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Land Rent As Public Revenue in Australia

CENTENARY
ESSAY NO.3

BY ALLAN R. HUTCHINSON

— a quantitative evaluation of potential exchequer
revenue to be derived from land value taxation

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THE AGONISING in Britain now about whether the army in Northern Ireland should be equipped with plastic instead of rubber bullets is a far cry from the thanks offered by Oliver Cromwell to God for enabling him to slaughter every man, woman and child in Drogheda, to teach the rest of the Irish the inexpediency of resisting British power.

Violence in Northern Ireland must persist and will probably worsen so long as the incomes and educational status of Catholics there rise, so long as Britain becomes increasingly democratised and reluctant to exercise repressive force, and so long as any substantial remnant of discrimination against Catholics survives.

Violent sectarian conflict is explicable only in the context of a decline in opportunities that is unique in the world. The island's workforce in 1981 is less than at any time in the past 250 years. It is less than half the number who got a livelihood there 150 years ago. The number declined during the period when the number so doing in Britain increased sixfold; when the workforce of every other country in the world for which information is available was increasing; and when the population and the workforce of the world as a whole increased more than threefold. Political privilege has enabled Protestants to increase their share of the island's declining workforce from 20 per cent to 30 per cent.

It is impossible to understand all this without understanding aspects of the conquest by Britain of Ireland and the implications of that conquest for the social role of Irish land.

LAND, according to the indigenous, tribal, gaelic concept was a social asset, available for use by all members of society. It was, in practice, an economically inefficient and unproductive form of land use, but a socially integrative one. The concept of the role of land held by the Tudor, Stuart and Cromwellian conquerors of Ireland was of land as a source of profit for the individuals who succeeded in appropriating it. That concept has since been implemented in Ireland to a degree without parallel anywhere else in the world.

The implications in Ireland of using land for profit were most clearly perceived and expressed by Sir William Petty, the greatest economic philosopher prior to Adam Smith and himself a successful appropriator of extensive tracts of Irish land. Petty

Sectarian Violence & the social role of Irish land



RAYMOND CROTTY presents a new perspective on the Ulster tragedy. He argues that the initiative for a solution must come from Dublin, not Westminster – and that a change in the fiscal system as it affects land ownership is at the heart of a lasting solution.

proposed that, in order to maximise income from Irish land, the people should be cleared from it and replaced by cattle, to be reared for sale to England. Petty's proposals had in fact been implemented under the early Stuarts, but the resulting flood of cattle into England cut straight across the political and economic interests of England's ascendant landed oligarchy, so that one of the first Acts of the Restoration Parliament was to ban the entry to England of all Irish pastoral products.

With direct access to the English market barred, for Irish land to yield a profit its produce (beef, butter and bacon) had to be diverted via the triangular trade to the West Indies, where it was used to maintain the slaves on the plantations and was exchanged for the tropical produce of the slaves' labour, which was acceptable in England.

If the Irish were to be retained to work land profitably for its English appropriators, it was necessary to disarm them and to garrison the island with an armed Protestant ascendancy, most of whom were

settled in Ulster. The century following the Restoration of Charles II was a period of growth and development such as has occurred also in most other colonies – in the Caribbean, in Latin America, in Asia and in Africa – following their initial capitalist colonisation.

Matters changed in Ireland with the onset of the industrial revolution, which transformed Britain from a grain exporter to a grain importer and caused her to repeal the Cattle Acts and to welcome the Irish pastoral products. The effect was to create conditions in which profit from land was maximised by its cultivation by capital-less, coolie, Irish labourers, who subsisted on some of the potatoes they grew with their spades and fattened pigs for export with the surplus.

A unique combination of farm production, land tenure and market conditions in which beef prices were low and grain and butter prices were high, obtained in Ireland through the reign of George III, from 1760 to 1820. This brought into existence and expanded into the largest class in the

land, an agricultural proletariat such as has not existed elsewhere above 30 degrees latitude. This lasted only for the duration of George III's reign. Beef prices since then have risen threefold relative to the price of butter and fivefold relative to the price of grain. The price change has made it profitable to replace people growing grain and potatoes with cattle and sheep, and cattle exports, which had not changed from 1660 to 1820, increased tenfold within fifty years. The agricultural proletariat was obliterated by starvation, enforced celibacy and emigration during the succeeding reign of Queen Victoria.

THE PROTESTANTS of Ulster were insulated by their "ascendancy" or "garrison" status from the operation of the market forces that had created and destroyed a Catholic agricultural proletariat.

To hold Ireland for England, it was necessary to arm the Protestant settlers while disarming the hostile, Catholic Irish. Armed Protestants acquired rights to land different from those of the disarmed Catholics. The latter had no rights other than those they could win on a freely working market; the former were accorded prescriptive rights of security of tenure, fair rents, etc., that were enshrined in the "Ulster Custom".

The Protestant farmers of Ulster, insulated by the Ulster Custom, were spared from competition for land by capital-less young people. These young people were instead held, like their peers in the rest of Europe, dependent on their capital-owning parents. Ulster farmers, as a result, had both the land and the family labour to respond to the demand for cloth, that was growing in England no less rapidly than the demand for food, by expanding the relatively capital-intensive production of linen.

Farmers outside Ulster, during George III's reign, were under the dual pressure of competition for land from capital-less young people, the

emerging Irish coolie class, and from the inability to compel their own children to operate the family holding when these could achieve a modicum of social independence by acquiring their own potato patch. Farmers outside Ulster were forced by these pressures to abandon linen production; or to carry the enterprise no farther than the production and sale of linen yarn. The coolie labourers on their potato patches were forced by extreme poverty to use their resources to produce pigs, grain and straw, products that came to market vital months earlier than linen yarn.

The initial divergence between Ulster and the rest of Ireland, based firmly on the different forms of access to land, widened with time, as the agricultural proletariat of the south was being wiped out, the cottage linen industry of the north became concentrated into the linen factories of Belfast, which were duly served by Belfast's new, specialised linen engineering industry. Belfast's newly acquired factory discipline and engineering skills provided the technical base for a shipbuilding industry that was highly innovative at a time of radical change from the craft building of small timber ships to factory-scale building of large iron and steel ships.

Two nations existed in Ireland at the end of Queen Victoria's reign. The proletariat had been wiped out in the south, and there was left there a society dichotomised into an Irish Catholic grazier class with urban affiliates, and a handful of Anglo-Irish Protestant landlords. Northern society consisted of a more stable, predominantly Protestant peasantry that had escaped the worst of the holocaust that had swept the south; a large manufacturing centre in Belfast which was again predominantly Protestant and a Catholic minority, the successors of the dispossessed original occupiers of the land, who eked out a usually hazardous existence as the helots of the Protestant garrison.

THE DESTRUCTION of the agricultural proletariat in the south and the emergence of a bourgeois grazier class transformed political relationships. Though a proletariat might be created and destroyed with impunity for the profit of landlords, the graziers who, within fifty years from the death of George III, had increased annual cattle exports from 70,000 to 700,000, and of sheep from nothing to 800,000, were not for long to accept the appropriation of the economic surplus of this large, lucrative and expanding trade by a tiny group of alien Protestant landowners.

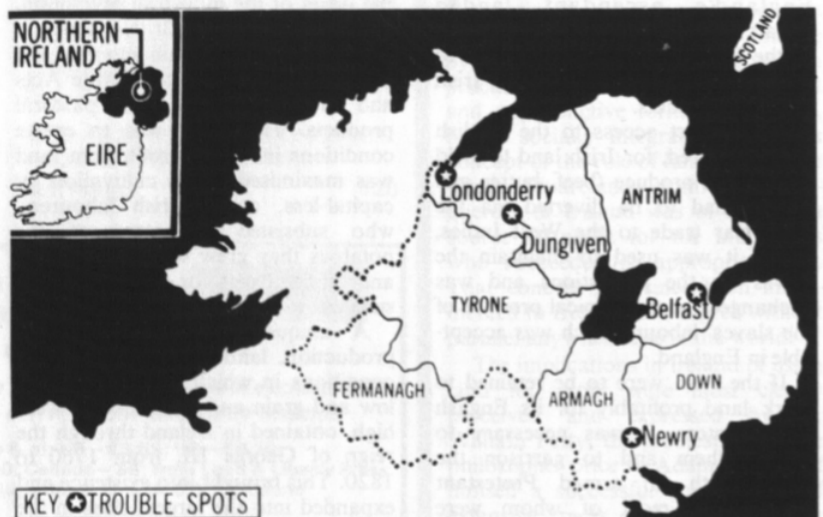
The UK government was forced, under the threat of Irish secession from the Union, to expropriate the expropriators and despite the urgings of individuals like Michael Davitt and Henry George that, through a land tax, the surplus be made available for common purposes, re-allocated the nation's land to another, somewhat larger, but still small, privileged minority, the bourgeois graziers of southern Ireland. Following "Land reform", less than one per cent of the Irish people now own half the land and over ninety per cent own no land.

TO AUGUST 18, a total of 1,532 civilians had been killed and 12,992 injured in Northern Ireland; 154 policemen killed, and 1,297 injured; and 344 soldiers and 114 Ulster Defence Regiment soldiers killed, and 3,694 injured.

The character of a state, like that of a person, is to be judged by what it does. The achievements of the Irish state in its 60 years existence make perfectly clear its bourgeois character. The value of the property that Irish law and order protects has increased since the state's foundation by 150 times at current prices. More realistically in an age of inflation, the value of property in Ireland, which in 1921 was worth less than twice current GNP, is now worth five times current GNP. The value of property in relation to GNP is more than twice as great in Ireland as in any other country.

The Irish state has been less successful in securing a livelihood for its citizens. Birth rates have exceeded death rates by about one per cent annually. Had this natural growth of population secured a livelihood in Ireland, the Republic workforce, which was 1.3m in 1921, would be nearly 2.5m now. However, not merely did none of the natural growth of population succeed in getting a livelihood in Ireland, but the number of jobs continued to decline after the state's foundation just as it did in the preceding eighty years. The number at work is now 1m. This number would be far less but for massive deficit spending, which now requires foreign borrowing well in excess of £1 per head of population, every day of every year. Successive Irish governments have consistently sought to secure and enhance property values. Every other consideration, including the securing of a livelihood for its citizens and the stability of the public finances, has been subordinated to that overriding objective.

The loss in the Republic of over sixty per cent of the livelihoods that existed there in 1841; the occurrence in the Republic of ninety per cent of the island's total loss of livelihoods; the continuous loss of livelihoods in the Republic, so that fewer people now get a livelihood there than at any time in the 250 years; and the imminent collapse of the Republic's public finances, which is likely to result in the further loss of hundreds of thousands of jobs - these are the conditions that cause Northern Ireland Protestants to cling tenaciously to the privileges that have secured for them the livelihood in their own area of the country that has been denied to millions of Catholics in



the north but even more so in the south.

The pursuit of policies by the Republic's political establishment that increase the private value of Irish land at the cost of the continuing loss of livelihoods, gives rise to the situation where rational northern Protestants must fight to retain their privileges and where rational northern Catholics must fight to end those privileges.

The certainty of Catholic reaction to Protestant privilege is increased and its acrimony heightened by the regular practice of the Republic's political establishment - anxious to

ALMOST £66m. has been paid out by the Northern Ireland Office under the Criminal Injuries Compensation Order. There have been 35,728 cases settled, and there are 4,433 still outstanding; 203 cases were settled with discretionary payments.

deflect criticism from its own failure to provide a livelihood for its citizens - of ascribing that failure to the continuation of the effects of British rule under the rubric of "neo-colonialism"; or, following the established practice of incompetent regimes, of harping on the problems of neighbouring territories.

THE NUB of the problem of sectarian violence in Northern Ireland is that it is bound to continue and probably to worsen for as long as a high proportion of the people cannot get a livelihood in Ireland.

A necessary, if not a sufficient, condition for terminating sectarian violence is the ending in Ireland of the loss of livelihoods that has persisted there for 140 years, and the creation of a sustainable approach to full employment. These are tasks that need to be accomplished principally in the Republic, where ninety per cent of the loss of livelihoods since 1841 and all of the loss since 1921 have occurred.

A necessary condition for a sustainable approach to full employment is the rejection of the concept of land as a source of private profit, and the restoration of the indigenous concept of land as a social resource, appropriately adapted for modern requirements.

A tax appropriating for common purposes the economic rent from

land would achieve the required transformation in the role of land. It would also transform the economy of the Republic which, relative to its workforce has five times, and relative to its GNP has eight times, as much land as the rest of the E.E.C.

A tax appropriating for society the economic surplus from land would force its release by that high proportion of present occupiers who, by reason of age, incompetence, having excessive land, or other reasons, use land inefficiently; and who take the benefit of their valuable property rights in the form of leisure, inflexibility and conservatism, with the result that the volume of Irish agricultural production is no greater now than it was 140 years ago, although world agricultural output has meanwhile increased at least fourfold.

Such a tax would make land available to the many tens of thousands of highly competent young Irish people who have not the savings to pay the high market price of land; but who would be able to pay the recurrent taxes on land, would be glad to operate it as self-employed farmers, and, if supported by a rational agricultural credit service, would quickly double output from Irish land.

An agriculture producing twice as much as now, with virtually all of the additional output exported, would comparably expand the demand for input and for the consumer goods and services of Irish manufacturing and service industries. This would provide the employment in non-agricultural industries which it is now sought to generate by subsidising foreign manufacturers to produce in Ireland goods for export.

A greatly increased demand from an expanded agriculture would make it possible to dispense with subsidies for manufactured exports. The public exchequer would simultaneously be augmented by the proceeds of a land tax likely to be in the region of twenty per cent of GNP. The combined effect of this would be to transform the Republic's public finance system and to make it possible to place it on a sound, sustainable basis. In addition, it could reverse the 140-year old decline in the number getting a livelihood in Ireland, and create a good prospect of securing full employment. *This transformation in the Republic would radically change also the situation in Northern Ireland.*

This article was extracted from Raymond Crotty's *The Irish Land Question & Sectarian Violence*, Centenary Essay No. 4, now obtainable from 177 Vauxhall Bridge Road, London SW1. Price: £1.50, incl. p. & p.

Accelerated economic growth in the Republic would cause a much increased demand in the Republic for the products of Northern Ireland, resulting in some of the benefits of economic reform in the south passing to Northern Ireland and increasing economic activity and employment there also. This would provide Northern Ireland Catholics with the convenient and congenial option of migrating to work in the Republic as an alternative to continuing to live as second class citizens in Ulster. This would reduce the hardship that now

PREMIER Dr. Gareth FitzGerald wants to remove Ireland's constitutional claim of territorial jurisdiction over Ulster, and to legalise divorce, to encourage Ulster protestants to talk about reunification. "We have created an unacceptable sectarian state," he warns.

results from discrimination against Catholics.

And soundly based economic development in the Republic would lessen, if not remove, the present compulsion on southern politicians to meddle in Northern Ireland affairs, either to distract attention from the Republic's difficulties or to ascribe these difficulties to "British neo-colonialism".

Finally and most important: sustainable full employment in the Republic would effectively remove the significance of Protestant privilege in Northern Ireland, and it is most likely that the ending of Irish partition would cease to be an issue. In the unlikely event that it did continue to be an issue, Northern Ireland Protestants would no longer have reason to fear, as they now fear, the loss of Privileges and fewer and poorer jobs, from the political unification of the island. The establishment of conditions of sustainable full employment in the Republic would make Protestant privilege in Northern Ireland obsolete, worth neither defending nor attacking.

(To Be Continued)