government intervention. In attempting to do too much, modern Western states may well neglect their core functions such as law and order, and military preparedness.

What is important in the equation is how the tax is raised. Harrison very clearly indicates the negative impact of bad taxes and suggests better ways of raising money. Public spending on

infrastructure benefits the private sector. The London Underground Jubilee Line extension increased adjoining land values by close on £3 billion. A land tax on this increase would have recouped this public expenditure. Smith sees that high government spending does not lead to the eradication of poverty and that the cost in terms of economic growth forgone has been considerable. He says "it is highly likely that societies are poorer than they would have been if low spending ratios had been maintained."

He briefly examines different forms of taxation and notes that Britain in the eighteenth and nineteenth centuries saw rapid economic growth when most taxes were levied on fixed assets, such as houses. He doesn't differentiate between property and land in the way that Harrison does but concludes that a mature debate about, among other things, the forms of taxation, should be a priority within parties and between parties. "Sadly," he ends, "there is little sign of this debate beginning."

Geoffrey Lee

My world!

Who owns the World

by Kevin Cahill
Mainstream, 2006. 640pp
ISBN: 9781845961589, £25

Kevin Cahill is a cataloguer of wealth and an inquisitor of privilege. He first nailed his

colours to the mast with his early work on *The Sunday Times* Rich List. His latest book sits at the present end of a line of investigation starting with McEwen's *Who Owns Scotland* (1977), Wightman's subsequent *Who Owns Scotland* (1996) and then Cahill's own *Who Owns Britain* (2001).

For Cahill and for his predecessors it is the 'who' that is key. The major part of *Who Owns the World* is a country by country catalogue of the major landowners of the world. This may indeed be a necessary and – as the author claims – long overdue piece of work. Many argue that publicly available and complete registers of natural and common resources, including the facts and nature of all titles to land and burdens upon them, is an institution necessary for modern democracy and efficient governance [see *Counting the land*, p.4. Ed]. The result of Cahill's work is to reveal that concentrated patterns of land ownership are prevalent all over the world. He resents the situation. Cahill's concern is that these patterns be "dissolved".

Cahill's historical analysis describes the increasing spreading of 'ownership' of landed resources over the past century: his political perspective applauds "land redistribution". He commends the vision of Hernando de Soto; but he does not share that economist's enthusiasm for Western "private-property laws and recording systems". Cahill argues that "property law in the developed world is at best internally and institutionally corrupt, having been created by thieves trying to legitimise theft and maintained by the descendants of the original thieves, for their private benefit and no-one else's". Cahill holds that around the world present-day property systems are for the most part "destructive to both democratic and political progress". He believes "economic progress in the West has been in spite of, and not because of, the structure of property law in most Western states".

In this book however, in a way more than in all the earlier 'Who Owns' work, Cahill is also interested in the 'how' of ownership. The other major part of *Who Owns the World*, over twelve chapters, is a historical overview and analysis of world landownership. Some readers may sometimes find the author's analytical predisposition prejudicial. Certainly unrequited monarchists will find no succour here. Nevertheless the texts are fascinating. Disappointingly, his efforts regarding the 'hows' remain more in the nature of surveys than proposals.

In the end, for Cahill, it is information – land registration – which is "the key requirement" for reform. The reform itself he advances is the dissolution of "the monolithic legal forms of ownership" which his book discloses, and the establishment of "a proper free market in land...in every country in the world". The author does not much go into what he means by 'proper': the reciprocal obligations to the community which the owners of land may be due are not discussed. The author's demotion of the great reformer Henry George (who so clearly laid bare humanity's responsibilities in this regard) to no more than a common witness of the Irish Famine of 1845-9 is disappointing from a writer who would seek to banish unjust privilege from the world and who claims to know the land.

Isabel de Menenez

Bubbly

Unlocking the Riches of Oz

by Bryan Kavanagh
Earthsharing Australia, 2007. 28pp
AUS\$10

This short book is subtitled 'A case study of the social and economic costs of real estate bubbles (1972-2006)'. In it, Bryan Kavanagh provides a concise exposition of how property bubbles – which can easily arise in the current Australian system – cause economic recession. He also



Australia's housing bubble may be about to burst