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MR ATTLEE ON THE LABOUR PARTY

It is an event of some importance when the leader of a great political Party writes a book* setting out the aims and policy of his Party. Mr Attlee is to be congratulated upon his courage and candour in so doing. In this review we cannot cover the whole field but must confine ourselves to those chapters in which he deals with Socialist Objective and with the Short Programme upon which a Labour Government would first concentrate.

The first point that will attract attention is "that the aim of Socialism is to give greater freedom to the individual." "State action," he says, "is advocated by Socialists not for its own sake, but because it is necessary to prevent the oppression of an individual by others." Those who contend that Socialism means the enslavement of the individual "belong invariably to the class of people whose possession of property has given them liberty at the expense of the enslavement of others."

How then is liberty to be attained? It would seem that it must be by taking away that property which gives some people liberty at the expense of others, or perhaps by giving property to all. Mr Attlee seems to hover between the two views. "Socialists," he says, "do not propose to level down but to level up." And again, very low standards of life "are caused simply by the failure to utilize resources which are available." "Without reducing the standards of life of the wealthy, a great advance in the material wellbeing of the masses is possible." He adds, however, "but this is not enough." What is necessary is to abolish class distinctions altogether. "The abolition of classes is fundamental to the Socialist conception of society." What are classes? There are two: "those who derive their living from the ownership of property, and those who are dependent on their labour."

We come back then to the first alternative. Property which enables people to live on the labour of others must be taken away. "In the Socialist State people will be deprived of the right of living in idleness at the expense of the community."

From this it is no doubt a logical conclusion in Mr Attlee's mind to come to the two following conclusions: "Land will be owned by the community, not by private individuals, but the citizen will have reasonable security of tenure." "All the major industries will be owned and controlled by the community, but there may well exist for a long time many smaller enterprises which are left to be carried on by individuals."

It may be noted that in all this book there is no trace of economic reasoning. There is no analysis of the

economic causes of those evils which the Labour Party seeks to cure, nor is there any consideration of the economic results of the changes proposed. This remarkable omission is significant. It is equivalent to the assumption that the State can do what it pleases, irrespective of economic law. It is precisely the assumption that the rulers of Russia have made time after time, and which in that case resulted in famine and acute internal discord.

However, let us pass on to see the immediate steps which the Labour Party would take to achieve these objectives. The short programme envisages the national ownership of three main industries: the Bank of England, but not apparently the other banks; the coal industry; and the railways and other main forms of transport, including aerial transport. This is the first selection of "the major industries" to be nationalized. Over the remainder it is suggested that some kind of control will be exercised by means of banking, taxation, and other indirect pressure.

The nationalization of the Bank of England will, it is said, make it possible to control the joint-stock banks. In addition, a National Investment Board will be created to secure that "credit shall be available and capital be directed into the channels of most advantage to the community." "This will enable the Government to finance large schemes of national development such as Housing, Electrification, Transport, etc., and the establishment of new industries." One may well wonder what these fine phrases really mean. Does Mr Attlee think that credit can exist without its correlative: debit. If the Government is going to finance schemes of national development, there are two ways by which it can obtain the money—either taking it by taxation, or by borrowing. However complicated and devious the method may be it amounts in the end to one or other of these two.

Now let us see what place the land question has in the Short Programme. Mr Attlee says: "The Labour Party stands for national ownership of the land. As long as private ownership exists it is impossible to prevent the values created by the community from being absorbed by the landlords." The latter statement, of course, is not true; the taxation of land values provides the means of securing for the community the values which it has created.

The practical proposal put forward is that the Labour Government will "pass a measure giving power to purchase compulsorily whatever land it requires for whatever purpose." This evidently is not nationalization of all land, but merely of some land here and there. Mr Attlee goes on to say: "The exact terms of compensation can be decided on after possession has been gained provided that the owner is not deprived of the income which he draws from it." One has some difficulty in imagining that even a Parliamentary majority led by Mr Attlee would pass a measure which enabled the Government to acquire land, and which laid down no conditions about the price to be paid. But what is more significant is the phrase that "the owner is not to be deprived of the income which he draws from it." How does this square with the postulate that "in the Socialist State people will be deprived of the right of living in idleness at the expense of the community"?

Although Mr Attlee says that the exact terms of compensation can be decided after possession has been gained, he proceeds to lay it down that "in all cases where the State finds it reasonable to take over private property, reasonable and just compensation will be paid." "The Labour Party," he says, "believes in

* The Labour Party in Perspective. By the Right Hon. C. R. Attlee. Victor Gollancz, London.

paying compensation during the period of transition towards the Socialist Commonwealth." As the period of transition presumably lasts until all property is nationalized, no doubt compensation would be paid in all cases. He is emphatic that the Labour Party is opposed to confiscation. "Confiscation is apt to hit the small man as well as the big one whose iniquity bulks large in the eye of the reformer." In particular he says: "The owner of land may have recently acquired it by giving in exchange the savings of a lifetime of hard work." This is the kind of phrase that one has often heard from the lips of the defenders of the existing order.

"Confiscation," says Mr Attlee, "is a form of taxation differing only from any other tax in the amount taken. The Socialist canon of taxation is to tax according to amount, not according to the source from which that wealth comes, except in so far as it is necessary to distinguish between earned and unearned income." In this way, then, he boxes the compass. The landowner will receive full compensation (in Government bonds, let us say), but his compensation is an unearned income upon which special taxation will be imposed and which will thus be confiscated. And again, immediately after the promise of reasonable and just compensation, he adds: "The redressing of inequalities of wealth must be effected through taxation." Carried to its logical conclusion, we can envisage a time when all property has been nationalized, when the only source of unearned income is the Government bonds given in exchange for it, and when all taxation is levied upon the holders of these bonds, who are thus expropriated. Is this really the programme which Mr Attlee has at the back of his mind?

It is indeed remarkable that the passages which we have quoted are the only ones in which Mr Attlee indicates his conception of the principles of taxation. Yet this question is of pressing importance. Some half of the public revenue is now being derived from indirect taxation which presses most heavily upon the poorest sections of the community. It is not to be doubted that a Socialist Government in office would be faced not only with the problem of redressing this inequality but of providing fresh sources of revenue to meet the cost of pensions and other social services envisaged in the short programme as well as the additional grants-in-aid which Mr Attlee with quite a lavish hand promises to the local authorities and the distressed areas. The problem cannot be deferred until that hazy period when everything has been nationalized, and the rich will be expropriated by special taxation of their Government bonds.

How is this question to be dealt with in the short programme? Does the Labour Party still stand by its oft-repeated declarations in favour of the taxation and rating of land values? These are questions which call for an answer. They are matters of immediate practical politics, and they demand attention from serious politicians.