

GUATEMALA

President with a tightrope land tax strategy

PAUL KNIGHT REPORTS



VACANT AT YOUR PERIL

LANDOWNERS in Guatemala have been trapped by the cunning tactics of the first civilian president in 30 years.

The CIA overthrew the last legitimate government in this central American country. Since then, many people have died under successive repressive military juntas.

Fifty thousand have perished since 1978, as the army tried to crush guerrilla liberation movements.

Now, in the December elections, Marco Vinicio Cerezo Arevalo has been elected with a mandate to reform the country's social and economic institutions.

Shrewdly, however, he has calculated that he stands a better chance of making progress on behalf of the majority of the poverty-stricken population if he does not antagonise the right-wing groups – and especially the landowners.

So, rather than threaten landowners with "land reform", he has talked of "concerted development." In pursuit of this objective, he has promised not to confiscate or buy land from families with large estates.

Instead, development will take the form of a tax on the value of vacant land! Stephen Kinzer, reporting in the *New York Times* on December 16, explained the impact of this fiscal policy:

"Many wealthy owners use only part of their sprawling plantations, allowing vast areas to lie fallow. If the new Congress approves a heavy tax on such land, some owners could be forced to sell part of their holdings or allow peasants to lease them.

"The measure would also represent the first serious attempt in years to

force landowners to pay their share of taxes, itself a radical departure in Guatemalan politics."

LANDOWNERS know that, if land was made available to the hundreds of thousands of landless labourers, the level of wages would rise because they would have to compete for the services of migrant workers.

"But experts say no substantial progress can be made against poverty as long as no land is available for the 75% of the population that, according to Mr. Cerezo's figures, live without access to life's basic necessities," reports Mr. Kinzer.

Mr. Cerezo knows that he is walking a tightrope that is suspended above a deep political abyss. If he takes a wrong step, he will fall into oblivion.

But he is a man of courage. Before returning from exile in 1980, he held a press conference in Washington at which he decried the violence perpetrated by his country's government. Within weeks of returning to Guatemala, he was the target for an assassination attempt: he narrowly escaped death from a hail of bullets from a passing police car.

His Christian Democratic Party will now attempt to introduce reforms that will ensure progress for the mass of people while somehow retaining the constitutional support of the military and the group that has traditionally exercised ultimate power in Guatemala – the landowning elite.

Land

FOR THE past forty years the Labour Party's attitude to the Land Question has been the despair of its friends and the near-delight of its enemies, writes *BERT BROOKES*.

Up to World War II, the Party seemed to see its way clearly. The private ownership of land was condemned as unethical and unjust, the shameful sequel of a Great Robbery of the people.

It was seen as a relic of the age when Jack touched his forelock to his master and when the natural order was for an idle, "landed" upper class to live in pomp and affluence on the backs of those who, often in poverty and privation, actually produced the wealth of nations.

During those pre-1939 years, the Party knew exactly what had to be done to correct the tilted scales. In two brief periods of government (1924 and 1929-31) they announced plans to re-establish the people's right to their country's natural resources by taking land-rent into the public treasury; and in 1931 they took firm action in Parliament to achieve this.

As Philip Snowden said, referring to his ill-fated Finance Bill:

*"By this measure we are asserting the right of the community to the ownership of the land. If private individuals continue to possess a nominal claim to the land, then they must pay rent to the community for the enjoyment of the privilege and they cannot be permitted to enjoy that privilege to the detriment of the community... Land is different from all other commodities. It was given by the Creator, not for the use of Dukes, but for the equal use of His children."*¹

It was the great political let-down of the century when, in 1945, with Labour in unfettered power at Westminster for the first time, the Attlee government threw away its opportunity to right an age-old wrong by producing, not the taxation of land values but an ineffective, regressive, unworkable Development Charge² which had no hope of serving any of the Party's ideals.

And what is more, when, under Harold Wilson, they had further chances, they threw them after the first with more levies on development³ which once again got them nowhere.

THE GREAT fiasco of British politics in the years since 1945 has been the Labour Party's obsession with the nationalisation of enterprises such as the coal mines, the railways, steel, electricity and gas for which the

policy that Labour needs

case for public ownership is debatable while doing nothing effective to take back for the people that which unarguably belongs to them—the natural resources of their country.

Not that the voices of sanity in the post-war Labour Party were silent. Many Labour men and women at Westminster saw clearly the tragic impotence of their Party's legislation on the land front.

There were Herbert Morrison, Hartley Shawcross, Richard Stokes — all ministers under Attlee — besides MPs such as H. G. McGhee, J. H. Hudson, C. R. Hobson and A. G. Bottomley. And such people must have had behind them many local councillors and Party workers watching with deep concern as their Party veered off course.

Now, however, there is better news. It seems that some of those Party workers are getting organised to ensure that, when Labour again has a chance to end the injustice of private land ownership, it will not be found wanting.

Heather and Dave Wetzel — the latter a prominent GLC councillor — have recently launched the Labour Land Campaign with a 28-page pamphlet entitled "Wanted — A Socialist Land Policy".⁴

This sets out the case for Labour to put its full weight behind land-value taxation (or site-value rating) instead of, as in the past, "taxing development values . . . (which) . . . forced up land prices and played into the hands of speculators."

The campaign has the support of a number of Labour MPs, Labour European MPs, at least one trade



● Dave Wetzel

union and a number of local Labour Party organisations.

The pamphlet is comprehensive and convincing, the latter virtue enhanced by its terse and punchy style and the simple and direct way in which it makes its case.

In very few words it explains that land is a product of Nature to which no individual can validly lay claim; that land is essential for all human activities — eating, working, building homes etc. — and that where it is commandeered into private ownership it commonly brings "starvation, homelessness and unemployment for millions while a tiny minority of very rich and powerful landowners enjoy luxury beyond the imaginations of most people."

THE WETZELS emphasise that the justice they seek in the tenure of land is not justice for the sake of

being just. The economic stakes are high. As population and economic activity increase, so the value of land rises, making it a profitable subject for investment and speculation rather than for productive use.

Land held out of use for speculation forces up the price of available land, with inevitable adverse results for economic activity and employment.

It is quite obvious, says the pamphlet, "that the economic rent paid to landowners is an unearned income." So society has not only to pay a "ransom" to a landowner before a school, hospital or factory can be built, but that ransom will be all the higher "because of community activity which requires no effort by individual landowners."

The Wetzels acknowledge the part played by David Ricardo and Henry George in making known the true nature of economic rent. But they also show that the same truth was seen by Karl Marx, who wrote:

"Wherever natural forces can be monopolised and guarantee a surplus profit to the industrial capitalist using them, be it waterfalls, rich mines, waters teeming with fish or a favourably located building site, there the person who by virtue of title to a portion of the globe has become the proprietor of these natural objects will wrest this surplus profit from functioning capital in the form of rent."⁵

The pamphlet, despite its economy in size, goes into many other facets of the case for taxing land values: the origin of land titles, the crime of the enclosure of common land in Britain, how land got its value, the derelict land in cities, government subsidies and handouts to rich landowners, experience overseas, how a land-value tax would operate — and many more.

The Labour Party, so we read in the Press, devotes much time and effort to the re-selection of its MPs. It would pay the Party to give some attention to the re-selection of an effective land policy. The policy advocated in this pamphlet could be a vote-winner at the next election.

NOTES:

1. Henry George in *The British Isles* by Elwood P. Lawrence, Michigan State University Press, 1957 (Ch. 13).
2. Town and Country Planning Act 1947.
3. Land Commission Act 1967 and Development Land Tax Act 1976.
4. Paper tabled at "The Future of Planning" GLC Conference June 21, 1985.
5. *Capital Vol. III* by Karl Marx.

LUCK OF THE SPANISH!

SPAIN — along with Portugal — has just become the newest member of the European Economic Community.

That means the land-owners of the Iberian peninsula will soon be pocketing large increases in rental income, thanks to the largesse of the Common Agricultural Policy.

But some owners in socialist Spain cannot believe their luck. They own poor quality land in Andalusia, which they have

chosen to keep uncultivated despite the extensive rural poverty.

To try and alleviate the poverty, the regional government has taken over 12 unproductive estates near Malaga. The owners will receive rent for 12 years, while workers — formed into cooperatives — develop the soil's fertility.

After 12 years, the owners will be given back their land and all they will have to pay for is the capital improvements upon

the land!

Left-wing critics argue that this is a stupid way to improve the condition of the landless peasants. Said one of them: "Tenants will turn a wasted asset into a going concern and then hand it over in favour of the owners who originally kept the land idle!"

So the owners will have their estates brought into productive use by others, and reap the artificially high rents of Europe's agricultural policy.