

RICHARD CROTTY is that rare writer, a person who can draw on practical experience to guide his theory. His observations therefore have a special status.

His latest book* contains the distilled wisdom of 20 years as a farmer in Ireland supported by periods as a consultant in underdeveloped countries (LDCs), and rounded off with a fellowship at the Institute of Development Studies at the University of Sussex.

Crotty is concerned about the welfare of the landless peasant in the Third World. He employs theory and mathematics to define the optimum conditions under which pastoralism can improve the lives of the mass of mankind.

The analysis penetrates below the economic surface, however, and makes an important contribution to the sociology of knowledge.

*R. Crotty, *Cattle, economics and development*, Slough: Commonwealth Agricultural Bureaux, £15.

Raking out answers to global problems

It would have been easy, for example, for Crotty to have trotted out the usual observations – such as the one that millions of people in the Indian sub-continent would enjoy enhanced living standards if they treated cattle as economic rather than religious objects. But Crotty pushes his analysis deeper.

WHY IS cattle farming inefficient? In his case study of Latin America, Crotty shows that the explanation resides in an inefficient land tenure system. He traces out the connections, and his work is an important addition to development economics.

What policy solution does he

prescribe? A central proposal is the taxation of land values. He notes: "The case for taxing land in LDCs is overwhelming and incontrovertible. Yet land is taxed nominally, or not at all, in LDCs."

Crotty suggest two reasons for this. First, powerful landowners oppose the tax. Second, social scientists ignore it. His explanation for the latter reason is of special significance.

"The vast majority of social scientists are urban born and based. This can be partly accounted for by the preponderance of urban populations in DCs, that have most of the social scientists. The preponderant agricultural populations of LDCs produce few social scientists, partly because poorer, remoter LDC populations produce disproportionately few higher educated persons; and partly because persons of rural origin in LDCs who receive a

Conflict and the alternative to palliatives

F. Harrison, *Land Reform or Red Revolution: Economic Surplus and the Dynamics of Political Violence*, Centenary Essay No. 1, ESSPA, 1980.

THIS PAPER is the first in the Centenary Essay series produced by the Economic and Social Science Research Association and deals appropriately with the broad theme of the interaction of economic laws and political upheavals in the century since *Progress and Poverty* was published.

In this essay Mr. Harrison reviews the basic Georgist theory of wages, identifying the underlying cause of poverty and inequality as the payment of wages according to the value of output on marginal farmland where surplus labour keeps down the general wage level and permits the extraction of a surplus for rural and urban landowners alike.

The tensions this generates in 'open' societies with democratic elements has often been alleviated by the rise of welfare statism, or reformism of a piecemeal and ad hoc nature. The worst excesses of fabulous personal wealth and grinding poverty can be extirpated, but usually at the price of cyclical bouts of inflation and depression and growing bureaucratisation and inadequate personal freedom and responsibility. Since the

underlying injustice remains, the income transfers often penalise work and risk-taking as much as passive landownership, giving rise to continuing discontent and political conflict.

In the Third World, where the population is still largely agrarian, the land problem is more obvious and is manifest in demands for crude land redistribution schemes rather than land *value* redistribution. In some of the more 'open' Third World countries poverty and discontent have produced political pressure for 'land reform' that, like welfare statism in richer Western nations, has been only

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a palliative. Since there is not enough land of the right quality in the right location for everyone to have an equal *physical* share, crude land redistribution schemes often merely create a new class of reactionary landowners opposed to true justice through change of a more fundamental nature. Bolivia is cited as an example.

In more 'closed' societies such as pre-revolutionary Russia, China, Nicaragua, Vietnam, Cuba and

elsewhere, the strains build up to a revolutionary climacteric, and the old reactionary order is overthrown, with the initial revolutionary thrust invariably coming from the agrarian populace rather than the less impoverished urban proletariat, contrary to Marx's predictions. However, the revolutions are soon taken over by more educated urban groups and usually the socialist path is adopted, with the expropriation of *all* the means of production, including capital and labour, by a centralised group of politicians in whose hands is concentrated enormous power over everyone else's lives.

Efficiency and personal freedom are casualties and this prompts many to question the wisdom of any change even in the most venal and corrupt of non-communist societies, on the grounds that the alternatives are almost as bad.

Mr. Harrison's contribution is to show that there is an alternative to both paternalistic welfare statism and despotic socialism and that the centennial anniversary of George's most famous book is the right time to push forcefully for this alternative. *Progress and poverty* march hand in hand as much today as they did in 1880, but with more dangerous potential on a global scale for economic disruption and military conflict.

higher education usually opt for professional-type training, leaving the more academic, liberal, social sciences to less mundane, urban scholars. Social scientists, as a result, have a preponderantly DC and urban perspective."

Crotty's attack on the bias of social scientists draws its authority from the fact that he has mucked out cowsheds as well as sat at the scholar's desk in a library.

FOR CROTTY, land value taxation is both the necessary and sufficient mechanism for removing exploitation and compelling the efficient use of land.

Without this fiscal reform, there can be no general prosperity. He explains why:

"The paradox of property is that the more valuable land becomes relative to other resources, as a result of population growth, capital accumulation, or the securing of property rights, the less efficiently it is likely to be used. This is partly because the rentier-consumer-owner is under less pressure to use his resource efficiently if his income is large and his asset valuable; it is partly because as land values appreciate, persons with little capital and no land, who are most likely to use land efficiently, are least likely to acquire it. The market, that ensures an efficient allocation of capital and labour, brings about inefficient land use."

Land monopoly may lead to a maximisation of profits for the fortunate few, but "Free land, or socially owned land (by which Crotty means individual possession but communal ownership of the financial benefits of land) is used to maximise output from it."

CROTTY had to embark on a deep study of social history, forced to relate culture to ecology in all its manifestations, to make sense of the global condition of man.

Of special importance for those who wish to understand why human society has been transformed into its current plight is the following insight:

"The advantages of individual tenure seem obvious when land is abundant and is held communally. But the individualisation of land tenure is possibly the most profound and far reaching institutional change that a society can undertake. Especially where land is used mainly for pastoral purposes, the individualisation of tenure dichotomises society into landed and landless, with directly conflicting interests."

His preferred solution, land value taxation, effectively harmonises the apparently conflicting economic and social pressures. If people need to hold land on an individual basis (to maximise

Welfare & Threat to Liberty

HOW BIG is the jump from welfare State to authoritarian dictatorship? To be taken care of, from the cradle to the grave, by an all-providing State under the benevolent patronage of a cuddly Callaghan or a winsome Wedgwood Benn may, to some, be a social consummation devoutly to be wished. But could such a regime remain the constant and unchanging blessing it might seem?

The elimination of life's personal risks can hardly be achieved without paying a price in personal discretion and choice. Would this lead, eventually, to the State deciding for us those things we ought to decide for ourselves? Would the ultimate end be a regime in which all that is not forbidden is compulsory?

One small indicator of the drift down the insidious path that leads to full State control is probably the growth in the number of official inspectors who are empowered to demand entry into our homes and places of work. In Britain in the past, the policeman with his warrant and, perhaps, the bailiff, were probably the only representatives of the law who could demand to cross our thresholds. To-day there are over 200 different types of inspector who may pay us an unwelcome visit to check this, verify that or assess the other.*

It seems that almost every piece of government legislation nowadays involves the empowering of inspectors to look over our shoulders to see what we are doing. There are inspectors for VAT, inspectors for agriculture, inspectors for trade, inspectors for industry.

The VAT-man has been known to make gestapo-style raids on homes when the occupants are in bed and then to search every nook and cranny of the premises to check that the correct amounts of VAT have been paid.

No self-respecting (quasi-governmental organisation) seems able to operate without sending its representatives round to question people, inspect goods or examine documents. The Agricultural Marketing Board, the Eggs Authority, the Herring Industry Board, the White Fish Authority, the Home Grown Cereals Marketing Board, the Hops Marketing Board, the Potato Marketing Board, the

personal investment of labour and capital), the community can preserve its interests through the fiscal mechanism. Simple. And it works!

Crotty is able to relate this policy to various problems, one of the crucial ones being population growth. The proceeds from the tax on land values can be used to achieve lower birth rates – one of the priority objectives of those UN agencies that send high-powered teams of scholars jetting around the world to tell

Wool Marketing Board – all these and many more have powers to enter your premises to check what is going on and demand to see documents, accounts and any other information they consider to be relevant.

The Receiver of Wrecks, if he suspects that you possess a piece of derelict marine structure of which you are not the owner, may, with a JP's warrant, enter your back yard to check his hunch. An officer of the Atomic Energy Authority can demand entry to your home if he has grounds for suspecting that you are toying with nuclear fission.

If you are running a business in one of the 44 industries in which there are Wages Councils you are almost certain to meet the Council's inspectors. If you are in boot and shoe repairing, for example, or perhaps making brooms and brushes or ostrich feathers and artificial flowers, the Council's inspectors may knock on your door and demand that you can produce wages sheets, lists of workers and other details which you had regarded as private.

And so the number of inspectors swells. Social security inspectors, health and safety inspectors, inspectors of seeds, inspectors of weeds; all these may pay you a visit. Massage parlours, pet shops, riding schools, late night cafés, market stalls, cinemas, scrap metal premises, caravan sites, betting shops, bingo halls – all these and many more may be subject to the authoritative knock on the door and the demand for private or confidential information.

The chief apprehensions of the authors of this booklet are directed to those inspectors who are empowered to enter homes or other premises without a warrant, without warning and with scant regard for the time of day – or night. Their concern is not lightly to be disregarded. A constant light needs to be focussed on the growth of the State's army of inspectors, their powers and the extent to which their existence threatens our freedom.

*An Inspector at the Door, National Federation of Self Employed and Small Businesses Ltd and the Adam Smith Institute, 1979.

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excessively-paid civil servants how to promote IUDs on billboards.

Demographers would do well to set aside their volumes of statistics on fertility and spend a few hours reading this illuminating book. Then we might start to hear about some sensible policies that would have a chance to cut population growth rates through the simple expedient of self-interest!

Paul Knight