

Story of Ylati land

Once upon a time in the large archipelago in the South Seas, at the other end of the world, lay the ancient kingdom of Ylati, comprising the islands of Frigida, Tepida and Calida.

All three were large and well populated. Frigida was the coldest and furthest south – there all things are upside down – with a conformation that was perfect for growing wheat, the staple diet in Ylati and the benchmark for calculating the value of all things. Its fertile, broad planes were inhabited by robust, hard-working farmers, who made the region the richest and most prosperous in the country.

On Tepida, the middle island, stood Emor, the capital of the Ylati kingdom. There the climate was warmer and wheat production lower. But the inhabitants of Tepida, which included numerous lawyers, notaries, civil servants and courtiers, lived well, thanks also to the taxes sent to Emor by the rest of the kingdom.

On Calida, which was warm and mountainous, the climate was even less suited to farming and the inhabitants were accustomed to living roughly, with what little wheat they were able to coax, with difficulty, from the ground.

One day the old king died and soon after his only son Carlo was crowned.

Carlo was young and full of good intentions, and wanted to increase the prosperity of the kingdom and to win the love of his subjects, but he did not know what he should do. This was partly because the ministers that the old king had left him, who were mainly old and white-haired, thought everything was already functioning perfectly and spent all their time dissuading him, gravely and solemnly, from making any changes.

Among them was, however, a man called Gaetano, an original thinker and highly intelligent, with a deep knowledge not only of the situation of the country but also of the character of its people. He understood the disposition of the young king and found a way of talking to him in private, and after the usual obsequious phrases, which we do not need to repeat here, spoke as follow:

GAETANO Sire, I have always pondered on how to improve the state of the kingdom, and have found some ideas which, I would like to think, could be worthy of attention. Unfortunately ignorance is so widespread in this court that I have never found anyone to

share them with, but now generous fate has brought us, in the form of Your Majesty, a person who is able to decide whether they have a little bit of value and even, if he thought it advisable, bring them to pass.

CARLO Noble friend, speak freely, because I am obliged to examine with the greatest attention any suggestion that might benefit my people.

GAETANO Your Majesty, I think that to make Ylati as prosperous as possible and to assure you all the riches, splendour and security that to such a noble sovereign are fitting, we must be aware of the differences between the three regions that make up the kingdom, because it is not advisable to treat things that are different in the same way, but we must adapt their treatment to the nature of each one. So, the island of Frigida, the most fertile and productive, should be the one where wheat production expands so much that it will meet the needs of the kingdom's whole population. And this will be the source of your wealth.

Tepida, once it is relieved of the worry of having to procure nourishment by work in the fields, will be able to turn itself, particularly here in Emor, to increasing the magnificence of its buildings and the perfection of its arts, becoming a worthy stage for Your Majesty. And this will be the source of your splendour.

Calida, which lives roughly, will be the island that will benefit the most from distribution of the wheat, and as its inhabitants are accustomed to loving their benefactors, they will be very faithful to you. And this will be the source of your security.

CARLO What you say is all very well, but I just do not believe that Frigida will be able to feed the entire kingdom, no matter how fertile and well cultivated it is.

GAETANO It may seem strange, Sire, but it is so. Although it is something new and still unknown here, on the large islands south-east of Ylati, new cultivation techniques and seeds have been found that multiply the harvest three- and four-fold. On Frigida the climate is almost the same as on these islands and some who

have already begun to use the new seeds have already obtained the same effects; it is in fact inevitable that their example will spread and soon the whole of Frigida will adopt the new system.

CARLO So then there is nothing for us to do: your proposal will come true by itself!

GAETANO Alas, Sire, human nature will prevent it. We say, and we are cautious, that the new system will triple the harvest. But what would Frigida do with three times as much wheat? Everyone already lives comfortably, and it would be difficult to consume even one and a half times what they consume now. They could, of course, if men were rational, halve the cultivations, and with half the land and half the work they could live comfortably, less stressed and more carefree. But I know those people: they are too hard-working and set in their ways. All would turn out differently: half of them would continue to cultivate the fields and with the new seeds they would easily feed themselves and the other half. The others would go to the towns and invent some imaginary job to keep themselves busy, as solicitors, civil servants or something else, following the example of all those strange professions which the arrival of tithes has fuelled here in Emor. So we would lose many good farmers and the wheat of the rest of the kingdom would not increase by one grain.

CARLO You have looked into these matters thoroughly, I see, not like those old fogies who are always trying to lecture me! But what can we do.

GAETANO Just one thing, Your Majesty. As the new technologies spread on Frigida we will gradually raise taxes, to syphon off the excess that is needed by the rest of the country and to keep the farmers in the fields. Eventually on Frigida people will work as much as they do now but will produce three times as much wheat, and because they will not consume more than one and a half times as much as they do today, all we have to do is fix the tax at five tenths to relieve the island of the excess wheat it

could not use. And these tax increases will give two benefits: everyone will be obliged to quickly adopt the new technologies and will continue to cultivate the fields, in line with their vocation of hard-working farmers, rather than becoming solicitors or civil servants, professions much more suited to the population of here and Calida.

CARLO I can see what you are saying, but I do not think that the inhabitants of Frigida, who I know to be very stubborn on these matters, would be pleased to be the only ones paying tax while everyone else eats their wheat for free.

GAETANO Your Majesty, I admit on this I was doubtful too, and afraid the obstacle would be unsurmountable. But then I saw the solution in a flash! We have to tax all the inhabitants of the kingdom in the same way, at the same rate of five tenths!

CARLO My noble friend, I am amazed. The things you were telling were really interesting; I hope I do not discover I was talking to a visionary. A Chief Minister of the State receives one thousand measures of wheat, surely you don't really believe he would be happy to receive five hundred? And a young civil servant who just manages with four, how would he get by with only two? And when everyone is taxed, as there will be no greater harvests to draw on, except in Frigida, they will all be poorer and everyone will hate me.

GAETANO No, Sire, let me explain myself. Take the Chief Minister. Today the one thousand measures are delivered to him from the royal warehouses. Tomorrow all we will have to do is to add the small formality of handing him, together with his usual load of wheat, a nice payslip with the words "Emoluments of His Excellency, Chief Minister of the Kingdom: *two thousand measures*. Tax at source: *one thousand measures*. Net emoluments of His Excellency Chief Minister: *one thousand measures*". We will figuratively double the payment and simultaneously tax it figuratively one half, and everything will remain the same, except that the whole world will see that the Chief Minister pays his tax to the last penny. And we will have to do the same with all the courti-

ers, ministers and civil servants. We will write plenty of payslips containing the three magic words: “Gross, tax, net”. The net is what each one receives and that really does leave the state warehouses, but the other two figures are very important and must always be written exactly and with all numbers well marked, because it must be absolutely plain to everyone in Frigida that all the other taxpayers pay precisely what is due. And also the wheat must not be sent to Calida in a rough and ready fashion as we often do today! No, to give wheat to someone we must first hire him as a civil servant and then, if we wish to give him four measures, we write on his slip that, thanks to his work, he was entitled to eight measures, but because of tax only four remain.

CARLO What you say leaves me thunderstruck; it is totally outlandish, but I can follow it so well that I can imagine one of the less smart beneficiaries who is upset reading his payslip because he thinks that really there were eight measures ready for him, but at the last moment, half were taken away, and he protests he is poor and should not have to pay so much tax. But please continue.

GAETANO Your Majesty, I should rather stop here, because I see that you have understood perfectly, but since you allow me to do so, I would add a couple of things: although it would be nice if the people we hire as civil servants also did something useful, that is not at all necessary. They appear as hired only to enable us to give them the wheat more covertly, and to increase the number of people indebted to Your Majesty. But it is very important that they behave like real civil servants, even if they do not know how to do anything or have nothing to do. They must go to the office every day, at least for some time, because otherwise the hoax would be too evident.

And to avoid making everyone a civil servant, we could also simulate some ventures, especially productive ones, like a large new plantation, even in an unsuitable area, and run by inexperienced personnel, which would consume wheat instead of producing it. It would not matter what it is, provided that externally it appears not to donate but to produce, and to each beneficiary is given the appropriate “gross, tax, net” with the numbers clearly written.

And when the whole country is full of people who pay their taxes without complaining, what could the Frigida people object to? The Tax Collector will go to one of them and say, "Here you have two thousand measures of wheat and the tax is one thousand, so only one thousand must remain." These are the same words that he might have said to the Chief Minister in the capital. But there the one thousand measures appearing as tax did not exist in any place, while here they are real, and must be taken away quicktime.

The young king was so taken by Gaetano's fanciful scheme that he immediately made him Prime Minister, endowing him with all the necessary authority to make real what he had outlined so well in words.

And Gaetano, in addition to being an acute observer of men, was also full of energy and very tenacious and efficiently initiated and organised everything he had devised.

So it happened that the inhabitants of Frigida mastered the new technologies, and boosted the size of the harvest to an extraordinary degree, even more than was originally thought possible. And all the other novelties were also accepted without too much discontent, including the huge increase in nominal taxation, the preparation of the necessary pay slips and the many fake jobs, which in Calida were very popular with those who received them, and were represented with great naturalness and credibility, so that soon the whole country was convinced that there was nothing more honourable than being a tax-paying worker.

Everything was proceeding swimmingly, until one day Gaetano came to the palace to speak to the king.

GAETANO Your Majesty, we must deliberate carefully, because we're heading toward a serious problem and I fear that if we cannot solve it, all our efforts will have been in vain or perhaps harmful.

CARLO Indeed my dear minister and friend, I do not understand. Everyone is happy, no one suspects anything and our blessed Frigida effortlessly produces much more wheat than we could ever have hoped for.

GAETANO Alas, Your Majesty, that is exactly the problem I was referring to. I calculated that the harvests would increase three-fold, but they have now reached four-fold and continue to grow.

CARLO But that is a blessing from Heaven!

GAETANO Your Majesty, it is the opposite. Even though all the inhabitants of Ylati, each in their own way and as best they can, are striving to consume as much wheat as possible, it is no longer possible to get rid of all the wheat produced, not even by feeding it to oxen and pigs. I thought we would in any case be able to export it to our neighbouring islands, but they see themselves as already too heavily indebted to us, and even though we sell them excellent wheat at a very low price, they are becoming threatening. They say that we want to destroy their agriculture, and forbid us further shipments. We should really go out to sea and dump the whole load in deep water, and a couple of times we could even do so, but for all my efforts I cannot think of a way to convince the people that this is a wise and beneficial operation and not complete folly, as it would appear to simple minds.

CARLO My good friend, is this such a serious problem? I think there is a simple solution: we just reduce our efforts and produce only what we are able to consume.

GAETANO Your Majesty, you have hit the nail on the head. We must absolutely stop the increase in output which, if it continues at its present rate, would bring the harvest to twice its present level in just ten years, something that makes me shudder just thinking of it. Yes, we have to limit production, but the problem is how to do so.

CARLO And if we were simply to tell the inhabitants of Frigida to work less and to enjoy life more? They could work on alternate days, or maybe alternate years, in turn.

GAETANO I wish it were that simple! For years we have been telling people that no one should have wheat unless he is a worker, and now working, being employed, as they say, is everywhere deemed to be a noble, praiseworthy state for any healthy man. What everyone wants to do is to leave the house in the morning, to go to work, as they say, and after having spent the day doing something, it doesn't matter if useful and real or absurd and

imaginary, to return home in the evening, even complaining a little, as the absurdities created by all the fake jobs are not always easy to digest, but persuaded deep down that he has earned his daily bread by his work. Your Majesty, even the elderly, who could sit back and enjoy their pensions, often find that their lives are empty and they miss the activity of the time they spent at work. And many good women who diligently look after home and children, and often work much harder than their consort, think they are worth little and want a job like their husband, or at least want their work to be recognised as true and honourable, by receiving a regular wage and well-prepared pay slip. Alas this desire to be employed at all costs and to work has become a universal folly, and to reason with the mad is unwise.

CARLO So what can we do? I know you well, and am sure you will have contrived a remedy.

GAETANO That is true, Your Majesty, even if this time I really am not inventing anything; I am just watering seedlings that have sprouted spontaneously but are growing too slowly. First of all, to lower the number of workers we will set limits on the working age: we will hold young people back, forcing them to study for many years before they can be employed. Then we will give pensions to anyone who reaches the age of fifty, or even earlier. Then I have thought of a way to significantly increase the number of useless workers even outside the public sector, and above all to trick and confuse those who actually produce wheat. The current tax rate of five tenths is simple, and it is very easy to calculate and collect.

CARLO This is not a good thing?

GAETANO It would be, Sire, if we were short of wheat or had to put all able-bodied people to work in the fields, but our problem now is to reduce the harvest, not to increase it. And for every productive worker we divert, there will be a hundred or more measures of wheat that we take away from the harvest. So I have devised this system: instead of everyone paying the same amount, we

will create a different tax for each one. We will say we are inspired by a spirit of equity and, for example, that whoever takes more will pay four fifths and who only takes a little, will only pay one fifth.

CARLO But that is foolish and will subvert social order because the most eminent citizens will be ruined while the down-and-outs will live the good life.

GAETANO No, Sire, we will do everything figuratively and gradually, and at the end, the important civil servant whose pay slip now reads *gross two thousand, tax one thousand and net one thousand* will become *gross five thousand, tax four thousand and net, still, one thousand*. While the young civil servants whom we now hire at eight measures gross and four net, will be hired at five gross, and after paying tax of one will still receive four... all will look different but will remain exactly the same.

CARLO All right, but I do not see how this complication will change things.

GAETANO Sire, the fact is that today, with the universal tax of five tenths, whoever has income from many sources, calculates and pays what is due separately for each one and rapidly fulfils his obligations and is immediately able to go back to producing without distractions. Tomorrow, with the new system, he will not be able to do so rapidly, but will have to keep a precise account of what he does for the entire year, then add up all his income, and only then will he be able to calculate his tax and discover how much he owes.

And I am not just thinking of reorganising income tax, but of adding several other tributes. Some will be paid once a year, others more often. Some people will pay them all, others only a few. I will multiply them so much that everyone will be afraid of forgetting one and will have to keep checking whether by chance one of the new rules applies to him. And to calculate and pay taxes everyone will have to spend whole days filling in complex forms, and scrupulously collecting lots of pieces of paper and receipts to submit to the tax officers.

And I will not write the rules once, but will continue to change them out of the blue. So everyone will spend his time learning them again, until everything will be so difficult that useless new jobs will be created, and many people will leave the fields and stop producing wheat in order to become experts in all these rules, and will be maintained by others just to explain to them how to pay their taxes without making mistakes.

The large plantations will have to remove many people from the fields and keep them busy preparing the documents and everything necessary to pay taxes and to allow our tax collectors to make surprise visits at any time and to check whether they have done things in the right way or have tried to cheat.

CARLO My noble friend, I am afraid we will create a too strange system: I can see clearly that in this way the people would be so overwhelmed by all these formalities that they would neglect the fields and produce less wheat. But I think that we should find something less bizarre to divert our over-efficient farmers from their work.

GAETANO Beloved Sovereign, what you say is very correct, but this contorted construction also protects us from another serious problem I have not yet mentioned. I am sorry to have to recognise this, but in spite of all we have done for the country, which has never been so rich and prosperous, I see that the number of discontented is rising constantly.

Instead of being pleased that they have plenty of healthy meals, those who until a short while ago lived hand to mouth look with malevolence at those who are better off and drink wine every day, and think they only have water because of the imperfect laws of the country. While those who do drink wine every day are discontented because they envy those who wear rich clothes.

When conditions improve too rapidly they generate not joy but envy and discontent. But I am hoping that this enormous new fiscal framework will channel toward tax evaders the discontent which could easily turn against Your Majesty. In fact the new tax increases we are introducing will be fictitious for our civil servants and officers, as we will just need to modify the

pay slip, increasing gross and tax by the same amount; but they will be real for the other people who actually earn their wages. These will certainly try to cheat the new rules, which I will make so complex and contorted that in any case it will be difficult to comply with them. So we will always be able to repeat: “If things do not work, don’t take it out on us, because the blame only lies with those who do not pay what they should”, or “Oh, if everyone paid what they ought, every problem would immediately be solved.” And I am certain that most people will believe us and when they see their neighbour better off than they are, they will immediately say, “It is not fair he should have more than I do; and if he were to pay more tax, he would have less in his pocket.” And they would be convinced at once that all the ills of the country are caused by their neighbour being too well off and paying less tax than he should. And so playing individuals off against one another, we will be able to govern more securely.

As you see, Your Majesty, this system is like a huge handbrake, and every time I pull it I reduce excess wheat production, at the same time making your power more secure.

CARLO What you say is serious but I would not like this handbrake to get the better of us; however, I am, as usual, won over by your arguments: do what you have suggested and Heaven help us.

And so, over the years, the system that Gaetano had imagined took shape and was implemented.

The continuous multiplying and varying of taxation and other laws, and the continually increasing number of fake jobs, fully captured the minds of the inhabitants of Ylati who were successfully distracted from cultivating too much wheat, because this activity now appeared secondary and almost superfluous, compared to the useless occupations and highly complex rules and conflicts between individuals and requests for justice and strivings for secret favours, with which they were now filling the greater part of their time.

Everything seemed to be going rather well when Gaetano, who was by now quite elderly, was struck by a serious illness and died in few days, and Carlo, before following him to the grave soon after, as his only son was still a child, entrusted the government of the country to young ministers, but without hav-

ing succeeded in thoroughly explaining to them the subtle system that Gaetano had devised.

And the new ministers, who like everyone else, were misguided by Gaetano's representations, bore little concern for the good of the people and much for their own. They appeared to be very honest and to monitor each other strictly, while they concurred in secret to take advantage of the country's wealth.

And so Ylati was burdened in two ways: first by the sweeping and extravagant expenses that the ministers and their followers embarked on for their grandiose lifestyles. But the real problem was that, to make their situation more secure, they used, without understanding it, the great Gaetano handbrake that boosted the power of the rulers but also had the effect of reducing crops.

And instead of lowering the grain production to the right level, they acted so that the number of men in the fields remained too low and, despite the new techniques, the harvests fell below the country's needs.

This caused considerable discontent. The ministers were deposed and, to everybody's surprise, were found guilty of endless misdeeds. But this was not enough to bring prosperity back to Ylati or to find the true reasons for its problems.

The situation had now become so entangled that not even the brightest could understand how to revive a country whose fields were untilled and almost empty of farmers, while the towns were full of strange workers engaged in producing paper, complaining that they deserved to receive more wheat, because they were all honest citizens, as was certified by their many impeccable, well-crafted pay slips, receipts and correctly filled out forms.

But it was impossible to give wheat to everyone for, except for the more fertile fields, no one wanted to cultivate them anymore, because every farmer could only keep a very small part of the wheat for himself and had to send all the rest to the towns to feed a dozen or more paper producers.

This that we now leave is the story of Ylati, the strange country that instead of producing wheat ended up producing paper, but which I believe is too fanciful and cannot really have existed.

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