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THE LABOUR PARTY'S "CHALLENGE TO BRITAIN"

The Labour Party's new policy statement, *Challenge to Britain*, could more accurately be described as "The Shadow of the Dollar Gap" or "Opportunities for Planners." It is not inspiring. Only in the sense that it threatens to extinguish the remaining vestiges of economic freedom is it a challenge at all. Threats, veiled and open, mingle with gloomy prognostications of a dire catastrophe about to overwhelm the British economy. We are to believe that the timely return to power of the Labour Party, armed to the teeth with Plans for curing all ills and warding off all dangers, alone can save Britain from the deluge. But sacrifices will be necessary. Indeed the word "sacrifice" runs through the whole document, the drab little theme tune of a harrowing dirge. Listen: "There is still time to win the peace—on one condition—that we face the *harsh facts* of life and take *drastic Socialist measures* which alone can *prevent catastrophe*. The Plan for Britain which we outline will *involve sacrifices* not only of material benefits, but of many cherished habits and traditions." [Our italics, Ed. L. & L.]

Primitive fire worshippers could have no greater faith in the value of sacrificial offerings.

By a strange irony, reviews of this policy statement first appeared in the morning papers of June 17. While the British public read of the further restrictions which the future might hold in store for them, the people of East Germany were revolting against *drastic Socialist measures* and demanding freedom. There, indeed, was a challenge to Britain, the more remarkable since it came from those whom the world believed had become resigned to tyranny. The sentiments and language in the introductory, and elsewhere, of the Labour Party's pronouncement bear a striking similarity to those contained in the communiqué issued from the office of the East German Prime Minister. Compare:

Challenge to Britain, page 1: "We are convinced the British people will accept these sacrifices once it is realised that only by so doing can we regain our economic independence, defend our living standards and play our full part in saving the peace."

East German communiqué, published May 29: "The Cabinet has decided to concede the wish, expressed by the broad mass of the workers, for a general revision and increase of working norms and has resolved to take steps to bring the working norms into agreement with the need to raise working productivity and reduce overheads."

The sweeping reforms reversing Communist policy in East Germany announced June 11 left intact the plan to

raise the "norms." Six days later the people revolted. Surely the British people will reject as emphatically the Hard Labour Party's plan for more work and lower wages?

The Dollar Gap Bogey

The so-called dollar gap appears to haunt the National Executive of the Labour Party. There is no hint anywhere that the mythical monster was created by their Party when it was in office, and is maintained to-day, by the simple device of artificially pegging the dollar-pound sterling ratio. Feverishly they seek the silver bullet traditionally reserved for killing the supernatural. Thus we are offered schemes for earning dollars and for saving dollars and for tightening currency controls. But, of course, there is no suggestion that the exchange controls should be swept away, the pound allowed to find its own level and the dollar gap permitted to close itself.

The Goal—State Socialism

Labour believes that the country which is governed most is governed best. It no longer "believes in Britain," but it has boundless faith in its own prowess and its special mission to control and direct in the minutest detail every facet of the national economy. "Though the case for nationalization is compelling," say the authors of *Challenge to Britain*, "we advocate nationalization here only for those industries where the immediate national need makes the case overwhelming." But elsewhere they make it perfectly clear that their present proposals are but stepping stones towards the Party's ultimate goal of the nationalization of the means of production, distribution and exchange. Right on the first page, for instance, they tartly reject as impracticable "the attempt to restore free enterprise." This, of course, is strictly correct, since under land monopoly Britain has never known truly free enterprise, but that is not what is meant. Indeed, land monopoly might not exist for nowhere in this document does it receive even a passing reference.

Thus with land monopoly conveniently ignored, the dollar gap regarded as an inevitable and eternal phenomenon, a scourge sent by God to chasten mankind in Western Europe, and protection elevated into a patriotic cult, the reader is offered the false choice between private monopoly capitalism and State Socialism. The Welfare State is thrown in for good measure to help to mitigate the worst effects of what is represented to be the insoluble poverty question at home and the belief is expressed that Britain has a duty to combat hunger, poverty, ignorance and disease in Africa and Asia. The Colombo Plan and the World Bank are both praised, "but a larger and more imaginative world scheme is a crying need."

Some Fallacies and Contradictions

A complete issue of LAND & LIBERTY would scarcely suffice to criticise adequately the many fallacies, foolish notions and contradictions that are scattered throughout the pamphlet. Practically every sentence can be contested. We content ourselves with a few taken at random. For instance on page 2 we read that "Our standard of living is based on foreign trade to an extent unknown by any other major country. Here lies our wealth and our weakness." As well say that a man's life is based on his need for air; there lies his strength and, if a ligature is tied round his neck, or he is confined, his weakness; trade is always a source of strength and prosperity; restrictions on trade inevitably produce poverty and decline.

Dollar earning: "More still could be done if the Americans gave up using high tariffs and other protective

devices to limit competition from abroad . . . We should press the Americans to remove their restrictions" (pages 3 and 4). On the next page the Soviet bloc is castigated for rejecting economic co-operation and for seeking to achieve self-sufficiency. Yet economic nationalism for Britain and the Sterling Area is repeatedly advocated in the pages of this document.

To close the dollar gap not only are we told that Britain must export more manufactured goods to the American market and import fewer "dollar goods," but (page 4) "We must find substitutes for dollar goods even if these cost us more to start with while their production is being developed." This is but one of the many recommendations made in the series of articles entitled *Re-thinking Our Future* which appeared in *The Observer* some time ago (reviewed in *LAND & LIBERTY* last October) which are incorporated in the Labour Party's new policy. It is not the only proposal which, if adopted, would deliberately, remorsefully and needlessly lower living standards in Britain.

Protection and Socialism are Bedfellows

Two sentences on page 7 might well be placed on the desk of every Conservative M.P. and learned by heart by those so-called "Radical Reform" Liberals who believe that a protected and subsidised agriculture is attainable within a relatively free society. It is not, and *Challenge to Britain* states the reason logically and forcefully in these words: "It is no good Whitehall working on blueprints for increasing agricultural output or expanding engineering exports unless the Government has the power to ensure that these blueprints are put into effect. Without an extension of Socialist planning and public ownership this expansion will be impossible to achieve."

Socialists apparently are not afraid of stating the self-evident. Thus on page 8 we find this little gem: "Our real hope of increasing export earnings lies in a large expansion of those sectors of industry which are producing goods for which the world demand is likely to rise." Is it not at least within the bounds of possibility that the same thought would occur to, and be acted upon, by manufacturers and investors within a free economy? On the same page there is suggested "the most important contribution of all" for solving the ever-pressing problem of saving dollars, namely "a further major expansion of British agriculture to provide at reasonable prices a large supply of home-grown food." How this is to be reconciled with the statement on page 5 that "a Labour Britain would encourage primary producers (in the Sterling Area) to expand production boldly through the offer of long-term guarantees to buy large quantities at settled prices" is left to the reader's imagination.

This random sampling has afforded sufficient indication of the style and content of the Transport House treasury. But before passing on briefly to list Labour's main proposals there is one sentence (page 16) outstandingly worthy of inclusion in our commentary. It reads: "When we export

LABOUR M.P.S LAUGH AT THE "CHALLENGE"

"Mr. R. R. Stokes unintentionally provided the House with a novel and illuminating experience. He referred once to 'that great pamphlet *The Challenge to Britain*' and members laughed. What members? Tories? No; Labour members below the gangway. Never before has one heard Labour members moved to open derision at the mention of a party statement of policy"—From the *Manchester Guardian* Parliamentary Correspondent's report, July 21, of a Commons debate on scientific research and productivity.

a Comet we get something like £30,000 per ton of raw materials used in its manufacture as against (for instance) £600 a ton for a motor car." One is tempted to ask the Labour Party which is the heavier: a pound of feathers or a pound of lead, and whether they have considered the immense sum per ton of raw materials used that might be realised if Britain were to engage in the mass export of oil paintings.

Nationalization and "Encouragement"

The main proposals affecting industry include the restoration to "public ownership" of the transport and steel industries. Measures for increasing coal production which include the co-ordination by the Minister of Fuel of both development and price policy in coal, gas and electricity are adumbrated. To "encourage" the engineering industry a Labour government would ensure an "adequate supply of risk capital at cheap rates," establish an Export Promotion Organization and "take direct action where necessary to achieve the expansion required." Labour would "acquire in the public interest" a number of key machine tool firms, "any aircraft manufacturing firm which falls down on its job," and sections of the chemicals industry. Only the last named would be acquired explicitly in such a way "that will not disturb the smooth functioning of the industry at home and abroad." Various research organizations would be set up for the production of prototypes for new machines for mining coal and other minerals at home and for export. "Action would be taken (but what?) to ensure that the vital heavy electrical engineering industry is fully at the nation's service." The consumer industries would be encouraged to set up Development Councils and Labour would seek to secure for the consumer the benefits of standardization and long production by Government ordering and other methods.

High Taxation and Increased Debt

One of Labour's main objectives is to maintain full employment. This, we are told, requires a high level of investment which in turn is possible only if enough savings are made. The Budget would be used to ensure that total savings were adequate, small savings would be encouraged (how is not stated) and direct controls used to ensure that resources were not wasted through inflation. Legislation to place the necessary dictatorial powers on a permanent basis, "subject to Parliamentary safeguards," would be introduced. A capital gains tax and other proposals would be considered in the light of the Report of the Royal Commission on Taxation, and steps would be taken to "ensure that the burden of taxation is fairly distributed." (We have no idea what that means). New financial institutions *might* be created to supply industry with risk capital. Budgetary and other means would be employed to oblige privately-owned companies "to re-invest as much as possible of their profits rather than distribute them in dividends. Special consideration will be given to the resources of insurance companies and the extent to which they serve the nation's economic objectives." Here be it noted the Labour Party is synonymous with the nation. "Urgent investment will be pushed ahead in the publicly-owned sector" of industry while "in the private sector, Labour will encourage and assist new investment in the right directions by a variety of techniques."—all those so-called "techniques" involving a vast expenditure and concurrent additions to the national debt and burdensome taxation as to which these politicians seem to be completely callous.

Welfare State Proposals

Labour's social aims (as opposed to the preceding anti-social objectives?) include reform of the educational system, the maintenance of "the real value of benefits, pensions or allowances" (vitaly necessary if Labour's wildly inflationary policy is ever to be applied and the fundamental causes of poverty are to be left firmly entrenched) and a thorough examination of the future of Industrial Assurance which Labour believes "should be a publicly organized service." Charges for drugs, medicines, appliances, etc., would be abolished and the possibility of the State manufacture of the essential needs of the Health Service would be examined. The benevolent Party, champion of the poor, defender of the sick, will dip into its bottomless purse to "provide long-stay annexes" and "half-way houses" for hospital patients who do not require constant medical attention. Local authorities should play a larger part in administering the Health Service and be "encouraged"—a favourite word—to establish more old people's residential homes. Plans for housing include "a balanced building programme," an extension of "the municipal ownership of rented dwellings," the establishment of yet one more public corporation, this time "to build extra houses in areas where new industries are being developed," and an attack on restrictive practices in the building industry. "Labour will again make it financially easier for those who wish to buy their own homes" and "give leaseholders the opportunity of purchasing the freeholds of their houses."

Land Value Rating—Perhaps!

There is tribute to the value and importance of local democracy coming strangely from the Party which has shorn the powers and functions of local authorities, nationalizing their gas, electricity and transport enterprises, reducing them to the status of mere agents of central government dependent upon Treasury grants. Yet *Challenge to Britain* states that "Labour will continue to foster local government" and proudly claims that "in a number of the proposals we have made, the responsibilities of local authorities will be increased." The need for local government reform is admitted and a promise is made to take whatever action may be needed "to improve efficiency and to extend local democratic control of local services." There is given a specific undertaking to repeal the de-rating provisions of the 1929 Local Governments Acts—the only concrete proposal in the whole document which we can endorse—and "a full review of local government finance, including the possibility [sic] of the rating of site values" is promised, no doubt as a sop to those M.P.s and other Party members who have recently agitated for this reform, and with an eye on the Liberal voter.

The People versus the Landlords

The landed interest need have no fears. The Labour Party's resumption of office is not imminent and no doubt it would leave to the last the establishment of a Committee charged to investigate the possibility of taking rates off buildings and improvements and placing them on the unimproved value of land. If precedents are any guide, another two or three, or even four years might pass before the Committee published its findings which, again according to precedent, might well be divided on the desirability of introducing this just and beneficial reform. By that time the Labour Party might well be out of office again and be spared the necessity of offending those who appropriate the community-created value of the land.

Plumbing the very depths of reaction and involving a number of measures at once harsh to the farming community, the taxpayer and the consumer, yet particularly grateful to the landed interests, is the Labour Party's ten year "Plan" for agriculture. Its adoption would wreck incalculable damage to the nation's economy and would lead Britain by the halter to the threshold of the completely authoritarian State.

The clamant group which has been demanding outright nationalization of all rented agricultural land has achieved only limited acceptance of its views. A compromise has been reached whereby Labour would nationalize farm land by stealth and in easy stages. The land, the free gift of God or nature to all the people of every generation to use and hold in trust for those who follow them, would be bought piecemeal at breakneck monopoly prices from the present owners with money wrested from all who in any way render useful service to the community. Landlords not bought out would be endowed by a host of schemes which, whatever their intended purpose, would without exception inflate privately appropriated land values. It is the most outrageously reactionary, vicious and unjust proposal in the whole catalogue of Labour's aims.

What "Nationalization" Involves

Two categories of land would be purchased: derelict, marginal land which no one in his right mind would consider cultivating, and "some good land" which in a free economy would be most intensively farmed. The fact that good land is not so used to-day is a striking illustration of the futility and cost of interfering with natural economic adjustments: landlordism, protection, subsidies, de-rating, the lower rate of death duties charged on agricultural hereditaments, the invitation to "city farmers" to offset expenditure on their week-end farms against their business profits and thus reduce their tax liabilities all make profitable what under a free economy would be the most expensive folly. Instead of drawing attention to these factors, Labour's policy-makers recommend adoption of the Planner's time-hallowed approach to social and economic maladjustments—see an evil, pass a law and, when, as always happens, that results in further evil, pass another law, and another! These farmland purchase proposals are thus referred to on page 16 of *Challenge to Britain*: "There is even now much marginal and derelict land. It could be brought into cultivation by bold and imaginative schemes of reclamation and development in particular areas. Such reclamation schemes will be operated as public enterprises with farmers as tenants. Among the areas to which this policy could apply are the Scottish Highlands, parts of rural Wales, the Somerset plain and Exmoor. Some good land, too, is not producing as much as it should. A Labour Government will use more vigorously existing powers—and where required, extended powers—to take farm land into public ownership wherever this is necessary to ensure its full use and maximum output. *Adequate financial provisions will be made for the purchase of such land.*" [Our italics—Ed. L. & L.].

Reduction to Iniquity

We do not deny that food *could* be grown in these barren and remote areas. It can be grown almost anywhere—even in window boxes—but it is grossly uneconomic and inefficient, the amount of labour and capital required being out of all proportion to the value of the food produced. One has but to picture Hilary and Tensing sowing the summit of Ben Nevis with winter wheat—a truly "bold and imaginative scheme"—while the Navy stands guard

over our ports, "protecting" us from imports of cheap food, to grasp the folly of this suggestion. But it is to the land purchase proposals that the strongest exception must be taken.

How many acres would be likely to be affected? What would be the approximate cost of the scheme? How would the value of such land be determined? Would the cost be met out of current taxation—and if so which taxes would be increased?—or by inflationary methods? Or would it be added to the national debt? These and similar questions which flood into the reader's mind are blandly ignored. Evidently the "Challengers" do not think them important. Their silence is significant. *We* challenge *them* to answer.

Rent-boosting measures listed include cheap credit facilities, guaranteed prices, assured markets, extra capital for buildings, drainage and water supply schemes. All would result in higher taxes, dearer food, richer landowners. Only those farmers who are also landowners and tenant farmers on long leases would benefit. Entry into the industry would become even more difficult and expensive than Labour's 1947 Agriculture Act has already made it.

"Eviction Encourages Efficient Farming"

Farmers would pay dearly for what is ironically described as "security." "The community has a right to expect that each farmer will pull his weight in the drive for higher output," remarks *Challenge to Britain*. They would be chivvied and chased from pillar to post by County Agricultural Committees, which would be strengthened and encouraged to use their existing powers more fully.

For each district a standard output per acre based on the production of farms within the district would be determined. A farmer who failed to achieve the "norm" demanded would be subject to supervision and inspection. If, after a given period during which he would receive help from the Agricultural Advisory Service, he failed to improve substantially, "the farmer may lose his farm—but only after he has exercised his right of appeal to the Land Tribunal." And then these dollar-crazed protectionists who talk blithely from time to time of moral and spiritual ideals, freedom and justice, utter the final insult. The possibility of being torn from his home and the land he has farmed all his life—and perhaps his family for generations before him—it is suggested, is in the farmer's own interest. "Labour believes such a system will help the County Committees, and the farmer, to do their jobs more efficiently." Thus might a slave holder have concluded a dissertation on the value of the whip: it helped the foreman and the slave do their jobs more efficiently in the interests of greater production!

Farming in a Free Society

Compare this rural conscription with the conditions that would obtain within a free economy. Relieved of all taxes on production, liberated from vexatious interference and in competition with the oversea producer, the individual farmer guided by the demand of the consumer in the market place would be free to exercise his judgment as to the type and quality of food for which his land is best suited. His dealings with the State would be confined to the annual payment of the full unimproved value of the portion of the national heritage that he held. Absolute security for himself and his successors would be ensured subject only to this regular annual payment. In such circum-

stances who can envisage the holder of *good* land—allowed to retain the full value of his labour—producing less than the maximum his land would yield? Where is the man who would break his back or dissipate his earnings farming on bleak Exmoor or half way up a Scottish mountain?

Challenge to Britain should be read by all thoughtful men and women. Those who cherish the concept of equal freedom for all based on the indispensable conditions of land value taxation, full free trade and a sound, convertible currency will gain from it a new strength and determination to advance these noble aims. Those who qualify their support for freedom will surely re-examine and reject those qualifications. And is it too much to hope that those others who have accepted the sedulous "freedom to starve" propaganda (which fraudulently pretends that landlordism and monopoly capitalism are synonymous with economic freedom) will awaken to the deception in time?

We hope that the Margate Conference next month will reject this authoritarian programme and instruct the Executive to draw up a new one worthy of the Party and of the nation.

P. R. S.

TO HIM THAT HATH

By H. E. Salisbury, Pittsburg, Kansas

All tax acts of government may be classified as progressive or recessive. They either tend toward an equal distribution of benefits and burdens, or they favour the upper income groups. Truly the land-value tax proposal is a progressive tax. It is just, in that it favours all equally. Taxes on production are regressive in nature, and are therefore unjust. They are class legislation.

It is a commonly held and wide-spread conception here in the United States that incomes in the higher brackets are more heavily taxed than those in the lower income groups. Actually the very reverse is true. The tendency of our tax burdens is regressive, and that tendency during the past thirty years has been accelerated. Congress entertains and passes new tax legislation which is disproportionate between the lower and higher income groups. Exemptions for the lower income classes are constantly lowered and the tax rates raised, while poorly-written and unjust laws allow the rich to escape. Some of these gates are being closed, but the scheming and conniving continues at a merry rate.

Our present laws are "slanted" in favour of the "haves." Fixed percentages of profits are made more secure by passing on a large portion of excise and sales taxes to the consumer, thus weakening his purchasing power and it has been found impossible to get a law through our Congress that will touch this practice. It is universally admitted that sales and excise taxes are weighted against the thousand dollar and less income groups.

Here it is a common cost accounting practice to include the various tax burdens before the profit percentage is computed, thereby taking a profit on taxes. This militates heavily against the consumption of our production. What to do? Steps must be taken to establish a free market. To do this we should lower and finally remove all tariffs and other production taxes, both hidden and direct, that discourage trade between the nations and hamper and shackle internal markets everywhere. An ample land-value tax must be enacted that will provide for the collection of the economic rent of land, the social earning of the community.