

In 1938 Mr. C. R. (now Earl) Attlee, in a foreword to the land-value rating handbook "Why Rents and Rates Are High" wrote: "It is easy to condemn the people who make extravagant profits by holding the nation to ransom, but the real condemnation should be on the people of this country who allow the exploitation to go on Every day the people of this country pay hundreds of thousands of pounds in rates and taxes because of the lack of foresight of successive Governments."

This is still true but not a whisper of it occurs in—

"The Future Labour Offers YOU"

IF colour printing and a glossy cover can win votes, the British Labour Party should be set for electoral victory. The "personal guide" published late last year to "The Future Labour Offers YOU" is lavish and compelling. But the policies outlined are threadbare, dowdy and pitifully superficial.

The pamphlet claims that Labour rejects privilege and demands equal opportunity—fine, radical sentiments—but this is only in the context of youth and education. There is complete silence about the private ownership of the rent of land—the cause of privilege and unequal opportunity.

Whether fear of entrenched landlordism or ignorance is uppermost at Transport House is anybody's guess. What is certain is that Labour has turned its back on the land values question. It does not even promise to reform the vicious, anachronistic rating system.

Land, in the pamphlet, is a synonym for the rural countryside. Rather late (in view of the Government's plan to give them £1,000 cheques), Labour offers to restore small farmers' security. A Labour Government would extend the range of guaranteed prices for farm products and would provide the small farmer with credit at low interest rates. No hint of the burden this would impose on the taxpayer is allowed to sully the beautifully printed page.

The farm worker is offered better wage and welfare conditions, the ending of the tied cottage system, and a better school for his children. But his yearning for independence will remain unassuaged until the fingers of land monopoly are prised off the countryside — until the Greek Kalends, so far as Labour is concerned.

For the Labour Party, it is clear, believes in the private ownership of land. The section on "Your Home" promises that the Party, if returned to power, would enable tenants with leases of 21 years or more to buy the freehold of their home.

There has been much public discussion in recent years about the Labour Party's plan to "municipalise" some six million privately owned rented dwellings. One looks in vain for any mention of that scheme. Have the moderates scored a victory over the hotheads? Has the plan been dropped? We should like to think so. (This most unjust, highly inflationary proposal was discussed in our October 1958 issue.) The intelligent "floating voter" will suspect the Labour Party's integrity until it comes out boldly and declares where it stands on this issue which so directly affects millions of people.

The Tories have stolen much of Labour's housing thunder: already they are encouraging home ownership and the modernisation of old dwellings, clearing slums, and so on. Labour would "repeal the Rent Act", give security to Council house tenants, and set up rent tribunals to fix "fair rents" for both furnished and unfurnished dwellings. Not even King Solomon sitting with two High Court judges could fix a single "fair" rent. Only competing owners meeting competing potential tenants in conditions of complete freedom can arrive at a fair figure. Is it not strange that a party which claims to be democratic should deny people the right to have their say as to how much rent they shall pay for their homes? Democracy does not begin and end with the ballot box.

The housewife needs the same freedom when she goes shopping. Labour's promises to protect her against rigged prices, profiteering and unfair trading practices, to prevent the manufacture of dangerous, sub-standard goods and to require the weight and volume of a packet of soap flakes to be clearly shown, are all very well. They are probably unnecessary but at least they would do no harm. But what the poor woman needs most is the protection which only untrammelled competition can afford. When she can pick and choose between the products offered by scores of manufacturers in as many countries, she will get value and service for her money. Labour, as a protectionist party, would deny her that freedom. It has not a word to say about the tariffs and monopoly marketing boards which make housekeeping a torment.

Old people are offered a free chiropody service and an increased pension, "guaranteed" against inflation. (Younger people would look forward to a flat rate National Insurance pension and a superannuation pension.*)

It is alleged, by the way, that the trade unions cause inflation. The charge is utterly false, the more remarkable because of Labour's connection with the unions. The relevant passage reads:

"One of the main causes of inflation under the Tories is that the Government and the unions are so frequently at loggerheads. For this the Tories have only themselves to blame . . . Labour will start with this advantage: the unions know they will not have to struggle against a Labour Government to get a fair deal for their members . . ."

It cannot be too often repeated that inflation is the polite modern term for debasement of the currency. The government alone has the power and opportunity to increase

* See "Something for Nothing", L & L. November, 1957.

the money supply and, thereby, to reduce the value of each existing unit of currency. Trade unions respond to inflation. They do not cause it.

Labour promises to maintain the value of the pound and, what is the same thing in other words, to prevent the cost of living from rising. To do so, it would encourage industrial expansion and at the same time it would control industrial building and control foreign exchange. Never mind that there was inflation when Labour last pursued that course.

Would the new schools and hospitals, the higher pensions and everything else Labour offers makes higher taxes necessary? Not at all, the pamphlet declares. It would all be met out of "Socialist expansion". The Tory brake would be taken off industry, a plan for capital investment would be launched, and more horsepower would be put at the elbows of industrial and farm workers. It is as simple as that. Whether an assurance that "controlled expansion will make it possible to complete our full welfare programme without raising the general level of taxation" should be taken as a pledge that the tax level would not be raised is for the reader to decide. It is carefully worded.

Labour taxation would differ from the Tories': it would be fair making "the wealthiest pay their fair share by shifting the burden back from earned to unearned income, and from personal taxation to taxes on profits. We shall hit the spivs and the Stock Exchange gamblers by introducing a tax on capital gains, and we shall make a ruthless attack on the tax dodgers." Here shadow boxing passes for fighting talk until we remember those hundreds (or is it thousands?) of millions of pounds of community-created land value which a Labour Government would allow to go into private pockets each year as it did when last in power. We cannot help wondering whether the capital gains tax would be levied on football pool winnings and Premium Bond "windfalls".

Iron and Steel would be re-nationalised. Only the State, it is wrongly alleged, can be relied upon to supply the steel industry with the large capital funds needed for its expansion. Besides "private owners collect the dividends—and the capital gains" and topsy-turvy economic thinking persuades Labour that this is contrary to the national interest.

Labour also looks forward to "a fully integrated transport service by both road and rail"—a suffocating monopoly on wheels—and to this end pledges itself to re-nationalise road haulage. Nor would the Party "hesitate" to nationalise other industries found, after full and careful enquiry, to be "failing the nation".

The "back door" nationalisation plan* by which the State would buy industrial shares is still Labour policy. The present pamphlet states that the time has come when public control must be extended so as to ensure that the decisions taken by the nearly 600 giant firms which dominate production, investment, finance and trade are in line with the nation's interests. This is the scheme which the strongly socialist Railway Review described at the time as unprincipled, cynical expediency, saying that it

* Reviewed in *Land & Liberty*, September, 1957.

would set up "a rigid, inhuman machine which could not be challenged, which could not be made to yield without violent revolution". Despite the scant reference it receives in the document under review, this is the golden-egg-laying goose on which the whole policy depends. It should be dropped.

A Tutor's Notebook — 2

The Production of Wealth

BEFORE passing to a consideration of why and how wealth is produced, it may perhaps be helpful to determine what is wealth.

Every person comes into this world with several basic primitive needs—the need for air being the first prerequisite. Food and shelter come next, but already we can see a distinction between even these primal requirements. The air is freely available, but food and shelter have to be obtained by human efforts.

As man advances, his needs and desires increase. The source from which alone he can satisfy them is the very Earth on which he stands. Whether or not these natural resources were placed there for man's benefit by some Higher Power of whom we know very little, they certainly were not put there by man himself.

Whatever man draws from this storehouse and adapts or transforms in any way for the greater satisfaction of his desires, is Wealth. The storehouse is Land, and the effort involved in its transformation into Wealth is Labour.

We have already seen that one of the first reasons for the production of wealth is the basic need of man to survive. But it does not follow, and it is in fact not true to say, that wealth is produced "because there is a need for it!" If this were the complete answer, we would not see the contradictory state of affairs of, for example, agricultural surplus in one country, and starvation in another. A man may feel a real need for a car, but this "need" will be completely ignored by the car manufacturer until he is able to translate it into what is known as "effective demand"—that is, until he is able to pay for a car. If we assume for sake of simplicity that the man has earned the purchase price in direct productive labour (that is, by producing other commodities), it is readily seen that the man has in effect exchanged his products for the car, the product of other men.

Despite all the complexities of modern production, basically we all do what the supposed purchaser of the car in the illustration did. We exchange our products or our services for the products or services of others. In this way we each attempt to satisfy our needs and desires in the way for which we are each best suited. Throughout any community, therefore, the desires of its individual members should reach a state of balance with production.

Why this does not happen, and why from time to time the phenomenon of "over-production" arises will be examined in later "notes" in this series.