

## THE RUSSIAN LAND SYSTEM

APOLOGISTS FOR the Soviet regime often assume that the land question was solved in Russia when, by a stroke of the legislative pen, the land was nationalised by declaring it to be the property of the peasants. This facile view is corrected by a reading of Sir John Maynard's book: *The Russian Peasant*, published in 1942 by Gollancz. These authoritative studies of the Soviet system show that economic laws dictate their conditions even to a dictatorship.

True enough, the whole organisation of agriculture was revolutionised by the nearly universal conversion of farming into collective units. There were in 1936, a quarter of a million of these collectives, occupying 94 per cent. of the whole cultivated area. The average size was 1,600 acres, and the number of households per collective farm averaged 95 for the whole country. This seems like wholesale socialisation, until we read that in the great majority of the collectives, each family has its own separate income, lives separately from the others in its own house, and more important still, has its own separate garden, or "yard," of from 1 acre to 5 acres in extent, the produce of which each is allowed to market and retain the proceeds. "The large element of individualism," says the author, "particularly in respect of cattle, has played a leading part in the reconciliation of the people to its collectivist features." (p. 308.)

### THE LAND REVENUE

The Government has the first claim on the produce of the collective farms, paying the collectives a price and then selling the produce to various Government departments at a higher price. Under capitalism this would be called "production for profit." Sir J. Maynard says: "In the difference between the price paid to the peasant for his delivery of grain, and the price at which the Government passes it on to the State departments, to be processed and exported, or consumed by towns and army, there is a large virtual land-revenue, or land-rent, through which the peasant pays at least one quarter of the whole State expenditure, in addition to his share of indirect taxation." Of course, he gets something in return, the security of his collective tenure, and various social benefits, but in less measure than the townsman. The "single agricultural tax," which prevailed during the period of the New Economic Policy, was superseded in 1936 by an income tax on collectives. But by far the most important part of the direct tax burden is the above "compulsory sale in the nature of a tax," as it is officially described, showing its true nature.

In this way it is estimated that the peasants pay between 15 and 18 per cent. of their gross produce in direct taxation. This taxation has to be collected from them in kind for a very good reason, we

are reminded; for you cannot tax a peasant in cash unless you provide him with a market, and the peasant has a free market for only a part of his produce.

### INDIRECT TAXATION

With regard to the indirect taxation which falls upon townsman and peasant, about 80 per cent. of the State's revenue is derived from the "turnover tax," something like our purchase tax but much heavier. The amount of the tax varies according as to whether the Government desires to encourage or restrict a particular industry. The principle ordinarily observed in fixing prices is that demand must be kept within the limits of supply. "It may startle us," says Sir J. Maynard, "to find ourselves back with the familiar language of the economic text-books." He shows in a penetrating chapter on Planning, that even a communist society is subject to economic laws, and that the pressure of supply and demand determines ultimate prices in spite of State manipulations and attempted controls. "The peasantry has on more than one occasion shown itself capable of very effective passive resistance: and the attempt to overcharge would be met by refusal to purchase, and by the withholding of food from the towns."

A useful comparison is made of the systems of price-fixing under an individualist and under a socialist economy, with the admission that nowhere have we had the advantages of a system of free competition in the full sense of the term. There is land monopoly under both systems and the free operation of economic laws is thus hindered from working effectively.

### DIFFERENTIAL ADVANTAGES

The most significant passages in this book are those in which it is shown how the law of economic rent works in the Soviet farming system. "There are wide variations between areas of cultivation per worker, and still wider variations in advantages of climate, water, soil, and situation. This is only another way of stating the problem of the differential value of land, and of the differential rent to which it theoretically gives rise. If we assume the existence of approximately equal industry and equal skill, and of approximately equal or insufficiently differentiated taxation, one corporation of collective farmers will grow rich, while another will remain poor." Students of Henry George will recognise this as one form of statement of the fundamental law of economic rent. There are actually, we are told, so-called "millionaire" collectives, who have some special advantage, as for instance, "because their vegetables and dairy produce are within easy reach of a great consuming centre." It is then suggested that nothing short of a drastic differentiation of burdens will

prevent the wide variation of prosperity from farm to farm, a variation which does not depend on the qualities and defects of the farmers.

This is sound economics but our author seems to have his doubts how far it is recognised by the architects of Soviet finance. Discussing it further, he says that the direct impost of 15 to 18 per cent. of the gross produce shows the impossibility of escaping the operation of certain economic laws. "If land taxation is light the person who enjoys the right of cultivation is placed at an enormous advantage over the rest of the community; and unless land taxation is differential the man who is luckier in the soil, climate, and situation of his lot is better off than the man who is less lucky in these respects." This rent or tax of 15/18 per cent. charged by the proprietor-State is regarded as moderate but by no means a very low charge. "Criticism must be directed not against the pitch of the charge, regarded as an average, but against its insufficient variation according to local conditions and against a possibility of inelasticity in administration."

In the valuable Appendix, summarising the financial accounts of the U.S.S.R. for 1937, it is stated again that what is wrong with the fiscal system of the Soviet in respect to land, is not that the average impost is excessive or that the peasant pays a double share of taxation, so much as the fact that the range of differentiation is inadequate for so vast a country. This difference is said to range between one and five times, so that some agriculturists get five times the advantages of their comrades.

This book, whilst being fair and sympathetic to the Russian people in their struggles for justice and freedom, shows how much greater would have been the success of this great agrarian revolution had it been founded on the principles which Tolstoy learned from Henry George, principles found also in embryo in Marx's *Capital*, but which have been ignored or not understood by modern Marxists. It is to be hoped that capitalists and communists alike will learn the lessons of this book. D.J.O.

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