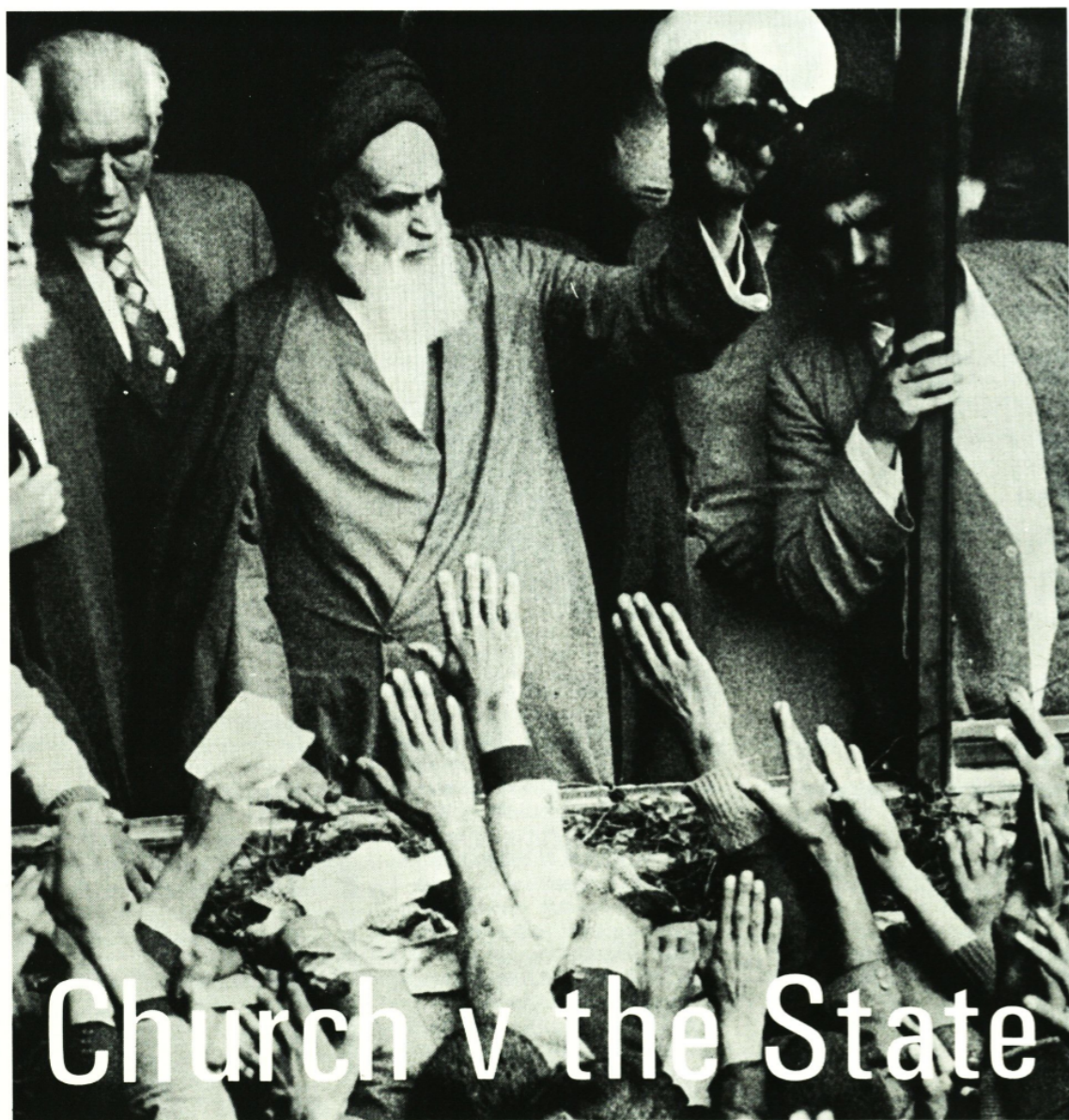


LAND & LIBERTY

SEPT. & OCT.
1979



Church v the State

THE SECULAR STATE is under pressure from the world's religious faiths. The globe-trotting Pope is spreading the Catholic message to millions, but the most dramatic manifestation of the conflict is in Iran. Before Ayatollah Khomeini could topple the Shah, his spokesman in Teheran, Nasser Meenachi, declared that the first concern of a Khomeini-influenced government would be

land reform. Absentee ownership would come to an end. Land would be redistributed. Productivity would rise . . . Khomeini was ambivalent about the content of the reform, choosing to emphasise that the Koran would guide his actions. We trace the rise – and fall – of the hopes of Iran's peasants.

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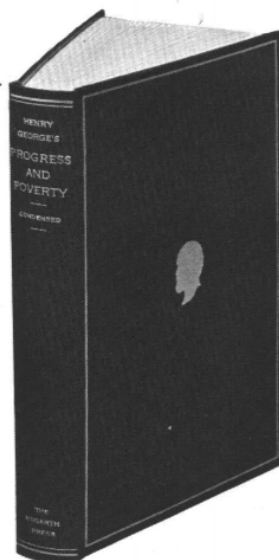
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'Henry George is looked upon as some sort of a socialist. But I agree with many of the things he said, and I am a fiscal conservative and a member of the Republican Party. I believe in the rights of the individual being pre-eminent, and I believe in the maximum of political and economic freedom. Henry George was and is still feared and hated in the socialist countries . . . it is interesting that his books are not published there and that his centennial is only celebrated in the free world, not in the communist world.'

– California Assemblyman
William Filante:
story p.75

HIS IMPERIAL Majesty Mohammed Reza Shah Pahlavi, Shah of Iran, was ruler of one of the most powerful nations in the Middle East.

With his oil billions he bought the most sophisticated weapons which modern technology could devise; he built up his military forces in defence of Western interests in the Islamic world; in return, he secured the patronage of the USA.

And he appeared to be genuinely committed to the welfare of his people. Yet in 1978 the Shah found that the power base of his kingdom had moved from his Palace in Teheran to a small bungalow in the suburb of Paris. For months a baffled world watched the struggle for authority between a mighty king and the Ayatollah Ruhollah Khomeini, a priest in exile who drew his strength from the Koran.

The Ayatollah won. On Jan. 16, 1979, the Shah flew off the Peacock throne into exile. The priest returned to Iran to institutionalise the transfer of political power to the mosques and the religious leaders of the Moslem millions.

KHOMEINI'S opposition to the Shah spans at least two decades.

The Shah, pronounced the Ayatollah, was infatuated with Western values and had forsaken Islam. So he had to be opposed. But at first his message did not appeal to the masses: the time was not ripe.

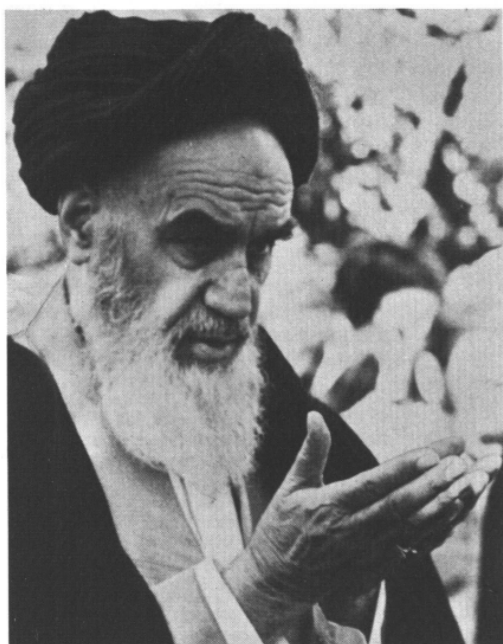
For the Shah was not an insensitive leader. Although he lived in gold-plated splendour it was nonetheless his sincere wish to improve the living standards of the peasants.

In 1951, for example, he issued a decree calling for the division among the peasants of over 2,000 villages which he owned. Money from the sale of the land was ploughed back into the rural sector. From that period, the Shah maintained a strong personal interest in land reform, an interest which he had acquired while at school in Switzerland.

But there was one serious flaw in the reform programme, so far as Khomeini was concerned. The Shah was merely creating an enlarged class of private landowners on the Western model.

Land in the public domain was sold off during the late '50s and in 1960 a Land Reform Act was passed which attracted the strident criticisms of the Ayatollah.

The content of the reform, said Khomeini, was not consonant with



Dictatorship and the rise of Islam

● *Ayatollah Khomeini has now assumed control of Iran's army. His "revolutionary councils" have executed 570 people. Does salvation – on earth – lie his way? Or are his promises no more than a mirage in a Persian desert?*

the principles embodied in the Koran: it was, in fact, inspired by American values. Nobody listened. The Ayatollah was arrested, and after a term in prison he went into exile. By 1969 over 15,700 villages and 801 farms were bought by the Government at a cost of 9.6bn. rials and distributed among a total of 726,274 families.

ACCORDING to the Koran, wealth created by the labour of men can be privately owned and sold, whereas land was God-given and could not be alienated in the process of exploiting others.

Mohammed taught that there was a need to share out as much land as was needed and could be cultivated; secure possession for those who tilled the soil; and transmission of rights to land through the generations.

However, unlike the Jewish practice of leasing land for a maximum of six years (to revert back to the original possessors on the seventh year), Mohammed explicitly banned the renting out of land for money (an edict later side-stepped by adoption of the share-cropping technique).

Land, according to the Islamic faith, could be retained in secure possession provided two conditions were met. First, land taxes were to be paid to the community. Second, land had to be kept in productive use: to allow it to stand idle was to forfeit the right to its possession.

WHAT KHOMEINI MUST LEARN FROM THE KORAN

The Prophet declared that it was acceptable to seek reward for capital improvements on land. He is quoted as stating: "A Muslim is rewarded for all he spends, except what he spends for buying earth."

A story which summarises the Islamic teachings is recounted by Syed Abdul Hamid Al-Khatib:

"The Prophet had granted Bilal bin Harith a land, known as Wadi Aquique. Omar bin Khattab, during his caliphate, argued with him with regard to the land which he was unable to cultivate and derive profit from it. Bilal said, 'Would you take away from me what has been granted to me by the Prophet?' Omar said, 'Yes, I am going to do that, for you have been unable to cultivate and develop the land, while other Muslims are in a pressing need for it. Take as much of the land as you can cultivate and leave the rest for others.' And this was finally done."¹

JUDGED against Islamic principles, the Shah's strategy was wrong-headed. He was undermining his own dictum that "there can be no power without an army, no army without money, no money without agriculture, and no agriculture without justice."

His system was no less monopolistic because it embraced a larger number of people. For there was no bridge between those who acquired land and the others – the landless peasants and urban workers

– who could not possibly have been allocated tracts for their personal use in an efficient agrarian sector.

Ironically, the power wielded by the Shah to force through one of the statistically most impressive land redistribution programmes in the postwar years was also the reason why his country suffered more than most in the Third World.

Rural unemployment rose from 1.8% to 11.3% in the 10 years 1956-66, with urban unemployment increasing from 4.5% to 5.5%, a trend which does not count as evidence against land reform *per se*, but rather highlights the need for the correct content for such a programme.

The Shah made the mistake of thinking that the influx of the petrodollar billions in the 1970s would enable him to buy himself out of trouble. In fact, the oil price boom telescoped the life of his reign, for it speeded up the process of raising people's expectations while exposing them to an acute awareness of their economically dependent condition.

Martin Woollacott, a journalist who reported the last days of the Pahlavi dynasty, perceived the problem:

"In Mohammed Reza's Iran, however, oil replaced agriculture as the source of wealth, and justice was reduced to a process of handing out benefits which, while not contemptible, was vitiated by manipulation and condescension."²

FRED HARRISON reports on the continuing struggle for justice in Iran

FROM HIS Paris base, Khomeini published regular condemnations of the Shah's regime.

But although he promised changes in the land tenure system there were few specific commitments as to how this would be accomplished.

The assurances were sufficient for the landless masses who had failed to secure an improved living standard based on the influx of oil revenues They lent their numbers to Khomeini's demand for the creation of an Islamic state. The SAVAK torturers proved helpless in the face of this collective strength as people transferred their allegiance to the holy man.

The \$122.8bn. spent on the Fifth Plan (1973-78) was insufficient insurance to protect the Pahlavi dynasty: it collapsed.

The Shah's mistake was to formulate a land reform programme which failed to integrate both the urban and rural sectors into a coherent system which was balanced to ensure economic growth and full employment, facilitating the smooth transfer of people from one sector, industry or firm to another.

His failure to institutionalise everyone's right to the value of natural resources – whether derived from oil, soil fertility or locational advantages – was offensive to the ethical traditions of the Moslem faithfuls, and inevitably distorted the structure of society and the distribution of income.

OMINOUSLY, however, there is no evidence that Khomeini has learnt that there is a need to translate the ethical principles of the Koran into modern economic terms.

He has nationalised banks, banned mini skirts and pop music and frowned on mixed bathing, but the agricultural sector has been neglected.

Landless peasants have "nibbled away" at the holdings of big landlords, but this hardly constitutes the kind of dramatic plan consistent with the "revolution" of which the Islamic leaders of the new Iran are proud.

Observers of the current scene note that "confrontation appears almost inevitable. The Government has vowed to eject illegal occupiers, at gunpoint if necessary."³

Ayatollah Khomeini is jeopardising his Islamic state, if he thinks that he can vacillate over the problems of the agrarian sector of Iran.

Already, attempts are being made

to minimise the role of the countryside in the revolution. For example, it is now suggested that the upheaval is evidence to support the Marxist hypothesis that the urban-based proletariat would rise up against the capitalists to lead revolution – the first such transformation after a history of peasant-led revolutions.⁴

In fact, while the *dénouement* was indeed urban-based, the social ruptures originated in the rural sector, and the marches were composed largely of landless labourers who had migrated to towns in search of work.

The lessons of history ought to be crystal clear to Khomeini, of all people. Rural unrest can be used as a potent weapon to overthrow a powerful military regime and can be re-used against the Pretenders if they also fail to deliver what the people need.

Khomeini may be right to draw his spiritual strength from the Koran. But if he wishes Iran to remain an Islamic state, he cannot afford to lose any time in marrying up his religious principles with the principles from some modern economic textbooks. But as the Shah discovered when it was too late, it also makes a difference which textbooks you consult.

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DARK CLOUDS AND SILVER LININGS

ONLY ONE dark cloud appears on the horizon for the property developers, following the first round of legal and tax changes implemented by the Thatcher administration before Parliament went into summer recess.

WELCOMED was the decision to abolish the Community Land Act.

WELCOMED was the decision to reduce the rate of Development Land Tax to 60%, and to raise the threshold from £10,000 to £50,000.

But in line with the tight monetary regime instituted by the Chancellor, Sir Geoffrey Howe, the Government announced the decision to cut back on some of the money spent on trying to revive Britain's derelict inner cities.

Industry Secretary Sir Keith Joseph announced that the annual regional aid budget of £609m. would be scaled down by £233m. over three years.

Now, the claim that economic theory predicts – that such subsidies actually end up in the pockets of landowners not the working

people who need jobs – has in the past been greeted with derision.

Such a claim, of course, is not good for the image of the property world

But when the subsidies are threatened, no-one is left in any doubt about the financial impact: rents begin to suffer!

Derek Penfold, writing in the *Estates Gazette* (21.7.79: p. 233) noted:

"As we go to press industrial developers, together with local authorities keen to stimulate industrial development and employment growth, are doing their sums to see how the slashed grants will affect the popularity of their areas and the effective subsidy on operating costs – and rents – which are now threatened."

The speculators need not worry, however. The Thatcher Government has no intention of instituting the kind of fiscal policy which would prevent the speculators from making up lost ground!

Paul Knight