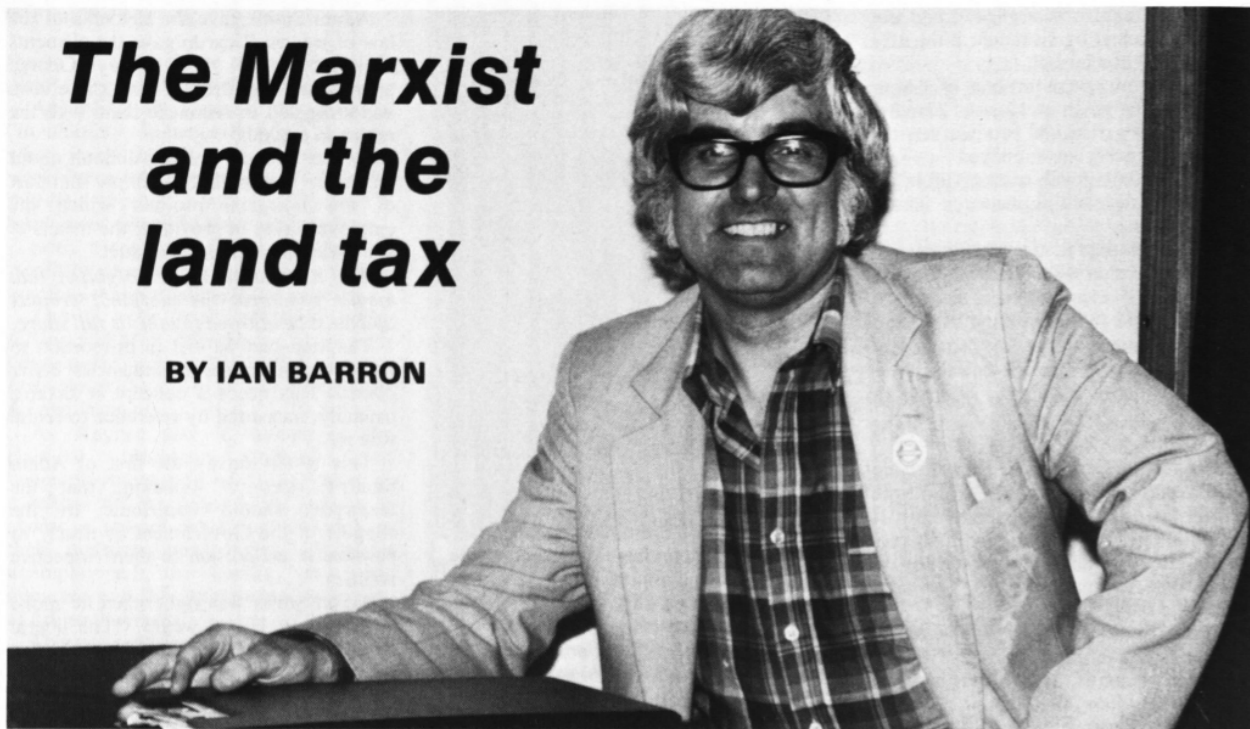


The Marxist and the land tax

BY IAN BARRON



THE MAKING of David Wetzel's political philosophy was no simple affair.

He has synthesised two violently-opposed traditions into a practical approach to politics which is guiding his controversial decisions as chairman of Greater London Council's transport committee.

That philosophy has led him into head-on collision with the Law Lords, who last year ruled against his decision to slash 32 per cent off the fares paid by the capital's commuters.

Because London Transport was forced to raise fares, 40 year-old Mr. Wetzel turned to civil disobedience. He broke the law by travelling on a train without paying his fare. He duly appeared before the courts.

In January, however, the High Court decided that a new plan to cut fares by 25 per cent was acceptable, because it was a "totally different exercise from the arbitrary decision in 1981 to introduce Fares Fair."

So now London Transport has cut fares with the aid of a £350m subsidy from the GLC.

But where is the money coming from?

Some of it will come from the general taxpayer. But Mr. Wetzel knows that, unless the subsidy is raised through the property tax, the cut in transport costs will ultimately be capitalised into higher land values.

He is acutely aware of that fact because he was introduced to the philosophy of Henry George by his father, Fred Wetzel, who was an active member of the Commonwealth Land Party in the 1930s.

George, a 19th century philosopher, developed the distributional side of economics. He argued the need for a community share-out of rental income within the context of a free market and the private ownership of capital.

MR. WETZEL, who has ambitions to cross the Thames from County Hall to enter Parliament for the Labour Party, says: "The property tax based on land values would be the fair way to pay for a cheaper and better transport system."

Some property owners – those who travel in their own cars, for example – object to this strategy. And they are particularly aggrieved by the fact that 15 per cent of the users of London's transport system do not live in the capital.

They would therefore escape an increase in the property tax, and in effect would be subsidised by London property owners.

Mr. Wetzel recognises this, and he has an answer. "A land value tax is the fairest solution because it would hit industrial properties more than residential properties. Employers bring people into town, and they should pay for their employees' transportation. If we can make them pay through a land value tax, that would be fine by me."

That is a view that would be vigorously opposed by the Confederation of British Industry, which is campaigning to compel the Govern-

ment to reduce the burden of the property tax on employers.

But Mr. Wetzel is not too concerned about the sensitivities of capitalists, and he insists: "A land tax, if done properly, would capture some of the increase in land values arising from cheaper transportation."

Historically, the Labour Party built up an understanding of the theory of rent and its impact on the industrial economy. It was a Labour Chancellor of the Exchequer (Lord Snowden) who successfully pushed through the short-lived Act to implement land value taxation in 1931.

Britain's Labour Party has since abandoned this stream of economic thought, and moved further towards the Marxist interpretation of how the economy works.

This transformation is embodied in the statements of David Wetzel, who classes himself as a socialist rather than a free marketeer.

"I agree with Marx that, in pushing workers together in factories, the capitalist system is creating the means of its own destruction," he declares.

Henry George, of course, proposed reforms that were designed to preserve the capitalist system.

Thus, London's transport supremacy has wrestled with competing philosophies and there is little doubt that the left-wing views have come to dominate his practical politics.

As he told *Land & Liberty* – his appointment as chairman of the transport committee was a warning to voters that he would "paint the town red."