

# Can Britain's Labor Government Succeed?\*

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By LOUIS WALLIS

ISOLATED FOR CENTURIES between two oceans, the American people are now abruptly compelled to find their way in a new and strange world shaken by social and economic revolution. Leftward trends in Europe and Asia make evident the impossibility of return to pre-war conditions; while, more particularly, the marked reaction in Britain against the ancient regime of Toryism suggests that the Anglo-Saxon peoples are not likely to co-operate in restoring the economic patterns of the past.

But the economic relation between Britain and America is more intimate than the relation of either to any third power; and therefore the American people must now re-adjust themselves to conditions obtaining in the mother-country. The pressure for a new orientation is the more compelling in view of the financial assistance which Britain obviously needs. No academic argument should stand in the way of such aid. But at the same time, the American public should not go blindly into the transaction; while on the other hand, the British public ought to be more fully informed than it is about fundamental conditions.

The upheaval in British politics brought into power a group of socialist, Laborite politicians who follow, to a considerable extent, the doctrines of Karl Marx. The influence of Marx is lauded by Professor Harold Laski, spokesman of British Labor, as follows: "In every country of the world where men have set themselves to the task of social improvement, Marx has been always the source of inspiration and

\* A chapter from the book, "Finding Our Way Post-War," now being completed by the author. Copyright, 1946, by Louis Wallis.

prophecy."<sup>1</sup> Since the government of Britain has come strongly under the sway of Marxist ideas, this influence on current politics must be understood by the general public, both American and British.

First of all, then, what is it that the new Labor Government seeks to do? "The Labor Party," Laski says, "asked the voters to authorize a program by which it has been given power to nationalize the Bank of England, the coal mines, electric power, means of inland transport, and the steel industry."<sup>2</sup> Thus we learn authoritatively just what the socialists of Britain proposed for their first five-year term of office (1945-1950). Laski then goes on to say, "At a later stage, if the electorate renews its power, the Labor Government will go on to nationalize other industries." A second five-year period will thus probably be required (1950-1955).

The long-drawn-out socialist program is intended to give the general public a title to all the industrial equipment of Britain. And since "industrial equipment" is only another term for productive machinery, the central issue between socialists and their opponents appears to be the simple question whether machines ought to be owned by private individuals or by the State. If machines are owned by private persons, these people (according to the socialist) become the masters of Labor, and can arbitrarily depress the wage rate below the productivity of Labor; so that the capitalist, or owner of the machine, takes from the workers what Marx called "surplus value." But on the other hand, if the State owns industrial machinery, the State will abolish dividends, and raise the wage level; so that the laboring man will then get "the full product of his toil."

Marx was a German with a Ph.D. from the University of Jena. He was a very striking figure, with fierce, bushy hair and beard, and an arrogant manner. His famous book was

<sup>1</sup> Laski, "Karl Marx," London, 1922, p. 45.

<sup>2</sup> *The New York Times*, Aug. 26, 1945.

not written in his native land, as might be supposed, but in London, at the British Museum, where the fierce-looking German labored for years, making use of authentic sources which were already assembled and catalogued for scholarly research. One can imagine what would have been the horror of the staid and respectable attendants at the institution if they had been told that the object of the bushy foreign savant was to "bore within" British mentality and start a movement which would some day gain control of Parliament, on the theory that private ownership of machines is the fundamental cause of Labor's ills. But nobody knew what Marx was doing, except a few friends; and at length, after eighteen years of toil, the book *Das Kapital* was published in 1867.

This, however, is but a small part of the story leading up to what the American public must understand with reference to the concurrent position of Britain and the United States. The rest of the story is even more important; and its fundamental meaning is gradually disclosed in relation to the activities of Marx after the publication of his book. He went back to the British Museum in search of more material which he hoped would give added strength to a new edition of *Das Kapital*. And then something came to pass which neither Marx nor his followers clearly understood, and which has never been assimilated by socialism down to the present time: The central machine-dogma began to be implicitly discredited by evidence relating to English economic evolution! New material piled up in the hands of Marx, which was destined never to be laid before the public in his lifetime. Fifteen years elapsed between the appearance of his book in 1867 and the death of its author in 1883; but the significant facts remained unpublished in the voluminous notes of Marx.

The evidence revealed that long before the invention of machines to save labor—and therefore long before the rise of "capitalism"—the country districts of Britain were depopulated by Parliamentary enclosures of "common lands"

and by eviction of the villagers from their little farms.<sup>8</sup> The island of Britain thus became the monopoly of a small, Tory class, whose economic power was therefore consolidated prior to the modern "Industrial Revolution." The immediate result was to throw multitudes of poverty-stricken people into the towns and cities, which became over-crowded with unfortunates in dire need of employment.

The Tory class, being in control of Parliament, exempted land very largely from taxation, both in the rural districts and in the towns and cities, thus giving land an inflated value and an artificial advantage over other kinds of property which were taxed more heavily. So it came to pass that when labor-saving machines were finally constructed, the owners of such machines were not only compelled to pay high prices in order to rent or buy Tory-owned sites on which to erect factories; but at the same time, the Tory Parliament laid oppressive taxes on machinery and on machine-made goods, far heavier in proportion than the taxes paid by Tory holders of land in country and city.

Such were the actual, historic circumstances which determined the fate of "Capital and Labor" in the great "Industrial Revolution"! The poverty-stricken masses, having been thrust out of the country districts by Tory legal power, competed with each other in the struggle for work; while the capitalists were over-loaded with Tory taxes and entangled in the rental or purchase of Tory-owned sites. The inevitable result was that the pressure of the over-crowded labor market, and the financial burdens of the machine owners, combined in forcing down the level of wages to the point of bare subsistence. The poor were anxious to work for almost any wage; while the capitalists could not afford to pay the laborer an amount of money equal to what Marx calls "the full product of labor's toil." Thus the modern city "working

<sup>8</sup> Cf. L. Wallis, "The Burning Question: Making Your Living in a Monopolized World," New York, 1937; *ibid.*, "State of War Permanent Unless—," New York, 1939; Francis Neilson, "The Conspiracy Against the English Peasantry," New York, 1941.

class" of Britain took form as a mob of desperate men and women, along with multitudes of children whose meager wages were necessary to piece out the scant pay of adult workers. And by the same token, we can see that it was not primarily the machine owner, or "capitalist," who exploited Labor; but that the manufacturer himself was, first of all, exploited by Tory land monopoly and Tory taxes.<sup>4</sup>

These weighty facts piled up in the unpublished notes of Marx at the British Museum. They were not clearly formulated by him in reference to the mutual bearing of Tory taxation and Tory monopoly of the land. But still the facts were there; and they remained for years in obscurity while the propaganda of *Das Kapital*, Volume One, against machine owners continued to spread among city laborers and among a few city intellectuals, until the doctrine had become an indurated and practically unchangeable dogma.

But after the death of Marx, his friends realized that some disposition must be made of his voluminous notes. The material in question could have been destroyed. Or it could have been welded into the framework of *Das Kapital*. But neither alternative was chosen; and instead, the literary executor, Friedrich Engels, practically buried the material in an appendix, where it now reposes under a tombstone inscribed: "*The Expropriation whereby the Countryfolk were divorced from the Land.*" The appended matter is very interesting and instructive, but is entirely unclear with reference to the mutual relationship existing between Tory lopsided taxation and Tory monopoly of land; while it is not formulated coherently in its bearing upon the Marxist argument about machines. The "appendix," indeed, is merely hitched onto the first volume of *Das Kapital* and carried along at the rear, as a row-boat might be dragged in the wake of a ponderous ocean steamship.

This fact is recognized by the latest English edition of

<sup>4</sup> Cf. L. Wallis, "Safeguard Productive Capital," New York, 1931.

Marx, published in 1930, which frankly says that "most people, even most Marxists," when speaking of *Das Kapital*, mean simply the original Volume One, and that "Marxism arose, and spread over Europe to become the inspiration of a developing Socialist movement, long before the posthumous volumes of *Capital* were disinterred from Marx's papers and given to the public by his faithful friend and collaborator, Friedrich Engels."<sup>5</sup>

And so it happens that private ownership of machinery continues to stand at the focus of socialist and Laborite propaganda as the central point of attack in the battle of the working class against "oppression." The socialists of Britain were vigorously denouncing "capitalism" between the two World Wars while the Tory Parliament was passing still another law, which exempts from taxation all vacant land in the kingdom. This law, known as "The Derating Act," confers an even more privileged position upon land, increasing its ground-rental value and sales-price to the degree of the exemption. The agriculture, trade and manufacture of Britain today, therefore, are not only compelled to carry still more burdensome discriminatory taxes on production; but they must pay still heavier ground rents, owing to the legal, artificial increase of land values. All of which inflates the general price level and cost of living for the British masses.

The landed aristocracy of Britain has been always the main support of the Tory Party; and some of the great aristocratic estates go back to the Norman Conquest, eight hundred years ago, when the soil of England was torn from its Anglo-Saxon owners; while another and later section of the Tory structure is based upon the seizure of "common" lands and Church estates. The typical British aristocrat, with his martial "coat of arms," is always, in effect, a foreign conqueror, with a peculiar accent alien to the plain people upon whose toil he

<sup>5</sup> Karl Marx, "Capital," London, 1930, Vol. I, ch. xi.

lives. And naturally enough, the real owners of Britain are not averse to remaining quietly in the background while the new Laborite Government expends the ammunition of socialism against "the bourgeoisie," the mere plebeian owners of productive machinery.

It now becomes easy to envisage the manner in which the Laborites are preparing the British future. "The Labor party is opposed to confiscation," declares Laski,<sup>6</sup> and he goes on to say, "It proposes to pay market value . . . and to compensate the displaced owners." In other words, first of all, there is to be a long, five-or-ten year process of buying out the industrial machinery of Britain (the socialization of the Bank of England being the preliminary, or accompaniment, of this financial transaction). And then, according to Laski, the impressive conversion of private business into a public estate will be followed "at a later stage by public ownership of the land!"<sup>7</sup>

The final, climactic, item of "buying-out" the real owners of Britain is mentioned quite casually by Laski, as a kind of afterthought, or appendix—quite in the fashion of Marx! It is a small matter, which can be arranged when the main dramatic program of Socialism has been accomplished. Land is just merely "something out in the country." There is no ground-rental value in the towns and cities of Britain, with an aggregate power of economic pressure upon Labor and Capital far in excess of all the agricultural soil in England and Scotland! The site-value of city land, for example, is dealt with by the well known leader of the London County Council, Lord Latham.<sup>7</sup> "The average cost of land in the county of London runs to 12,000 pounds an acre (\$60,000)," he writes. "In many districts it is 22,000 pounds, rising to nearly 50,000 in others (\$110,000 to \$250,000). In the case of one street improvement the price asked was at the rate of

<sup>6</sup> In *The Times* article cited above.

<sup>7</sup> *The Daily Herald*, London, June 21, 1945.

1,000,000 pounds an acre (\$5,000,000). For the land needed in London for temporary houses, the average estimated cost works out at 400 pounds per house (\$2,000), and for some sites the estimated cost is no less than 900 pounds per house (\$4,500)." These figures given by Lord Latham are only for one city; but they sternly remind us that Laski's innocent item, "public ownership of land," must be read as including all the land of Britain, in city and country alike.

During the lengthy period in which the productive equipment of Britain is being gradually purchased by the Labor Government, the price of British land (both in the agricultural districts and, even more, in the towns and cities) will be greatly enhanced. The total "market value," indeed, will have ascended to such a height that the ground-owners of England and Scotland will be paid a staggering sum, the interest on which must equal what the ground-owners have been getting as land-rent from "dirt-farmers" in the country and the occupiers of sites in the centers of population. In other words, when the British people buy the island of Britain itself, they will be giving the proprietors an amount which will endow the quondam Landed Aristocracy with a power of "exploitation" corresponding to what they previously exercised as a Landed Élite.

All of these considerations are involved in the matter of American financial assistance to Britain during the post-war epoch. They are not theory, but plain fact; and they are open to anybody who cares to investigate the subject. They are assembled here and stated bluntly, so that the general public in America and Britain will have the data with which to think down into the economic realities of the stark international situation which now confronts us. Financial aid to Britain should, no doubt, be extended in some form, as being of advantage to all concerned. But unless care is taken, the American people, as already intimated, are likely to go into

the transaction blindly; while at the same time, the general British public is likely to accept it as a means of escape from analyzing the economic problem. A loan to Britain will assist a nearly bankrupt nation part of the way back toward solvency. It will tend to make the current position more tolerable for a time. But the under-surface issues now pressing for attention will not be met by any British government composed of Laborites who think like Prime Minister Attlee and Professor Laski; nor by any alternative government consisting of Tories who think as Tories do.

When American credit is loaned to Britain, we have a right to know exactly how it is to be used. The productive machinery of Britain has deteriorated in value; and the Labor Government cannot be permitted to pay the original cost. But on the other hand, if the Government buys out British industry on a depreciated basis, then the socialist enterprise begins with partly worn-out equipment, far below the efficiency level of American industry. And after the socialist ownership of machinery is launched, with American aid, we also have a right to know what going-scale of ground rent the American-assisted enterprise of the mother country pays to the Tory Élite, pending the final "nationalization of the land," which Mr. Laski mentions casually as the conclusion of the Laborite program. And not only so; but how is the ultimate, staggering sum to be raised? The purchase price will, in form, take the ground-owners off the backs of the common people; but it will give the Élite a new claim as interest in exchange for what they now draw as ground rent!

This article does not seek a solution for the British economic problem, but merely suggests that it may be well worth four or six billion dollars to ventilate the facts and questions which will inevitably come forward in connection with financial assistance to Britain.

*Forest Hills, N. Y.*