

13 COMING OFF THE FENCE

For if anyone, seeing justice, be willing to proclaim it, to him will far-seeing Zeus grant happiness.

Hesiod, *Works and Days*, 280-1

Land is, beyond all comparison, the most valuable asset in the United Kingdom. An estimate published in spring 1974 declared that, in the previous two years, the value of that land had risen by more than £50,000 millions — equivalent to the entire gross national product (Christopher Booker and Bennie Gray, "Blueprint for a land tax", in *The Observer*, 24 March 1974). Assuming that capital value is twenty times annual value, the collection of that increase alone would produce a revenue of £2.5 thousand millions. There is no apparent reason for distinguishing between old land values and recent increments; and it is fascinating to speculate what the true annual value of land in the country may now be. There can be very few economic questions which are not influenced to a greater or lesser extent by the value of land. Although it is seldom possible to predict what course events will take, it is possible to assert with confidence that the "land question" will be of recurring interest in the future.

What has bedevilled statesmen of the past when dealing with the land question has been their failure to examine the fundamental rules of economics, and try to anticipate and avert future difficulties in the light of those laws. All too often, problems relating to land have been ignored until they have become so critical that the treatment which would have done most towards dealing with the root of the trouble has become impossible. This was well shown by the Irish Land Act of 1881. In the circumstances of the early 1880s, there was very little that politicians could do, except to grant the "Three Fs" — even though it was evident to many contemporaries that this measure would in some ways actually prejudice a permanent solution. It was futile at the time to argue whether the "Three Fs" were desirable or not; the practical choice before statesmen was whether they would come as a result of parliamentary action, or whether they would be seized in circumstances of chaos, bloodshed and ensuing famine.

The criticism which may properly be levelled at the men of the time is not that they did less than their best in the actual crisis, but that they had failed to think seriously about the problem of Irish agrarian poverty in the years and decades which preceded the crisis.

A good modern example of just the same kind of failure to anticipate and avert trouble is provided by the background to the Town and Country Planning Act of 1947. The problem here was not how to head off famine and revolution, but how to preserve rural amenities; how to prevent objectionable urban development; and how to ensure that publicly-created land values should be returned to the community. Yet, just as the statesmen of the 1880s could not achieve a long-term solution of the Irish rural problem because no one could go behind the peasants' preoccupation with the "Three Fs", so also were statesmen of the 1940s unable to escape from the trammels of the Uthwatt Report. If the third Labour Government had been capable of listening to the friendly criticisms of its own backbenchers, then it would almost certainly have proved possible to devise a scheme which would have achieved the common object of Ministers and backbench critics. Instead, all criticism was overborne; the expedient which the Ministers forced down the throat of Parliament was never a success by any test at all, it was finally swept aside a few years later.

In our own time, there are signs that similar situations may be building up; that chronic problems relating to land may be developing an acute character, and that measures may be introduced which are more connected with the attractions of some slogan than with a real understanding of causes and effects. Indeed, one could point to several aspects of the land problem which are likely to become acute at almost any time.

It is all too easy for men to take refuge in convenient slogans. We have seen abundant examples where people have been confused by rhetoric—their own rhetoric, as well as the rhetoric of others—over expressions like "land nationalisation", which have been used in the past, and are still used to this day, in wildly different senses. An attack on the land problem is not something to be bodged and fumbled in a hurry amid a cloud of political excitement by men whose main preoccupation is with other things; that attack needs to be prepared carefully and quietly by men who have really thought through the economic and social implica-

tions and likely consequences of what they are trying to do.

There is no reason why this attack on the land question should be partisan in the ordinary political sense. A very large number of the past disputes derived from the fact that for one body of people the word "landowner" signified a wise and generous improver; for another body of people the same word signified a rapacious and predatory creature whose sole interest was the acquisition of rent. Landowners of both kinds doubtless existed; most landowners were probably something between the two. In any event, the rôle of the individual landowner has been so enormously eroded over the past century that this particular dispute is for all practical purposes dead. There is no need for "right" and "left" in politics to strike up attitudes of defence or attack, or to go on fighting nostalgically these old battles.

There is, indeed, no good reason why the modern supporters of various brands of "capitalism" and "socialism" should not discover an exceedingly wide measure of agreement over what needs to be done. There are two fundamentally different kinds of value associated with real property: site values, which derive little or nothing from the activities of the owner; and improvement values which stem from the activities of the owner and those operating under his control, or his predecessors in title. The socialist, who wishes to increase the proportion of value collected by public authorities for public purposes, would be well advised to commence with those values which do not derive from the activities of the owner, rather than those values which do. The great disparities of wealth and poverty are far older and more universal than "capitalism", and may surely be mitigated by ensuring that all men should have access to values created by the community, which in most societies have been arrogated by a few to the exclusion of the majority. The upholder of capitalism or free enterprise, on the other hand, would be well advised to switch the burden of taxation, so that it does not inhibit production or deter people from useful activities. The great bulk of modern taxation does serve, to a greater or lesser extent, to penalise and therefore to deter productive effort; whereas a tax imposed upon site values cannot discourage production — indeed, it will encourage the most productive use of land.

The author does not dissemble his own conviction that the taxation of land values would be a most valuable measure, which would in the long run satisfy many of the apparently conflicting

wishes of very disparate people in politics. Insofar, however, as the author hopes to impart some political message (and what historian does not?), the one which he seeks most strongly to bring out is not the wisdom of some particular measure, but rather that those who in the future will come to deal with economic problems should perceive how vast damage has been done in the past, and may well be done in the future, because people have been so obsessed with a welter of urgent problems that they have failed to look closely enough at the underlying principles involved in the ownership and use of land.

The land problem changes in shape, but not in substance. The quantity of land cannot be significantly increased; and without land no man can live. An unsatisfactory land system will produce innumerable distortions in the workings of the economy — just as a disease affecting one organ of the human body may produce innumerable malfunctionings elsewhere, which the layman may not readily perceive to be connected with the original illness. Statesmen have dealt with effects, but they have done little to deal with causes. Until these causes are treated, no one may properly inscribe "The End" to a book such as this.