

In Defence of Co-Ownership

The Editor, LAND & LIBERTY.

Sir,

Your issue of October contained a letter from Mr. Stephen Martin dealing generally with co-ownership and offering remarks on a scheme put forward by "certain Liberals," of which I happen to be the author. Earlier in his letter he correctly outlines that scheme, but later he appears to associate it with a feature of the official Liberal scheme which my proposals do away with and which I agree entirely with him in condemning. This feature classifies firms for co-ownership by their size and is in my opinion entirely unattached to any principle.

Under my scheme co-ownership would only be applied by legislation to *Limited Liability* companies. This eliminates the factor of compulsion which is so much disliked by Liberals. Owners who wish to retain the full rights of ownership have only to accept full liability for the debts they may incur. Apart from this important consideration the basic principle underlying my co-ownership scheme is that it observes the rights of private property.

For what is private property? It is either what a man earns by his own work, or what he receives as a gift, or buys, from someone else. In either case it should have derived from the product of its original owner's labour or enterprise. Thus it is the product of past work and can never be the future product of future work to be performed by other men. Yet this latter is implicit in the rights of ordinary shares, and it is trading in these rights which I consider should be condemned.

When a man inherits, or buys, ordinary shares, he inherits two things—first, a current share of a business as it stands, and second, a right to enjoy the increment which others may earn in the future. He has a moral justification in the first, but in acquiring the second he is doing others out of the full reward of their labour. When a man buys existing equity shares he contributes no money to the firm. It is nonsense to call this "supplying risk capital." The risk capital was supplied by someone else. The investor is simply counting on receiving an increased yield derived from other men's future labour.

It would be strictly in accordance with the moral principles underlying the rights of private property to give effect by legislation to a transfer of the equity rights of ordinary shares, when they change from their originator, to those who currently do the work and who thus are the rightful owners of any "property" they earn.

The transference of all taxation to the site or land value is not enough to put us right. The theory is excellent and other things being right it would work to meet the needs of individual economic justice. If, arising from Land Value Taxation, enough men could have access to land, then the wages of those remaining as servants in industry would rise to what men could earn on the best land open to use. In these circumstances men could choose to remain in industry or become themselves self-employed. The opportunity of choice would make them free. But, under present legislation, capital would continue to command all the capital goods of industry, and the rights to the "surplus value" of all employed labour. It would still be impossible for men to save enough from their money-wages to become their own masters and occupy land in competition with the capitalists.

Undoubtedly the progressive transference of taxation to land values would introduce great economic benefits. If this could be done throughout the Commonwealth and finally throughout the world, the benefit to mankind would be unbounded. But for a British political programme this is impractical. Instead we have to review the practical ways and means of correcting our own economy and of creating social justice in so far as we can, in our own country, before we can encompass any wider horizon.

We must achieve a true economy and a just society, which is one and the same thing, so that no man may receive more than his proper reward for his enterprise and labour—or any reward at all for no enterprise and no labour! Gambling, or inheriting the rights of others, is not enterprise.

I suggest that those who take exception to co-ownership by legislation re-cast their thoughts objectively, bearing in mind that the over-all impact of industry upon economics is far greater than it was in the days of Henry George.

Yours faithfully,

RADLETT, HERTS.

BRINSLEY BUSH.

Messrs. E. J. Bevan and Brinsley Bush are prominent members of the Liberal Party. While we welcome their letters, their views appear to need much clarification. Correspondence from readers is invited.—Ed., L. & L.