

LAND & LIBERTY

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TWO SHILLINGS

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EDITORIAL

Russia's Opportunity

THE REMOVAL of Khrushchev from office has given Soviet leaders an opportunity to look afresh at agricultural policies. Since the collectivisation of the 1930s agriculture has been a continual headache to the Soviet authorities. Writing in *The Guardian*, May 28, Victor Zorza tells of a proposal for a new agricultural policy published in *Komsomolskaya Pravda*. The article is by a farm worker in the Virgin Lands who speaks of the "flight from the land" and of the disinclination of the younger generation to enter farming, which, he says, will lead to tremendous losses. His suggestion is that state farm land be assigned to several families. Earnings would depend on the produce extracted from the land for the state.

This plan, says Victor Zorza, is one under which Russia's collective and state farm fields could be returned to something like the traditional pattern of peasant family management. The proposal, he says, is breathtaking, but if put into effect might go a long way to ridding the Soviet Union of its inefficient agricultural system. Recent measures, says *The Guardian's* correspondent, were concerned largely with pumping more money into agriculture and relieving the farms of the detailed supervision that governed every step they took.

The majority of collective farm workers have one solace, and it brings out all their incentive and energy. This is their small private garden plots near their houses. Says Zorza: "On these they lavish all the care and diligence which their forefathers devoted to the fields they owned. On the private plots, the yield of potatoes and vegetables is nearly double of what it is on collective farms. The pigs they are allowed to keep produce more meat, and the cows more milk per head than in the State sector."

These private plots, however, account for about only one per cent of the collective farm land. "It is hardly to be expected that the Soviet leadership would disband the collective farms and hand the fields back to the peasantry," says Zorza, "but it is groping towards a solution that would allow the peasants' attachment to the land to assert itself. Until some way of doing this is found — and the suggestion in *Komsomolskaya Pravda* is probably one of several that are being considered — the Soviet Union will not get rid of its agricultural troubles."

Mr. Zorza's conclusion that the Soviet leaders would not hand the fields back to the peasants is, of course, beyond dispute. The private ownership of land will be the last concession the Soviets are ever likely to make, and rightly so. Yet if they but knew it, they could have their cake and eat it too. They could have all the benefits of full incentives for production that private ownership gives, without conceding the land to the producer.

Collectivisation reduces incentive to a minimum and the appropriation of crops according to the amount produced reduces it hardly less. How different the situation would be if, instead of basing the government's share (a form of tax) upon what is actually produced, the government fixed its levy by reference to the *potentiality* of the crop land, saying in effect: "With ordinary good husbandry this land is capable of producing X crops and what you shall hand over to the state will be based upon this figure and not upon what is actually produced." Under this system the harder the peasant worked the more he would gain. He would gain to the

TOWARDS FREER ENTERPRISE

A SOVIET GOVERNMENT decision last year encourages the development of private plots by collective farmers and workers living in the countryside and small towns.

As of January 1, the Soviet government cancelled the obligatory deliveries of agricultural products to the state from private plots, and arrears in such deliveries were written off. (Novosti Information Service).

It is planned to build new hotels and more restaurants; shops and public service establishments will be built at market places and near them.

Fishermen and hunters are allowed to sell fish and game under the new rules.

full extent of any additional labour or effort he put into the land (as with his private plot). By all other methods, the harder he worked the larger the proportion he would have to hand over to the state.

Ricardo has laid down the principle for distinguishing between the capabilities of different lands in terms of rent. Land would be valued according to its potentiality and all lands capable of producing crops in excess of that required to keep the producers and their families at their present (or a higher) standard of living would bear rent, (taxation or quota) in proportion to its value. Here indeed is the best of both worlds; the ownership of land by the community but private *possession* by individuals, with all the incentives that go with it.

Somebody should tell them.

News and Comment

THE MYSTERIES AND SIMPLICITIES OF INFLATION

THE CALCUTTA CORRESPONDENT of *The Financial Times*, May 11, tells of the concern in India over the problems of inflation. Unlike many other writers on the subject he calls a spade a spade and makes no bones about the fact that inflation results from an increase in the supply of money—a government responsibility, the technical name for which is deficit financing.

Confusion, however, is introduced by the statement that there are additional causes:—

"The main reason for the past year's inflation was that farm production . . . showed an almost insignificant rise . . . Industrial production increased far more slowly than the planners had visualised."

This is immediately followed (and contradicted?) by this:

"With a sharp increase in money supply due mainly

to lavish deficit financing by the Government, inflation was the inevitable result."

The decline in prices this year, says the writer, is because the supply of grains has improved and the scale of deficit financing has been reduced.

This makes sense only if one makes various assumptions. One is that rising and falling prices due to fluctuation in production are some kind of inflation and deflation. Another is that factors which commit the Government to subsidies or other increased expenditure are inflationary because the government will have to find the money via the printing press.

Yet another "cause" of inflation is suggested, to add to the confusion:

" . . . trade and industrial costs are certain to rise—because credit has become tighter and dearer, railway freights have gone up and taxation has increased, especially with the 10 per cent import surcharge. . . . India thus seems poised on a razor's edge, from where it could fall into another bout of inflation."

The writer then returns to inflation proper:

"Finally the effect of the past year's increase in money supply cannot be ignored. They may continue to influence price trends for several months of the current year, even