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Forward to the past

With current debate stuck in the mindset of left and right, we could do worse than look to the progressive ideas of the past

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[Jonathan Rutherford](#) is right, "the political and intellectual elites who have dominated the previous era are stuck in outmoded ideas". But after three months of debate on the progressive future, frustratingly little new thinking has emerged.

There is certainly no sign of the "new political project which makes explicit the links between our economy, society and democracy" [called for](#) by Gerry Hassan. Despite the economy collapsing around our ears, I'm still not sure people are ready for the kind of change such a project implies. If we are serious about eradicating poverty and bringing a permanent end to boom-bust instability, then it will take more than a swing back to Keynes.

Instability and inequality are the hallmarks of an economy, the ground rules for which were first established by the Poor Law Reform Act of 1834. This act brought an end to 300 years of legislation motivated by the recognition that a free market in labour would leave much of the population destitute. Before 1834, it was thought that human lives (excepting those of slaves), were too intrinsically valuable to be subject to market whims. By the 19th century, most common land had been appropriated and enclosed by private interests, leaving the poor no choice but to work for a market-determined wage which was often set below subsistence level. The commodification of land and labour is now an established part of the economy, but we are still struggling to deal with the consequences.

In his theory of the double movement, [Karl Polanyi](#) described how, since this time, there has been a struggle between minority vested interests (the principal beneficiaries of an unregulated market system) and advocates of legislation to bring the markets to heel and so protect those who have nothing to trade except their own labour.

After the hegemony of the market was further reinforced by the Bank Act of 1844 and the repeal of the Corn Laws in 1846, progressives struck back

with measures to improve working conditions and alleviate the worst suffering of the poor. This legislation saved many lives; lives to which the market was apparently indifferent.

This process continued through the 20th century, with first the market then the state gaining the upper hand. Today, with the market system once again proving unable to safeguard even the interests of those it is designed to serve, we are on the cusp of another such movement.

Until we find ways to reverse the consequences of the commodification of land and labour, there can be no permanent solution to instability or poverty. With current debate stuck in the double movement mindset of left and right, we could do worse than look back to the more progressive ideas of the past.

In the 19th century, when, in the aftermath of the industrial revolution, poverty was more visible than ever, rather than just legislating to take money from the rich to feed and house the poor, progressive thinkers tried to understand what it was about economic arrangements that caused so many to be excluded.

At the second meeting of the Fabian Society, in January 1884, reports were received on a lecture by the American economist [Henry George](#), whose book, [Progress and Poverty](#), had set out to answer precisely this question. Attending that meeting was a young George Bernard Shaw who subsequently wrote "When I was thus swept into the great socialist revival of 1883, I found that five-sixths of those who were swept in with me had been converted by Henry George". Sidney Webb agreed that "George's optimistic and confident tone and the irresistible force of its popularisation of Ricardo's law of Rent sounded the dominant note of Fabianism."

Henry George was no socialist, but he was a radical progressive who came as close as any economist before or since to identifying what it is about the market system that makes poverty inevitable. He believed the economic basis for minority wealth and privilege was incompatible with wider social justice, and argued for fundamental economic reform so that everyone at least had a fair chance to provide for themselves and their families.

George's solution was to collect the wealth that accumulates in land values and use it to fund the proper activities of the state. Such a land value tax eventually made it onto the statute books in Labour chancellor Philip Snowden's 1931 budget, but was never implemented because the social fallout from the great depression demanded a more immediate political response. The redistribution of wealth through the taxation of

wages and profits, and ultimately the establishment of the welfare state, would instead become the cornerstones of progressive policies to tackle the failings of the market system.

With politicians and economists divided between those who supported deregulated markets and minimal redistribution, and those who favoured stronger regulation and a greater redistribution of wealth, the left/right paradigm that still frames debate today was established.

A truly progressive future requires us to move beyond that paradigm and embrace the insights that so inspired the early Fabians. A tax on land values would strike directly at the means through which a privileged elite secure their wealth, and a sizable minority are condemned to poverty. If, in the face of the most serious economic downturn since the 1930s, we are still not prepared to address the underlying causes of economic exclusion and chronic instability, we may as well resign ourselves to another century of circular arguments between left and right, and of continuing poverty amidst unprecedented wealth. We can also look forward to another major recession in about 17 years time.

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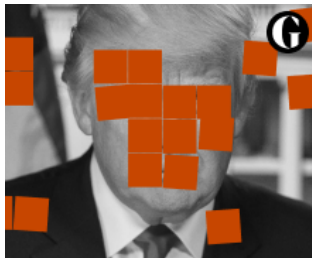
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