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Editor : A. W. Madsen

Assistant Editor : F. C. R. Douglas

34 KNIGHTRIDER STREET, LONDON, E.C.4

Telegrams:
"Eulav, Cent., London."

Telephone:
City 6701.

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"WHAT ARE WE TO DO?"

MR JOHN STRACHEY'S latest contribution to Communist propaganda (*What are We to Do?* published by Victor Gollancz, Ltd.) is in effect a long and sustained criticism of the Labour Party. The main fault of that Party, it appears, is its refusal or neglect to adopt the economics and the philosophy of Karl Marx, which is alleged to be the only "scientific" socialism. The remedy is that the Labour Party should welcome the Communist Party to its bosom in order that an infiltration of its ideas may take place. At the same time it should form a People's Front in order to bring together all those who have progressive views. Mr Strachey does not explain how an alliance with the Communists will facilitate an alliance with the Liberals. We may be pardoned for thinking that it would have precisely the opposite result.

It is remarkable that a book whose main theme is the difficulties and disasters that must overtake the Labour Party from its failure to adopt "scientific socialism" should have so little to say about economic theory. The economics of the Labour Party are said, not unjustly, to be formulated in the Fabian Essays. Sydney Webb's introduction to the 1920 reprint of that volume is quoted in confirmation:—

"It is perhaps significant that the part of the book that comes most triumphantly through the ordeal of such an examination is, throughout, the economic analysis. I think it is not merely the partiality of friendship that finds in the first essay a survey of the economic evolution of society which, for terse comprehensiveness and brilliant generalization, has not since been equalled in any language. . . . I conclude that in 1889 we knew our political economy, and that our political economy was sound."

It is well known to students of economics that the first Fabian Essay, written by Bernard Shaw, is very largely a paraphrase, and undoubtedly a brilliant one, of the leading ideas of Henry George. It is true that there is a background of marginal utility theory, which George would not have agreed with, but Gossen and Walras, the pioneers of that theory, had long before arrived at substantially the same conclusions as George by their own method of economic analysis. Thus, if anything, the soundness of the doctrine was reinforced by another chain of reasoning.

Mr Strachey says: "Accordingly the obvious practical deduction to be made from Shaw's quite inadequate analysis is not the abolition of capitalism and the establishment of planned production for use, but the Henry

Georgian proposal of land nationalization (*sic*), or the taxation of land values to extinction. And, in fact, if one reads Shaw's less well-known second Fabian Essay on 'The Transition to Social Democracy,' one discovers that this is the immediate programme which he advocates."

It would be interesting to know where Karl Marx ever says anything about "planned production for use." It is, on the other hand, true that Marx desired the "abolition of capitalism," but it does not appear from this work (or from his previous one which we reviewed in July, 1937) that Mr Strachey has any clear conception of what Marx meant by "capitalism." In the present volume Mr Strachey says that "capitalist exploitation is founded not specially on the monopolization of the land, but upon the progressive monopolization of the means of production." But Marx himself, is more clear sighted. He admits at a crucial point in his argument that if he does not explain how the "means of production" are monopolized, he will be guilty of arguing in a circle. And he does explain this in the last eight chapters of the first volume of *Das Kapital* by showing how the people were driven from the land, and how they were thus forced to sell their labour for a starvation wage. In the last chapter, after explaining that things were not so in the colonies (so long as free land was available), he concludes:—

"However, we are not concerned with the condition of the colonies. The only thing that interests us is the secret discovered in the New World by the political economy of the Old World, and proclaimed from the house tops, that the capitalist mode of production and accumulation, and therefore capitalist private property, have for their fundamental condition the annihilation of self-earned private property—in other words, the expropriation of the labourer—that is the exclusion of labour from the land."

Thus the *Fabian Essays*, which Mr Strachey decries, were much nearer to the true spirit of Marx, when they said: "On Socialism the analysis of the economic action of Individualism bears as a discovery, in the private appropriation of land, of the source of those unjust privileges against which Socialism is aimed." "Economic rent, arising as it does from variations of fertility or advantages of situation, must always be held as common or social wealth, and used, as the revenues raised by taxation are now used, for public purposes."

With national expenditure in the region of £1,000 millions a year, the problem of taxation is one of the most pressing which any progressive government would have to face. It is remarkable that Mr Strachey devotes hardly any attention to this except a vague indication that national revenue will be found by taxing the rich. Land and taxation are the foundations of social reform, and it is certainly far from "scientific" to ignore them as this book does.

Let us turn however to the practical proposals which Mr Strachey advocates as the programme of the popular front government that he desires. They include three groups: (1) enlargement and improvement of the social services, such as abolition of the means test, increase of unemployment benefit, free milk for school children, minimum wages, limitation of hours, holidays with pay, and so on; (2) public works, such as road

building, bridge building, land drainage, afforestation, housing and slum clearance ; (3) measures of economic reorganization, such as establishment of a national investment board, control of the central bank and the joint stock banks, nationalization of the mining and armament industries. There is nothing novel in all this, not anything very "Left" in it.

But observe what are the consequences which Mr Strachey anticipates from the carrying out of his measures of social reform. The burden of them will cause businesses which are "working at the margin of profitability" to "cease or decrease their operations and their workers will become unemployed." The programme will only work "if the capitalists are willing to accept a lower rate of interest or profit on their capital." If not then there will be a sharp struggle with the capitalists. Mr Strachey gives us no clear indication as to how that struggle will proceed, although he evidently thinks it might develop into a revolutionary conflict. This is a pretty outlook for a popular front, and one which is likely to dissolve it very quickly. Moreover, if the first fruits of such a policy are to be more unemployment, it is not difficult to predict that the result may well be wholesale desertion of popular front supporters and a victory for their opponents.

Mr Strachey in fact is trying to make the best of both worlds, and although he insists that the capitalists must sacrifice their rate of profit, at the same time he insists more than once that a progressive government must pay full compensation for the land and means of production taken over (and much land will be required for an extensive housing and public works policy). He expects to redress the balance by imposing heavy taxation upon the incomes of those who have thus been bought out. But is this complicated and crafty manoeuvring the means of carrying out a progressive programme, when its first result is to be more unemployment? We cannot believe it.

In fact we see here the nemesis of "scientific" socialism due to the failure to tackle first things first. Unemployment is the fundamental social evil to be dealt with. There can be no employment of any kind without the use of land. There is land in plenty now held out of use. We must, therefore, force such land into use by taxing all land on its full value, at the same time abolishing the onerous tariff and other taxes which increase prices and impoverish the workers. This is a programme which has none of the disagreeable consequences of that advocated by Mr Strachey. It will raise the wages of every worker. It will increase employment. Instead of producing a strike of capitalists it will end the lock-out by landowners which is the greatest obstacle to improvement of social conditions.

F. C. R. D.

LEVELLERS AND DIGGERS

Mr Jack Lindsay's "1649" (Methuen & Co., 10s.) is an historical novel in which are interwoven many events of the first year of the Commonwealth. It presents a moving picture of the ebb and flow of opinion of that year which began with the execution of the king. John Lilburne, the Leveller, and Gerard Winstanley, the Digger, appear in its pages as the representatives of those movements which wished to see the revolution

MR RICHARD ACLAND, M.P., ON LAND VALUES

IN AN article on "The Site Value Scandal" in the *Fortnightly Review* (May), Mr Richard Acland draws attention to the enormous increases of land values which have resulted from public improvements. He says:—

"To-day everyone outside the Cabinet is talking about carefully prepared schemes of public works to be put in hand as soon as the slump appears. But is it really worth while to launch into a large-scale public works programme until we have first solved the far more important site-value problem?"

"Since the war we have spent probably hundreds of millions on new arterial roads. We paid full value for the land taken over. We knew that our expenditure must inevitably and automatically send up the value of the adjoining land from £300 to perhaps as much as £1,500 per acre; and yet, with our eyes wide open, we have allowed these values to fall into the hands of the landowners who sold their sites to speculative builders who turned our by-passes into ribbon developed death traps. On the figure quoted above, and assuming the increase in value extends to an average depth of 150 yards from the road, we have deliberately thrown away £120,000 per mile of by-pass. And this is only one aspect of the site value scandal."

Unfortunately Mr Acland is not prepared to make the proper deduction from these facts. He is only prepared to say that as from an appointed day any increased site values shall become the property of the State. He overlooks the consideration that present day site values only exist because of the expectation that the State and the municipalities will continue to provide the public services which alone make civilized life possible. That the State has not exercised its right to tax land values hitherto is no reason why it should be deprived of that right in respect of existing values for all time to come.

Mr Acland proposes that the owner of land should be required to declare the value of his land, and that there should be two safeguards against false valuations. If the values are too low, the State should have the right to purchase at the owner's valuation. If the value is too high, there should be imposed a small but sensible tax. This latter condition seems to contradict the view that only future increases in value should be taken in taxation, for if the tax is only on increases in value, it is to the owner's advantage, both from the point of view of tax and of purchase to fix the value fictitiously high, and there would therefore be no control on the owner's valuation.

It may also be recalled that Mr Acland contradicted his argument in this article that only future increases of value should be taxed by voting last year for Mr MacLaren's Land Value Rating Bill which proposed a rate on all existing land values.

carried much further than the abolition of monarchy by the establishment of democratic liberties and economic freedom. The thread of the story concerns the lives of people in various ranks of society and their reactions to the pulsating movement of opinion, and although it ends in a sense in disillusionment it could not end otherwise for those equalitarian ideas had to wait for some generations before they could gain fresh force and more acceptance.