

# THE PROPER REMEDIES

By A. J. CARTER



WE HAVE SEEN that the regional cures for unemployment are not enough, and that the prevention of unemployment requires a national policy. The primary objectives of such a policy, as seen by the people from whom I have quoted, are these: to create "social capital" in the unemployment areas (William Rees-Mogg); to renew the centres of cities, to provide improved cultural, educational, and entertainment facilities, to improve communications, and to clear the vast areas of nineteenth century housing (Anthony Goss); and to create and maintain a much more even spread of population by making the industrial North in particular more attractive to live and work in (J. Lewis Womersley).

In addition, the following remarks on the subject of town planning may usefully be borne in mind. They are by Mr. Jo Grimond, the Liberal leader, in a little-known book called *The Liberal Future*, published in 1959.

"The attempts at green belts, and even the efforts to confine overspill into respectable new towns look like failing. We shall have to take a new look at the whole subject. And when we do so we have to lay down certain things which are most important. First, land in Britain is valuable and must not be wasted. Secondly, communications in Britain must be improved. Thirdly, it is desirable to keep some spread of population throughout the country. But fourthly, it is impossible to dragoon people into living in places and in ways they do not like."

All this is very sound sense.

The key to achieving these objectives lies in the stimulus to construction, modernisation, and renewal that would be provided by a switching of taxation from labour and capital to land. It is acknowledged by everyone who has seen the taxation of land values in operation that it is a powerful force for redevelopment. If it were introduced in this country, the North would stop suffering because once it was the richest area of England. Missing "social capital"—roads, bridges, schools, hospitals—would become a worthwhile investment because it would increase the value of land and the tax on land values would recover the capital expended. Roads, especially, as they were freed from the burden of compensation to land owners, would forge ahead, increasing the value of land as they went. Nineteenth-century housing—or, in plain language, the filthy slums with which the towns of Britain are disfigured—would vanish as it became no longer profitable to under-

use sites. The general effect would be to prevent the under-use of land, including the withholding of it from use altogether, and to bring a vast amount of land on to the market—that is, to provide labour and capital with additional and cheaper opportunities to employ themselves. These advantages would be nation-wide, but would make themselves most felt in the districts where the need for redevelopment was greatest.

In renewed towns freed from Victorian decrepitude and well provided with communications and transport, life would cease to be dismal and become pleasant. The potent factor of cheaper land—rising in value with the growth of amenities, but still cheaper than in the south-east because of the smaller population—would then begin to exercise its sway as an economic attraction to both industry and people, the influx of the latter intensifying the demand for decent housing. What are now blighted areas would be revitalised; as population continued to grow, cultural, educational, and entertainment facilities would increase. Much is made of the prestige of London, but the truth is that many who now work in London—sometimes travelling as much as forty miles to get there—would be heartily glad to be well clear of it if they could see a practicable alternative.

A tax on land values would not only draw population into what are now the underdeveloped areas of Britain; it would also bring about a much more even spread over the country as a whole. There is another drift of population besides that from the North to the South-East, and that is the drift from village to town. Most of our English villages are in decline. Good roads, sanitation, electricity and even running water are still denied to many of them. Land, scheduled as "agricultural" is often in the ownership of a few. (Sometimes, even today, nearly everyone in a village is either a tenant or an employee of a local land owner.) If improved villages enjoyed good transport facilities and the basic amenities (just as the towns enjoy their more advanced amenities), the natural advantage of low land prices or rents, or of a low land-value tax, would reassert its influence, and villages which are now sick would live and thrive again. Where amenities are lacking and land lies unused the village is a poor, straggling place, and the result of heavy taxation which does not alter with location is that population is sucked away and communities die. Many villages need redevelopment as much as towns, but the word has a very different connotation.

Office blocks do not grow up in villages, but new shops may. The tendency, after the introduction of a land-value tax, would be for more development and therefore a knitting together of the village.

The increased concentration of development in villages would be fairly mild compared with the much more intense concentration to be achieved in towns. Some people object to such concentration, remembering the spectacle of slums and overcrowding which are the inevitable product of tax-free land, high land prices, and taxed improvements, but the centre of a town should be concentrated by its very nature. The under-use of land in town centres, together with speculative holding of land in the areas surrounding, compels development to leapfrog out into the countryside, where the cost of providing services is higher, and where natural beauty may be unnecessarily despoiled. In exact proportion to the lack of concentration in the centres of towns there will be urban sprawl, and this is a worse danger, for it leads to waste of land. There is, of course, no physical shortage of land in Britain, as a glance at one of the maps in *The Atlas of Britain and Northern Ireland* (published last year by the Clarendon Press) clearly shows: the emotional talk about "this overcrowded island" results, no doubt, from experience of one or two overcrowded parts of it, but one should not judge the whole country by the London Underground in the rush hour! Nevertheless, if large portions of land are wasted it inevitably assumes a scarcity value, and the English countryside is too precious to trespass on merely because people are afraid of skyscrapers.

The first to benefit from all this redevelopment would be those in the building industry, precisely where the spectacular unemployment of 1962-3 was felt most acutely. At present, held back by the artificial shortage of land, the building industry tends to jog along at its own slow pace, but the new demand which would be made on its resources if the land shortage were ended would put a premium on increased speed and efficiency. Part of this increased efficiency would undoubtedly come from the use of more factory-built components, which, by largely freeing men from dependence on the weather, would reduce the temporary unemployment resulting from a severe winter.

Land-value taxation is therefore the primary policy for the prevention of unemployment and for the re-creation of a more even spread of population. The differentials in the value of land would stimulate movement; the overall selling price of land would be reduced by the land-value tax, thus making housing much cheaper; a tax on land values would also encourage mobility of labour, which is itself a significant factor in preventing strongly localised unemployment. In a recent Fabian Society pamphlet *Industrial Relations: Sweden Shows the Way*, Mr. Jack Cooper, general secretary of the National Union of General and Municipal Workers, praised the attitude of the Swedes. "They accept," he wrote, "that mobility is one of the basic requirements of a successful full employment policy."

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Greater mobility of labour is, however, hindered by other frictions, such as the fear and insecurity which the constant presence of unemployment has bred, and by government attempts to preserve dying or contracting industries—for instance, by farming subsidies, tariffs on imported cotton goods, or by cheap loans to shipping lines—which, by postponing the need for change of employment, only make that change more sudden and disrupting when it comes. These frictions can be removed only by more enlightened government policies—by removing the barriers to employment in which the fear has its ground and allowing the change vital to a dynamic society to proceed without interference.

Mobility of labour should be complemented by mobility of capital. There should be a much greater readiness on the part of businessmen to open new factories in different areas. In the minds of those who are usually described



as "hard-headed," the desire for prestige, particularly in regard to London, seems to have an absurd prominence. (An advertisement in a local paper reads: "A prestige London address and your own telephone number and letter-heading. A comprehensive desk service to suit all businesses. Letters and messages forwarded daily.") Partly perhaps this is a consequence of largeness and flabbiness in organisation, which in turn is partly a consequence of lack of competition, of a taxation system that oppresses the small man, of a system of land tenure that does likewise, and of the preference of the government—which is a big customer in some industries—for dealing with large and established firms. If other towns and regions were made as attractive as London they would presumably acquire a prestige of their own, which, it is to be hoped, would do much to reduce the obsession to get to London. "The pull and importance of London," wrote Susan Cooper in "Revolt of the Regions," "is to a great extent a mirage created by habit and illusion."

In earlier times new industries grew up close to supplies of energy, such as coalfields, and to transport facilities, such as ports. Proximity to markets was, and still is, of great importance, but the growth of gas and electricity supply and of transport and communications has made the other geographical factors of much less consequence than they were. One would expect that as these factors ceased to have so much effect on the location of industry, so a greater significance would attach to the existence of an available labour force, and in an extensive publicity campaign by the Northern Ireland Development Council considerable emphasis was put on the availability of manpower and the absence of industrial disputes in Northern

Ireland. One advertisement was headlined "Labour Shortage Inflates Costs," and began:

"In sharp contrast with many other regions, Northern Ireland offers you a plentiful labour force now. You can select the workpeople you want, without costly recruiting inducements, from communities with long traditions, of energy, skill and adaptability."

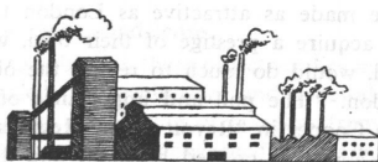
The declining importance of the old need to be near ports and railways was also well brought out in these advertisements: "It isn't any harder to put goods on a boat or plane from Belfast than it is to put them on a train," one businessman was quoted as saying.

Another example is that of Italy, where industry is flowing to the depressed South to take advantage of the available labour force, in contrast to the shortage of labour in the more prosperous North.

If free economic forces were in operation, an area where labour was plentiful would attract industry because lower wages could be paid there, and as industries died in an area, so astute businessmen in new or existing industries would prepare to move in to take advantage of the fact. Provided that there were no other disadvantages in these areas (such as the decadence with which they are plagued at present), there would be a self-correcting force which would have at least some, if not a great, influence in checking unemployment.

The current trade union structure prevents this force operating through the negotiation of national wage levels. It may well be true that trades unions, whatever they seem to be doing, cannot in fact fix or increase wage rates (as was argued in a talk on the B.B.C. Third Programme—"The Purpose of Trade Unions"—by Mr. H. A. Clegg, a lecturer in economics at Oxford University). But what they are able to do is to ensure that these wage rates are uniform throughout the country.

Trades unions were formed to combat exploitation, and they negotiate nationally because of the fear that a small group of workers would not be in a strong enough



position to bargain with employers—a valid reason in the past and in the present. Exploitation, however, could not take place in a society where the basis of exploitation—land monopoly—had been destroyed and where employers were compelled to bid for labour rather than the other way about. Wages could then be negotiated, not industry by industry, but firm by firm (a change of crucial importance to consideration of an "incomes policy"). In these circumstances a worker's loyalty could again be to his firm rather than to his union: this would both increase competition in the industry and make worker participation in management much more feasible.

It should not be forgotten, incidentally, that national trades unions lead to national employers organisations, and just as there is a Trades Union Congress so now the Federation of British Industries, the British Employers Confederation, and the National Association of British Manufacturers are to amalgamate into a single body. It can hardly be in the real interest of anyone except the laziest worker to have his future arranged by a remote trade union official and a representative of all or many of his possible employers. The trend in this direction is utterly alien to the sturdy independence of early trade unionism.

The state of affairs at which I am aiming by advocating that wages be negotiated firm by firm may seem to be unfair. Why, it may be asked, should workers in town or area A be paid less than those in town or area B for doing the same work? Consider, however, the position of workers in town A. The choice for them is not between the high wages to be earned in town B and the modest wages to be earned in town A, but between the modest wages and unemployment with no wages at all. It is surely better for them, as it is better for society as a whole, that they earn some wages rather than none. The wage level could not in any event fall below a certain minimum: even if there were high numbers of unemployed in an area, employers could not in practice offer less in wages than their potential employees were receiving in unemployment benefit or national assistance. Moreover, the lower wage rates would be only temporary, for wages tend to a level quite apart from trade union activity, and as the unemployment was mopped up, the wage rate in town A would rise towards, and eventually reach equivalence with, the wage rate in town B. The situation would then be restored to normal. There would have been no abnormal unemployment, and wage rates would be at a roughly common level. A fault in the economy would have been corrected by a mechanism which was itself part of the economy, and the operation of which had harmed no one but had brought several benefits.

The industrialist must benefit in one way or another whatever the method of curing unemployment, for it is he who initiates production. In this instance, he profits by paying lower-than-average wages for a period of time, a fact which could greatly facilitate the establishment of infant industries. He profits at no one else's expense: the wages are paid from the fruits of production that would not otherwise have taken place. Unless he is very foolish, he will recognise that wage rates must soon rise and make allowance accordingly in his assessment of whether his undertaking will prosper in the long run. If he thinks it can prosper only when wage rates are low—which will not be for very long—he is unlikely to venture his capital. A firm set up in an area of unemployment could therefore be expected to stay there. As the Chief Secretary to the Treasury, Mr. John Boyd-Carpenter, remarked about current policies: "All the Government

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employees. After a few years the scheme began to look shaky. During the depression of 1929-30, Dolci tells us, the Government agreed to grant loans-in-aid to all co-operatives "having clearly-defined social aims." A loan would be re-payable over twenty-five years. By 1955 a few of the more obviously successful co-operatives were able to pay off their loans, but the majority, hopelessly in debt to the Bank of Sicily, were owing millions for farm machinery.

Today few holdings can be described as "going concerns." The average one will provide only about sixty days work a year for the holder, and little work for his family.

Dolci points out some reasons for the failure of this kind of land reform, such as the inadequate size of the holdings and the inefficiency of the machinery. Allocations are often muddled up by officials who sort out names from thousands of applications in a lottery. People from one village may be assigned land some forty kilometres from their homes, while those from nearby are assigned land near the others' village. A labourer may



lose two days a week getting to and from his holding. Sometimes the schemes fail because the people have no faith in each other. When the holding is worked collectively and the profits are divided there is much disagreement. Even the farm labourer can see that land reform shouldn't be like that. To add to all the confusion the Sicilians have developed a special state of mind which prevents them from carrying out any improvements today that are not subsidised by state grants.

Dolci sees the remedy in justice, more discipline and hard work. He believes that his books may prove of value to some of the many backward townships in Italy and Sicily, as indeed they may, and form a basis for discussion on how local resources may be put to the best possible use. He adds that if anyone has information or advice to give, he and his colleagues will be grateful to receive it.

The advice we would give is this: Urge the Government to introduce the only kind of land reform that can be successful — that is, where each man works his own land on his own, and with his own people. That way everyone will give all he has.

The way to achieve this is to secure equal rights to land by establishing the communal ownership of land rent in place of private ownership, at the same time removing taxes from individual labour.

As more and more individuals find themselves responsible for cultivating their own holding, the government will find itself with a continually increasing source of

revenue from land value — particularly in the towns. The former tax on the products of individual labour will not be missed. New private enterprise schemes will flourish as never before. Children will attend school in a society that grows every year more orderly because its people have found the best outlet for their energies. Instead of playing at bandits the young Sicilian may learn to build things with wood and stone; he may even grow up to be a master mason instead of a murderer.

This way Nature need not be so wasteful.

*WELFARE'S FEET OF CLAY—(contd. from page 79)*  
in the trickster's pocket than in their own. In private life common sense frustrates the trickster, but not in public affairs.

Beneath all these phenomena one detects one common assumption. That somehow, in the nature of things, everyone must depend for his prosperity on positive acts of the state, conferring privileges upon his class, trade or profession. Even the poor are no longer poor; they are the "underprivileged." The state is the source of wealth.

Who, looking on the world today with its strife of races, nations and classes, and the overwhelming evidence of moral decay, all of which the welfare state and planned economy have patently failed to arrest, can honestly dismiss as "out of date" or "irrelevant" the reforms advocated by Henry George, merely by assuming without investigation that they cannot apply to the space age? The mere passage of time cannot change fundamental principles.

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grants in the world will not induce people to set up industries unless they are convinced that their business, when properly under way, will be profitable."

In addition to the gain to the industrialist, however, there are three other advantages to be considered. First the factory would go where it was needed—where there was unemployment—but without any artificial inducement or direction by the government, and without any appeal to social conscience. Secondly, the workers employed by the factory, though paid less than others elsewhere for a time, would have avoided the most extreme poverty and the loss of self-respect in not being able to get a job. Thirdly, society itself would gain in three different ways: socially, because some of its members would be more independent and contented; materially, because it would be enjoying increased production; and financially, because it would have saved the cost of relief.

There would have been no loss whatever to anyone during this process of adjustment, and it is to be hoped that eventual reform within the trades union movement will remove some of the obstacles to that natural mobility of industry which could clearly be so big a help in maintaining full employment.