

CORRESPONDENCE

COMPULSORY CO-OWNERSHIP

To the Editor, LAND & LIBERTY.

Sir,

Efforts are being made by certain members of the Liberal Party to link up Co-ownership with the Taxation of Land Values as a correlated policy. The argument proceeds, the full benefits of taxation reform will not be felt without a full measure of Co-ownership; taxation of industrial profits should be replaced by the taxation of land values so that enterprise is not penalised and the relief afforded should be passed on to the wage earner of successful firms who have adopted a scheme of co-ownership; shareholders who have not contributed by their funds or labour would not get any of this relief.

If this is not a very cunning appeal on their part to confuse the issue, then it is the result of a complete lack of understanding of the fundamental economic principles of the Taxation of Land Values.

But before exposing the inherent fallacies of their argument, let me further report that they are also pressing for the adoption of compulsory employee ownership of industry. They propose that legislation shall be introduced to transfer all voting and equity rights vested in the ordinary or participating preference shares in limited liability companies to a corporate body of the employees. The shares affected will be those which have been acquired by purchase, gift or inheritance from original holders or when passed on by them. A fixed interest and redemption value at the time of conversion will be established by a declaration of the Chancellor of the Exchequer as to the current interest for such classes of securities affected.

The ideology underlying this proposal is the same as that held by the Communists. It springs from the theory of Surplus Value, advanced by Karl Marx, that the worker puts more value into an article by his labour than is paid to him in the shape of a "subsistence" wage, and that rent, interest and profits arising out of this value is the unpaid labour of the worker. In their original scheme the Liberal sponsors of compulsory co-partnership said that "after Labour has been paid its standard (subsistence) wage and Capital its standard (subsistence) rate of hire, the profits should be apportioned between the workers and the shareholders."

Realising that the success of any enterprise hinges largely on the good faith and responsibility of those who invest their capital and on those who manage it, they now vainly imagine that by the compulsory acquisition of shareholders' private property they can authoritatively imbue the workers with the same motives. Actually they have left Karl Marx far behind on the road to a totalitarian and collectivist society, for nowhere in his writings was he concerned with the moral sentiment in economics. He did not claim that a division of the rewards of capital would give workers "a higher standard of living," "raise their status," and "give incentive to increased production," although he would have applauded a recent statement in the *Liberal News* "that any work a worker does in excess of the necessary minimum is simply a present to his employer."

If my Liberal friends are Liberal at heart then I must be charitable and put down their infidelity to ignorance of the fundamental economic factors governing the production and exchange of wealth.

Let them first define the true right of property before they propose the compulsory division of its ownership; they will then discover how iniquitous are their proposals. There can be no production of wealth without the application of labour to the land, or to use a more comprehensive term, the natural resources. This is indisputable. Inasmuch as land is the continuous gift of God, which all may use but none may claim as his alone, there remains the private ownership in those things produced by labour; the true right of property.

In addition to wages and the rewards of human exertion, private property must include ownership of capital and the interest therefrom. The conclusive proof that capital belongs to the individual, and simply defined means wealth in exchange, is shown by the fact that until any one has produced something by his labour which is over and above his own requirements there cannot be any capital at all.

Therefore, to propose that there shall be a compulsory division of profits or annexation of capital, is nothing other than robbery. Incidentally, the question of profits does not arise unless and until the products are exchanged and this fact supplies the evidence that wages are not paid out of capital. For, unless man has added to the general stock of wealth by his labour, there can be no wages.

This brings me to the final point at issue in this controversy: the harmonious relationship between employee and employer and the disunity between capital and labour. Strife, discord, frustration and inequality of opportunity will continue to exist so long as labour does not receive its full reward. The purpose of the Taxation of Land Values is to secure for the community the value which attaches to land by virtue of the existence and activities of the community; the cost of essential communal services being met out of the rent of land. Furthermore, all taxes levied on that which men have earned by honest toil, their houses, homes, wages, food, goods and pleasures, would be abolished.

Here let me give a warning. The sponsors having stated that firms with fewer employees than 50 or with capital of less than £50,000 will be exempt, yet say that the intention is "to extend the principle of profit-sharing to all profit-making concerns." Scientific discovery and inventive genius during the past fifty years has increased production beyond the wildest dreams of our ancestors, yet the full fruits of this are withheld from mankind by the monopolistic practices exercised by combinations of men. To propose compulsory syndicalist ownership can only aggravate this evil.

The continuing condition of society, whereby some are born to the exclusive ownership of land and the power and riches which accrue to its value from the labours of the rest of the community is the root cause of poverty and which makes men covetous of their better-off neighbours. Destroy land monopoly, the genesis of all monopoly, and mankind will be liberated as never before in the history of the world. This is the true task of Liberalism.

Yours truly,

STEPHEN MARTIN.

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