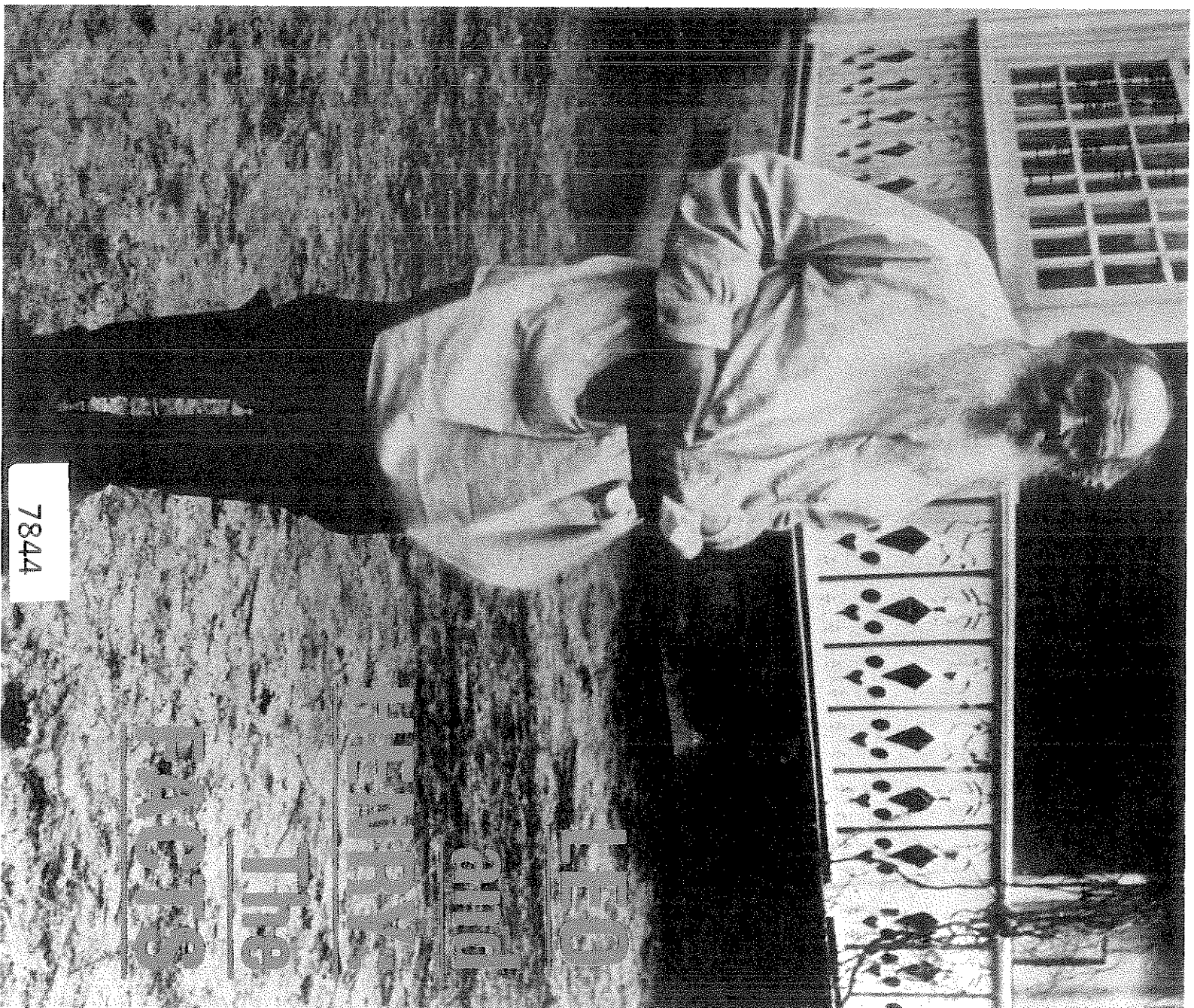


# LAND and LIBERTY

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POST-ELECTION SPECIAL



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# LAND and LIBERTY

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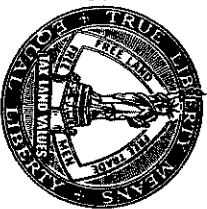
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● **COVER PICTURE:** Leo Tolstoy at Yasnaya Polyana, his home for many years, now a national museum of Russia.

## MONOPOLY POWER

PROTECTIONISM is once again a serious threat to the world economy.

It's a familiar tale, because we went through it in 1930. Speculation — first in real estate, then on the stock-exchanges — created a maniacal atmosphere in which everyone was gambling on sure-fire winners. When the waves of reality washed away the sand-castles, politicians immediately resorted to trade barriers.

Those territorial obstacles to the free flow of goods and services did nothing to reverse the effects of earlier errors; on the contrary, the recession deepened. Today, in the face of domestic economic crises, Japan is accused of the nefarious charge of supplying goods at the price and quality which consumers appreciate.

*How dare they!*

The time has come to pick a fight. First, Japan and Germany were asked to expand domestic consumption of foreign goods; this action, their governments were told, would fuel growth in ailing countries.

*But Japanese and German consumers are not interested in uncompetitively priced goods of sub-standard quality (relative to what they can buy from producers at home).*

The policy-makers of London, Washington, Paris and Rome are not particularly interested in this fact. They have other worries on their minds — like not knowing what to do about the protracted problem of unemployment.

Which is why we have now heard the allegation that Japan is hindering efforts to reduce unemployment in OECD countries. What efforts? Most countries, pursuing the general approach favoured by Britain's Margaret Thatcher, which is based on inertia (and passed off as "good housekeeping"), have been idle these past few years.

But now they are running scared in the face of confessions emitting from the bureaucracies and Halls of Learning, which declare that "We are in a mess and

we don't know what to do about it."

President Reagan, his back to the Irangate, has in the past staunchly promoted free trade; domestic political pressures have softened him up, and his administration is yielding to the wails of despair sounding round the corridors on Capitol Hill.

Mrs Thatcher is about to seek re-election. With no Falklands War in the offing to rescue her credibility, what better than to make muscular gestures towards Japan? So a Cabinet Minister is sent to Tokyo to threaten our friends with a trade war.

*And who would lose? Not the Japanese!*

● They are flush with cash; it's swirling round the money markets, generously bolstering the dollar and buying up American real estate.

● They are loaded up with all the material goods they want.

And what would happen to consumers in the other countries if a trade war was launched? They could buy British cars — at higher prices. They could buy American video equipment — at higher prices. They could buy Italian motor-cycles — at higher prices.

Many of them wouldn't; so consumer satisfaction would decline. Others would be obliged to do so — but as a result, they would be compelled to spend less on other locally-produced products. And that means even fewer jobs.

Instead of moving towards the Balkanization of the world economic order, Western governments ought to look closer to home for "unfair" trade practices. Economic growth is obstructed by monopoly power.

True, trade union barons have received bloody noses these past few years. But little has been done about the disruptive power exercised by some capitalists and property owners.

Unless governments acknowledge this source of our economic woes they will not be able to institute rational corrective policies to generate full employment.

# How Thatcher boosted price of houses

BRITAIN'S Premier Margaret Thatcher has slashed millions of pounds off the value of people's homes by abolishing the property tax known as the rating system in Scotland.

The Bill was rushed through Parliament hours before it was prorogued for the General Election. So when the Queen gave the Royal assent, at a stroke of the pen millions of pounds were added to the value of upmarket homes owned by the rich.

The abolition of the property tax amounts to the greatest redistribution of wealth unmatched since the great enclosure of common lands in the 18th century.

Ten million households will be better off by more than £1 billion each year when the Conservatives introduce legislation for the rest of the nation. That translates into an increase in property values of over £12 billion. But this will be matched by a transfer of value away from the group of people who will pay more under the new poll tax which the government calls a community charge.

Former council tenants, for example, will find that the value of their nest-eggs will not rise as fast as they expected when they first took Mrs Thatcher's advice to buy their homes.

The Labour Party played up the fact that rich people will pay LESS under the poll tax. The loss of revenue will be made up by making the poor pay MORE.

*The Queen's rates bill on Balmoral Castle, for example, is £3,485. She will now be liable for the same poll tax - £173 a head - as the local gamekeeper who lives in a cottage!* Because the castle is a holiday home, the Queen's tax will total £346 — double the standard rate of poll tax. It won't matter how many people actually occupy the castle.



● Professor Tom Hoyes, above, of the Department of Land Management and Development at Reading University, agrees that the abolition of the rating system will result in a massive redistribution of wealth from poor people to the rich.

The results of his research were published by the Land Institute in *Paying For Local Government*, an alarming report which failed to sway the government from its determination to push the abolition through Parliament before the General Election.

The report was compiled by Mr Hector Wilks, one of London's leading valuers who conducted the two Whitstable, Kent, pilot surveys into the impact of site value rating.

Professor Hoyes is worried because builders will be forced to neglect the construction of small, cheap homes. We already have starter homes and studio houses — how much smaller can they

Low income families, on the other hand, will suffer hardship. Their poll taxes will be higher than the rates bill. **FOR TENS OF THOUSANDS OF THESE FAMILIES A SLICE OF THE VALUES OF THEIR HOMES WILL BE WIPEd OUT.**

The Tories, as Mrs Thatcher emphasised when she announced the election, advocate a property-owning democracy. And the value of a house is the greatest asset that anyone can expect to

get? asks a perplexed Professor Hoyes. Because down-market houses and apartment blocks will suffer a loss in asset value, these properties will not be built. The profit margins on small houses are always finer, explains 51-year-old Professor Hoyes.

Builders will concentrate on constructing the high-value houses on which they can expect a safe profit margin. And the economy will be damaged because the mobility of labour will be hindered. With even fewer low-priced houses and flats available where there is work, unemployed people will be stuck where they are. In Professor Hoyes' phrase, people will be locked into their existing homes.

He is particularly worried about the consequences for Britain's inner cities, where the stock of small housing is already critical in number and quality. This disincentive to develop may add to the problem.

enjoy after a lifetime of paying off a mortgage. And the government plans will certainly benefit some lucky folk.

Rich people who own expensive homes in highly desirable locations like the stockbroker belt in the South-East will receive a huge unearned boost to the capital value of their properties.

The Queen, for example, will now save £3,139, which will increase the value of Balmoral

Castle by more than £39,000.

The value of upmarket homes increases because they will not be subject to high rates bills based on current market values. The cash saving is capitalised into an even higher value for the property.

Dr Roger Sandilands, a senior lecturer in economics at Strathclyde University, has studied the impact of the government's abolition of the rating system. He explained what would happen to the value of his home in West End, a middle-class area of Glasgow.

The four-bedroomed terraced house in Banavie Road is worth £80,000, and the rates bill is £1,350. He and his wife will now pay a poll tax of under £500, giving the 42-year-old economist a saving of nearly £900 a year.

"Bearing in mind the rate of interest on mortgages, at a stroke

my house has risen in value by about £11,000," says Dr Sandilands.

For properties owned by people on low incomes, however, values will be slashed. This is because the increased payments under the poll tax will leave them even poorer. Even pensioners on the headline will have to pay 20 per cent of the poll tax no matter how hard-up they may be.

So they will be less able to pay existing levels of rents or house prices, which will drive down the value of the properties they occupy.

Mrs Thatcher did not fear the electoral impact of her abolition of the rating system. Dr Sandilands, speaking before the votes were cast, commented: "The opinion up here is that Mrs Thatcher has written off Scotland. It's predominantly Labour. She might win some middle-class



● Thatcher: No fear

votes in some marginal constituencies, but the working-class council estates are safe Labour seats, and it doesn't make any difference if she penalises the poor and loses their sympathy even more than she has already. She's just trying to bribe the middle class to persuade them away from the Liberal-SDP Alliance."

# CROTTY COMES A CROPPER!



● Crotty: Disappointed

RAYMOND CROTTY'S celebrated legal bid to prevent the Irish government from adopting the Single European Act has ended in defeat. The Dublin Government held a referendum, after losing the court battle (see *Land & Liberty* May-June, page 35). But on May 27, in a low turnout, 70.2% of the voters favoured the constitutional amendment which would allow Ireland to ratify the Act, which extends the original Common Market treaties.

Mr Crotty said after the votes were counted that he was disappointed. But he pointed out that the political establishment had failed to persuade some 70% of the total electorate of the benefits of the measure.

In BRUSSELS, the result was welcomed with relief because a No! vote would have plunged the EEC into political crisis.

Meanwhile in LONDON, the *Financial Times* has advocated the virtues of basing the property tax on the value of land.

In an editorial on May 29, the newspaper examined the Conservative plan to abolish the rating system — the local property tax — in England and Wales. It then asked:

"A property tax is not a cut-and-dried proposal, but a principle. There is a strong case for basing it on land values rather than property values: this has proved a highly effective stimulus to redevelopment in some American cities (and such a tax was a long-standing Liberal proposal)."

## Afghans reject reforms

KABUL: The Afghanistan government has abandoned its plans for land reform. The Communist Party has just published new proposals which go back on the policies that were the first main cause of the lead to the Russian invasion.

The original Communist proposals led to civil war, and from then on the government proceeded carefully on its plan to limit maximum holdings to about 15 acres. That minimum has now been lifted to 50 acres. Certain kinds of holdings will be of

unlimited size — orchards and vineyards, land held by mixed companies and larger mechanized farms and collectives.

And legislation will be brought in to reintroduce inheritance according to Islamic law.

*As the Conservatives romp home with a 100 lead...*

# GREENS' LAND TAX GUSTO

THE LIBERAL Party failed to exploit the vote-catching virtues of land value taxation in Britain's General Election on June 11 (see box below). But the new Green Party, although it failed to gain representation in Parliament, placed the tax high in its manifesto priorities.

The Green Party has defined its budgetary proposals to include revenue from land value taxation. In a draft paper prepared by Sara Parkin, what the party calls Community Ground Rent (CGR) was shown as a source for over £33 bn. in revenue. Miss Parkin emphasised that the socialisation of land values was crucial in terms of social justice. She wrote:

"The Green Party feels that an important redistribution effect could be achieved by eventually using Community Ground Rent to fund the Basic Income Scheme."

The conservationists who support the Green Party want to ensure that, eventually, everyone receives a basic income, by devising a scheme which does not have the disadvantage of the present welfare benefits (which can create unemployment, and induce poverty — the latter known as "the poverty trap").

In her draft report, Miss Parkin

PRESENT REVENUE (at 1985 prices)		GREEN GOVERNMENT SCENARIO A SCENARIO B	
£ billion		£ billion	£ billion
Income tax at 30% (with income tax allowances and mortgage relief)	36.5	Income tax at 50% (without income tax allow- ances or mortgage relief)	83.0 at 30% 60.0
National Insurance	21.4		
Corporation tax	9.4	Company tax	23.0
Petroleum revenue tax	7.4	Resource taxes	21.0
Oil duty	6.3	Alcohol & tobacco	9.0
Alcohol & tobacco	8.4	Trade/exchange tariff at 10%	10.0
Other duties	2.9		10.0
Car tax/vehicle duty	3.3		
VAT	21.0	VAT/Purchase tax	25.00
Rates	13.6	Community Ground Rent	10.0 33.3
	129.2		181.0 181.0

## ELECTION '87

defines the ethical basis to their CGR: "The whole idea that land can be owned EXCLUSIVELY by someone is alien to Greens. To us, land may only be held in trust, on behalf of the community, on behalf of future generations and on behalf of our fellow-creatures."

*The capture of CGR would achieve three main economic objectives. It would distribute land more fairly between people and small-scale enterprises; stop land speculation and conserve land by encouraging ecologically-sound uses.*

The new party has grasped the

essentials of land value taxation. As Miss Parkin notes: "CGR is a tax only in that it makes sure that the 'rent' from any piece of land goes to the community and that the community benefits from any unearned profit that occurs from a change in use of land.

"Individual ownership of houses, farms, workshops or anything that improves the usefulness of the land is not affected by CGR, nor is earning a decent living off the land, only ownership of the land itself. It is the community who, in effect, becomes the 'sole owner'."

And to achieve the best results, the Green Party wants all holdings compulsorily recorded at the Land Registry.

## Liberals in 'retreat'

MRS THATCHER'S out-going Conservative Government tried to exploit the Liberal Party's historical commitment to land value taxation. In April, when speculation about the prospects of an election was at its height, Nicholas Edwards, the Minister in charge of Welsh affairs who was retiring as MP for Pembroke, attacked the Liberal plan to raise revenue from the rental value of agricultural land.

Liberals — who with the Social Democrats created a powerful third force in British politics under the name of the Alliance — have apparently retreated from the policy. The party's secretary-general, Andrew Ellis, was quoted by the *Western Mail* as denying that they were committed to "a tax, at a single national rate, on the unimproved value of all land".

Liberals abandoned a locally-levied property tax in

favour of a local income tax; they turned the land value tax into a source of revenue for the central government. But according to Mr Ellis, the Alliance did not include land value taxation among its policies.

He added: "But this has never been active Liberal policy as long as I can remember. I cannot recall the party fighting an election with a manifesto which included this, and I have been fighting elections since 1969."

Mr Ellis is credited with masterminding some of the Liberal Party's most sensational by-election victories.

● *Land value taxation is a policy written into the Liberals' constitution. It was most vigorously advocated by Lloyd George and Winston S. Churchill during the 1906 and 1909 General Elections, when the political power of the Liberal Party was at its zenith.*



# Heartland heartburn

BY EDWARD DODSON

reached the American heartland. A downward spiral in raw materials and farm product prices stimulated economic recovery in the Eastern states where high technology and the service sector dominated employment, while the same dynamics caused agricultural products to meet stiff price competition from imports.

Farmland values began to drop 10-15% annually and unemployment rose. Bankruptcies and foreclosures in rural America appeared almost immediately and continued at levels not experienced since the 1930's. Economists at the Federal Reserve Bank reported in mid-1986 that of the 650,000 commercial-size U.S. farms, more than 8% had debt ratios in excess of 70% and were experiencing negative cash flows. Structural weaknesses in the American agricultural system were becoming evident. As one economist summarized the situation:

*The U.S. government kept in business an agricultural sector that was overcapitalized and overpopulated for years. We're becoming a service economy, and the world is drying out from the speculative resources boom.*

The collective debt of American farmers is estimated to be over \$200 bn, or roughly the amount owed by Mexico and Brazil combined. On the other hand, farmers who resisted the temptation to borrow heavily have seen fuel, fertilizer and land-lease costs drop considerably; some of the more stable farmers are taking advantage of their neighbor's troubles to add new acreage at rock bottom prices.

The consensus now is that the weakest farmers are gone and those who have survived will come out of the crisis healthy and competitive. Nevertheless, at least \$26 billion of the debt is deemed by agricultural bankers and economists to be uncollectible. Continued foreclosures will add a good deal of unmarketable farmland to the portfolios of the federal government, banks, insurance companies and other institutional lenders. Unable to sell off the land except at large losses, these new farmland owners are renting it out to the survivors. One economist estimates that by 1995 between 70-80% of all American farmers will either be renting land only or be employed as farm managers working for corporate owners.

What has been the net impact thus far? One out of every 20 farmers went out of business in 1985. Over 2,600 agricultural businesses also failed. Farmland values dropped in average value from \$823 per acre in 1982 to \$596 at the beginning of 1986. In the process a large amount of farmland has changed hands. Roughly 60% of farmland sales during 1986 were from younger to older farmers; the remainder brought investors — doctors, lawyers, and syndicators — into the farmland market.

Farmland ownership is becoming increasingly concentrated in the hands of absentee owners. America is losing the traditional family-owned farm. In addition, the Farm Credit system and the Farmers Home Administration together now control over 6m acres (a landmass equal in size to the state of Vermont). The average farm size today is twice that in 1950, and fewer farms mean fewer farm communities, greater rural isolation.

Regardless of who owns the land, there will be no real solution to this problem until the structural flaws in our system of land tenure are removed. Americans can do very little about the political system in the LDC's and elsewhere, but we must rid our agricultural sector of the boom and bust pressures created by inflated land values. However, we should not mistake effect for cause. Speculation is the result of a tax system that encourages the hoarding of land; it drives the price up for those farmers who would use it to its greatest productivity. Politics continues to dictate economics; and, as always, the wrong politics results in economic disaster.

STAGFLATION (high inflation accompanied by high unemployment) in the 1970's demonstrated to economists that politics does indeed dictate economics. OPEC had spoken and the West shuddered. Keynesian demand management fiscal measures proved impotent against the tight control exerted over a vital natural resource. Since October 1985 we have observed with equal awe the erosion of OPEC's grip on the market; a combination of conservation and increased Western production and a partial global recession tipped the scale against the suppliers and forced competition onto the cartel players. Some, like Mexico, have suffered more severely than others.

Back in the mid-1970's while the West was sliding into deep recession, the international banks were flooded with deposits from the oil-exporters. Inflation and government borrowing pushed interest rates so high that business (just trying to stay in the black) was cutting back, and the Saudis and other recipients of all that revenue just could not spend it fast enough on domestic consumption and the development of infrastructure. The global economy was handed a "hot potato" that it attempted to pass around. In the end, it was the less developed countries (LDC's) that were caught holding the debt.

To compensate for the greater risk of lending to poor countries, the banks charged very high rates of interest. The LDC's were all anxious to industrialize and bring themselves into the modern world. They tried to do so without a solid foundation on which to build industry and at a time when world demand for almost all goods and services (military hardware excepted) was depressed.

The bankers closed their eyes to much of the evidence that disaster was inevitable; they counted on even greater inflation in commodity prices to enable the LDC's to secure the foreign exchange necessary to repay the debt. Instead, the recession deepened in 1979, the bottom fell out of the demand for raw materials and the LDC's failed miserably to compete with more seasoned industrial societies. One by one the LDC's threatened default and had their loans restructured. The day of reckoning for the international financial community seems to be close at hand.

FOR American farmers a tidal wave of disaster appeared on the horizon. Experts from the International Monetary Fund and the creditor banks demanded that the LDC's cut domestic spending, increase taxes on business and individual income and *export, export, export* out from under the weight of debt. The result was to flood the American market (the least protected from "cheap" imports) with raw materials, commodities and finished goods of every sort — including agricultural products.

High grain prices in the mid-1970's — stimulated by sales to the Soviet union and crop failures in South America — induced many farmers to borrow heavily to buy new acreage. By 1981, however, the global recession

# Staving off social collapse

WHILE THE POOR experience privations, the wealthier parts of the world have quite recently come to suffer in different, and apparently unrelated, ways.

Until the 1970s, it was widely believed that the spectre of mass-unemployment had been banished forever from developed countries. Today this is very clearly not the case.

In some countries, unemployment is still rising. In others, formal unemployment is low or even completely absent; but those countries frequently experience military conscription and employ great numbers of people in 'defence' activities. In all advanced countries great numbers of people seem to be employed — often by governments — in functions which appear of little value either to the individuals concerned or to the community.

It is often said that all production essential for a high standard of material well-being can be achieved by a small fraction of the present labour-force; and if that is not true today it almost certainly will become true in the near future in consequence of technological improvements. Yet there is much to suggest that a "leisure state" would be for most people a great disaster; that few people desire prolonged idleness, and that many people are quite literally killed by it.

The association between labour and production has been so close throughout all human experience, from the most primitive hunter-gatherers to the most sophisticated dwellers in advanced civilizations, that until recently it has appeared almost complete, save for activities which were recognised by all as hobbies or entertainments.

Some people once thought that industrialism would bring in the "leisure state". They were proved wrong, or perhaps premature, in



**ROY DOUGLAS** concludes his analysis of the relationship between the philosophies of the Greens and Georgists, by focusing on the prospects for The Leisure Society.

their judgements. Technological improvements have created new "needs" so rapidly that most people have continued to work hours not much shorter than those of their remote ancestors; although the rewards they have drawn from their labour have vastly exceeded the rewards obtained by earlier generations.

Yet we are now reaching a point where (as "Greens" have rightly recognised), further dramatic advances in living standards, at least among the developed peoples, are likely to trench on the environment to such an extent that irreparable damage and perhaps social collapse as well, must necessarily result.

GEORGISTS and "Greens" both have important contributions to offer in the direction of a solution to this appalling problem.

The Georgist doctrine that people have equal rights to "land" means that authorities which have been freely chosen by those peoples may rightfully prescribe the use of particular pieces of land in the general interest of all. "Greens", equally justly assert that much land should be preserved in a more or less "natural" condition, or even should be allowed to revert to that condition from its present use; but they

also emphasise that land which is employed for production should be used to the best effect without damage to its future use.

These doctrines are complementary not contradictory.

Environmental conservation, however, is not just a passive process of leaving "nature" alone, with minimal human interference. People are likely to show much more interest in the conservation of nature if they are able to see a lot of nature for themselves, and understand something of how nature "works". Intelligent conservation therefore implies, for example, the provision of access routes, and many different kinds of educational programmes and literature. The satisfaction of such needs is often highly labour-intensive.

Wise nature management entails a great many other positive human actions as well. In the remote past, for example, woodlands or prairies or even areas of the oceans were often "conserved" by complex interactions between organisms which today are scarce or extinct, and which for a variety of reasons cannot be replaced by adequate natural substitutes.

The best mankind can do to "conserve" such environments today requires a great many positive activities:

- coppicing trees in one place, devising engineering works to preserve wetlands in another;
- planting trees in some places and cutting them down in others;
- destroying harmful introduced species, or actively encouraging the reintroduction of species locally extinct.

These activities are, if anything, even more labour-intensive than the former kind of "conservation". Ecology, which will certainly become increasingly im-

# BACKING LACKING

AFTER one of his short trips back to England, Aymer Maude was asked by Tolstoy to report on the progress being made towards adopting Henry George's reforms.

Maud later recorded\* the conversation:

"He asked me... how the single-tax movement was getting on. I said that I thought it was a small movement not making much way.

"How is that, when the question is one of such enormous importance?"

"I said I thought that the great majority of Englishmen were too conservative to attend to it, and the Socialists and other advanced parties had gone past Henry George and recognised interest, and private property in the means of production, as being also wrong.

"That is a pity," said Tolstoy. "If the Conservatives are too conservative to attend to it, and the advanced parties have gone past it, who is to do this work that so urgently needs doing?"

\* Quoted from Aymer Maude, Tolstoy and his Problems. London: Constable (1902?)



● Leo Tolstoy

# TOLSTOY

LEO TOLSTOY sent the copy to Bernard Eulenstein

AT THE present time the use of land goes on, as putting this thought into a

In these processes, which lessons of our time, Henry the movement. Herein his excellent works, materially ideas on this question as v It is curious that in regard unnatural monopoly of land opinion, happened when America.

The government and the consciousness that in the q

# MINIMAL GOVERNMENT

LEO TOLSTOY was an anarchist. He believed that fundamental Christian ethics based on love and non-violence were sufficient to regulate man's activities. This enabled the Communists, led by Lenin, to paint the great author as an idealist who had little to say about practical affairs.

In fact, Tolstoy campaigned hard during the last 25 years of his life — he died in 1910 — for reforms which he considered to be eminently practical. At the heart of his proposals was a change in Russia's land tenure and tax systems. He wanted a Single Tax on land values, a fiscal policy which he adopted from American social reformer, Henry George, whose books he first read in 1865. Tolstoy commended the reform to the Tsars, claiming that the Single Tax would abolish the conditions creating civil unrest. Tolstoy realised that his proposal entailed minimal government

— which contrasted at all. His apparent contradiction of the majority of people let them, at least Maud wrote: maintain laws v next generation possessed of the most grasping becoming land

From Page 56  
portant in conservation, is a science no less complex and intellectually demanding than any other science, and the development of ecology to ensure the most effective conservation of the environment will require a growing corps of highly trained scientists and technologists.

There is every reason for thinking that the demand for human labour in a society properly concerned with the environment will be quite enough to ensure the achievement of "full employment".

IF, THEN, we are moving rapidly towards a society in which the

demand for productive labour will be greatly reduced, and yet the labour in conservation and conservation-linked aspects of education and science will increase no less rapidly, it will be necessary to offer employment in such activities on a scale several orders of magnitude greater than that applying at present.

If sceptics reply that this will prove immensely costly, they are right; but it will probably prove little if any less costly than to pay people for living in the kind of enforced idleness which — as current experience shows — en-

courages vandalism and crime.

It is important to remember that conservation work may well have an element of production in it. Most kinds of forestry and woodland activity, for example, yields valuable timber. It is by no means inevitable that such activity should be conducted by public authorities. Profit-making bodies, such as workers' co-operatives or private corporations may well play a substantial, and perhaps a dominant part — although, of course, there must be strict overall control to prevent environmental damage resulting.



# oy torment over 'shameful privilege'

*Appreciation of the Single Tax philosophy of the Single Tax Party in Berlin:*

of man's knowledge in reference to would appear to me, the process of ist soon commence.

a social point of view form the chief was and is the pioneer and leader of ant importance rests. He has, by his ted both to the improving of people's their direction on a practical basis. question of the abolition of the clearly ve an exact repetition of what, in our was abolished both in Russia and g classes, recognising in their inner of land was contained the solution of

## IMENT

*Peter Poole*

is heart-felt preference for no govern- d translator, Avimer Maude, noted the but Tolstoy had an answer: "The great level in governments and legality -- then at they get good laws, he declared." re to him utterly wrong that we should make those who work the land in the nt on a small number who will be born at a few of the strongest, cleverest, or labourers may meanwhile succeed in not mend matters.



Henry George

all social questions, with the settlement of which all their privileges would, at the same time, break down, and that this question now stands within the region of practical politics; make believe as if they had a great care for the salvation of the people; but while they erect savings banks, labour inspections, Income Tax and even Eight Hours' Day Labour, carefully ignore the question of land, and with the help of their subservient political economy, which proves all they please, maintain that the abolition of private ownership of land is useless, injurious, and even impossible.

Just the same is going on now as happened with slavery. People had felt for ever so long that this condition could not last any longer; that slavery was a dreadful, soul-insulting anachronism, but the quasi religion asserted, notwithstanding, that slavery was necessary, or that it was too soon to abolish it.

At present the same is happening in regard to the land question, only with this difference, that religion is replaced by political economy.

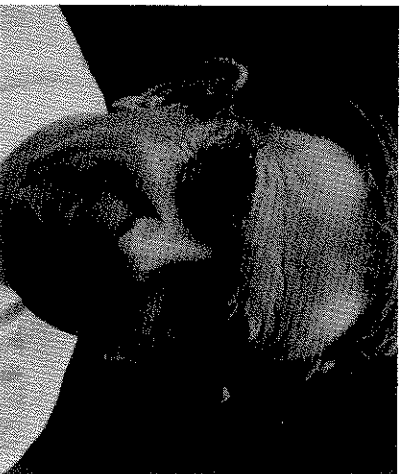
One would have thought that it must be as clear as day to any educated man of our time, that the possession of land by people who do not cultivate it themselves, but prevent hundreds, nay thousands, of starving families from access to the same, must be a state of things as immoral as the possession of slaves; but, none the less, we see educated, refined English, Austrian, Russian, and Prussian aristocrats enjoying this cruel, base privilege; — based on the ready sophisms which political economy affords them — and they are not only not ashamed, but pride themselves in it.

The merit of Henry George now lies in this, that he has dissipated into thin nothingness all these sophisms which are brought forward for the defence of property in land; so that the defenders of this already dare not discuss the question, but cautiously avoid it and pass it over in silence.

But Henry George has also shaken this evasive policy, and herein lies his merit; he has not rested satisfied with bringing this question to the highest degree of clearness, so that it is only the people with closed eyes who cannot perceive the immorality of private property in land. He was also the first to demonstrate the possibility of a solution of the question; he was the first to give a clear and straight answer to the usual objections which are used by the enemies of all reforms, which culminate in the point that the demands of progress are declared to be vain, impracticable, Utopian ideas which can be passed over in silence.

The proposals of Henry George controvert these objections, as he puts the question in such a way that already committees could be formed to-morrow for the examination and discussion of the proposal and the carrying of it into law.

The letter was published in *The Single Tax*, July 1894, Vol. 1, No. 1.



# The dreams and Henry

## • Haim Darin-Drabkin

IT IS inconceivable that the thinking of Haim Darin-Drabkin was not influenced by his readings and knowledge of Henry George. While his massive intellect was perfectly capable of generating original ideas that paralleled those of George, sentences like these mirror the thoughts of the author of *Progress and Poverty*: "An exaggerated level of taxation of labour and capital may diminish the expected income from taxation and restrain economic activity." Or this, "One of the essential criteria of land taxation efficiency is the impact of taxation on land supply to the market. It may be suggested that taxation which reduces the demand for land and increases the supply to market, may be evaluated as an efficient tax system. Generally, a high rate of tax in comparison with the value of a good will increase the price of that good. Taxation of land on the contrary, may lead to a lower level of land prices."

Henry George's words were, "Taxes on the value not only do not check production as do other taxes, but they tend to increase production by destroying speculative rent. The value of land does not express the reward of production as does the value of crops, of cattle, or buildings, or any of the things which are styled personal property and improvements. It expresses the exchange value of monopoly. It is not in any case the creation of the individual who owns the land. It is created by the growth of the community."

The words of Henry George and Haim Darin-Drabkin are remarkably similar when describing the crucial role of land policy in an organized society. Here were two men whose commanding personal presence and powerful ideas were recognized and respected internationally. Both were prolific writers and forceful speakers. One prompted other authors to write books about him such as, Henry George, Dreamer or Realist, and the other dreamed of the day when seemingly insoluble land disputes had been resolved and historic enemies would live side-by-side as peaceful neighbors. Both proposed courses of action which seem eminently reasonable and logical with an equitable and just distribution of the benefits of land ownership as a goal.

Why then such a marked lack of progress in attaining those noble goals which seem so universally desirable? Perhaps the answer lies in the words of Darin-Drabkin, "Each social group tries to influence the use of urban land to further its economic interest and improve its way of living. The most desirable

• The contribution to land use policy by the late HAIM DARIN-DRABKIN, author of *Land Policy & Urban Growth*, is here assessed and compared with the American economic philosopher, Henry George. Mr Darin-Drabkin was one of the founders of the International Center for Land Policy Studies.  
• Mr Woolery, who recently retired from his post at the Lincoln Institute of Land Policy, Cambridge, Mass., delivered the lecture at the Third World Congress on Land Policy in London from which this article is extracted.

## By Arlo Woolery

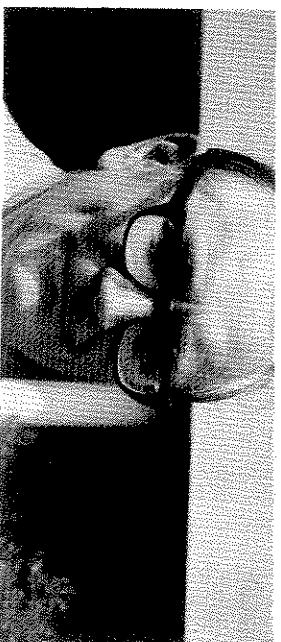
space is utilized by the most powerful social groups." I'm sure if we insert the word individual for social group, we would still have the same type of thinking and approach. It is only natural for an individual or groups of individuals to seek a better lot in life. If an individual is powerful enough to influence the rules under which benefits of land ownership are distributed, he will exert that influence to favor his own self interest.

In most countries, the most powerful social groups are the most powerful political groups and their power stems in large measure from land ownership. Truly, there is power in the land and that power manifests itself in political strength. Asking these groups to give up some portion of their land and surrender its attendant political power is like asking the tiger to give up its skin.

Haim Darin-Drabkin saw land as both resource and commodity and fully recognized the difficulty of building community institutions which would insure for everyone, individual land use rights. He saw society's land use as a reflection of the priorities and goals of that society. He clearly saw the slow shift from the centuries-old struggle for agrarian land reform to the new battleground of our urban environment. Given a little more time to focus his insightful thinking on the absorbing problem of fair distribution of the benefits of land ownership, it is predictable that he would have achieved an even closer convergence with the land tax thinking Henry George formulated a hundred years ago. His conclusion may well have been that it is easier to forcibly tax all land than to forcibly redistribute ownership of a little bit of it. Fair distribution of land tax revenues is much easier than fair distribution of land itself.

This was the essence of the message that Henry George tried to get across in his book "Progress and Poverty." He wrote, "As population increases, land

# of Darin-Drabkin George..



● Arlo Woolery

and hardly anything else but land, becomes more valuable. Land ownership levies its tax upon all of the productive classes. What is the remedy? To make landowners bear the common burden, tax land and exempt everything else." Good advice, you say, a solution to many of society's problems.

But consider this, Henry George gave some truly irresistible advice in some preceding paragraphs. He said, "Go get yourself a piece of land and hold possession. And if under such circumstances you take this advice, you need do nothing more. You may sit down and smoke your pipe, you may lie around like the Lazarini of Naples or the Leperos of Mexico, you may go up in a balloon, or down a hole in the ground, and without doing one stroke of work, without adding one iota to the wealth of the community, in ten years you will be rich." Is it possible that this is the message that many readers of "Progress and Poverty" chose to hear rather than Henry George's clarion call to tax land and nothing else.

Most men aspire to be rich, and if they can do so by the mere getting of a piece of land, then most men will do their utmost to get that piece of land. Those who already own land will try to hold on to what they have and buy more. Rare indeed is the individual who will donate all or part of his land to the community or volunteer a portion of his land rent for community projects. It is human nature to take what Henry George was making as part of a problem statement and turn it into a method of enhancing one's own personal welfare. When Henry George presented as his formula for becoming wealthy something as simple as acquiring a piece of land and holding it, the most natural thing in the world for people to do was to acquire land with thoughts of becoming like the Brahmins Henry George also cited as he said, "To whom so ever the soil at any time belongs, to him belongs the fruits of it."

The long run of history is a chronology of man's desire for land and land ownership. Men have sailed across uncharted seas, tamed wilderness areas and braved untold hardships to acquire a piece of land of their very own. History is replete with stories of nations that have gone to war to acquire sovereignty over bits of land lying beyond their national boundaries. It is cliché to say that the long run is made up of a series of short runs. For all of us, the short run is our individual life span. We all try to achieve maximum fortune and personal well-being during the proverbial

three score and ten allotted to the life of man. That desire for wealth and personal well-being carries over to family as well. In our time, ownership of land represents an almost irresistible opportunity to shield wealth from the tax collector, and to transfer that wealth to future generations with minimal loss due to taxation. With such compelling arguments favoring land ownership, it is little wonder that proposals for more equitable distribution of the benefits of land ownership, such as those advocated by Darin-Drabkin and George, receive substantial intellectual and rhetoric support and very little political action.

Translating ideas into action is often a long and slow process. Sometimes seemingly unrelated events provide the necessary catalyst for metamorphosis that has action emerging from the cocoon of an idea. It is difficult to visualize the volatility in world oil activity over the past decade as being in any way related to a more equitable distribution of land ownership benefits. But, consider this. In many countries, oil has become the major source of public revenues. In effect, the resource rents from oil production or the taxes flowing from those resource rents, have been distributed to benefit the country's entire population.

This kind of distribution of resource rents could well be the precursor of similar treatment for land rents. Through relatively high oil taxes, or nationalization of oil resources, many countries have in effect embarked upon land value taxation to the extent that natural resources are considered part of the land, and the tax or the profit from exploiting those natural resources has become the mainstay of government finance. As a result, some countries have already taken a step in the direction of land value taxation with benefits distributed over the entire population.

Even though oil prices fall, and oil resources become depleted, a precedent for general distribution of resource rents has been established and the groundwork has been laid for transferring more of the fiscal burdens of government to the land portion of the tax base.

However, it is likely that this change will be gradual



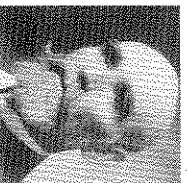
- Raymond Crotty challenged the view that Ireland's modernisation has been anything more than cosmetic (May-June, *Land and Liberty*). In Part II of his critique, he assesses T. W. Moody's, *Davitt and Irish Revolution, 1846-1882*.

MICHAEL DAVITT was born in 1846 into one of those families, accounting for almost half of all Irish families, that have failed to get a livelihood in Ireland since, following the transformation of relative prices that commenced in the 1820s, cattle and sheep have taken possession of Irish land.

Davitt emigrated with his family to the small textile town of Haslingden in Lancashire, where his family joined an established Irish colony. A factory accident of the sort then common in English mills that cost the eleven-year-old Davitt his right arm, combined with the literacy acquired from his father, diverted the young Davitt from the mainstream of Irish factory or building labourers and towards clerical work.

A white-collar occupation combined with his family background marked Davitt for a role of some importance in the Fenians, an organization mainly of Irish exiles in Britain and the USA, who were bitterly opposed to British rule in Ireland, which they perceived as the cause of Irish degradation and their own exile. The Fenians sought to end that rule by means that were perceived as being necessarily violent. The exiled Irish political radicals in the Fenian movement found themselves in uneasy alliance over the years with an assortment of individuals of varied origins who, from the passing of Daniel O'Connell in the 1840s to the emergence of William Cosgrave in the 1920s, acquired the political leadership of an Ireland that was drained by emigration of all indigenous radicalism.

Davitt, having fallen foul of the authorities for his revolutionary activities in England and having served seven years out of a 15-year prison sentence, emerged



• Michael Davitt

from jail in 1877 at the age of 31 to find himself a folkhero of a new Ireland that had come into existence during his own lifetime. It was the Ireland of the bourgeoisie.

The Irish bourgeoisie had been thrust into the background for 160 years after the restoration of Charles II, and especially during the last 60 years when George III reigned. They had been squeezed between the upper millstone of a protestant landlord class that was supported by the colonizing English power, and the nether millstone of a burgeoning coolie class that was favoured by the course of market demand. Bourgeois tenants were forced by an exceptionally freely operating land market to grow the grain and to keep the cows that the market demanded; and in order to do so, they were forced to sublet to the coolies the exhausted land for potato-growing. The bourgeois tenants could not themselves rehabilitate land that was quickly exhausted by grain-growing in a cold, wet climate, in the normal way by leaving the land longer under pasture and grazing the pasture with labour-extensive cattle.

William Tighe, describing conditions in the relatively prosperous county Kilkenny in 1800, captures well the shifts to which poor people, experiencing rapid population growth, are driven. All available animal power was mobilized into numerically large, assorted teams of ill-nourished horses, asses and oxen for the interminable ploughings and cultivations that sought to dredge the last ounce of fertility from an

# Bourgeois distress

## MODERNISATION OF IRELAND CONTINUED

exhausted soil. Street sweepings were valued for the desperately needed fertility they yielded. 'The street dung of Kilkenny is sold at a good price; the sweeping of John-street is rented at four guineas a year, and that of other streets in proportion'.

*Similar desperate, capital-saving expedients have since become commonplace among other poor, rapidly expanding peasant populations in the Third World.*

The transformation of agricultural price ratios after 1820 and the related chronic failure of the potato crop through the 1820s, 1830 and 1840s turned the tide against the coolies. The bourgeoisie came into their own. Cattle exports, which had remained static for 160 years previously, increased almost sixfold between 1821-25 and 1866-70. Exports of sheep, 'the poor man's cattle' increased twice as rapidly, from 50,000 to 681,000 annually over the same period.

There are few parallels for the sustained, intensive capitalization of agriculture that occurred in Ireland during the 60 or so years following the death of George III. It was moreover capital formation of a distinctive, pastoral character, for which the closest parallel is 20th century Latin America. It resulted in higher profits, as was made clear to the Devon Commission: 'You have stated the rent to be for tillage thirty shillings per acre; what would you say was the rent of the same quality of land for grazing?' The reply: 'Higher, from thirty shillings to forty'.

Davitt's release from prison coincided with a concatenation of circumstances that spelled the end

of Anglo-Irish, protestant ascendancy rule in Ireland. The industrial and commercial classes were becoming increasingly dominant in Britain, as reflected especially by the extension of the franchise, and they were not loath to see some diminution of the power of the Anglo-Irish landowners, who were the most reactionary group in the Westminster parliament.

The pressure of cattle on people in Ireland had acquired a new aspect and was creating new areas of destitution about which public and official opinion in Britain, after the holocaust of the 1840s, was sensitive. A situation arose in the Irish cattle industry by the 1870s that was directly opposite to that of the mid-18th century. That is, the number of dairy cows had stabilized around 1820 (and was to remain so until around 1970) while protracted, rapid increase in cattle exports had occurred. With an unchanging supply of, and a rapid increase in the demand for, young cattle, prices of these had at last commenced to rise. This, coupled with the rapidly expanding sheep trade, offered new opportunities for profit from the poor pastureslands of the west, which were generally unsuited for dairying or cattle fattening but were quite adequate for grazing sheep and young cattle.

But of most importance, the Irish bourgeois graziers, after a half century of extremely rapid economic growth that had made them the most substantial economic power in the land, were in no mood to suffer longer the sharing of profits from the booming livestock trade with an Anglo-Irish protestant elite whose title to that share rested on the increasingly anachronistic grounds of conquest, confiscation and royal munificence in an increasingly distant and irrelevant past. The time for account settling had come.

It was fortuitous that a local agrarian protest movement in 1877 in Davitt's native county Mayo became the nub around which a country-wide Land League movement grew. A similar

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movement could, and almost certainly would, have developed around any of a dozen other local protests. The League embraced three discrete elements.

The first and most powerful was the grazier interest, which was ready to break the political link with Britain if that was necessary to change the land tenure system.

The second element was the Fenian movement, the members of which in Britain mobilized political support for the League, and in the USA, financial support for it; and which was ready to destroy the land tenure system if that seemed the best way to break the political link with Britain.

The third element was the mass of the Irish rural landless or virtually landless — the farm labourers, the relatives assisting on farms, and the 'farmers' of less than 15 acres, who comprised two-thirds of the agricultural workforce. The demand for the labour that was all that this class had to offer declined as land was transferred from crop to pasture in order to accommodate the growing stocks of cattle and sheep.

The number of the rural land-

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less had been adjusting rapidly downwards since the Great Famine of the 1840s, through enforced celibacy and emigration; but meanwhile this class filled the role of 'infantry' in the 'land war'. The landless committed the innumerable agrarian outrages and suffered the wholesale evictions that captured public attention in Britain and America. The near landless of the west, whose potato and oats economy was subjected to intolerable stress through the combined effects of rising prices for competing young cattle and sheep and unusually adverse weather, especially provided the material for startling and well-publicized evictions, outrages and poverty bordering on famine.

THE CHARACTER of rural distress in the late 1870s and the role this distress played in bringing about land reform were not quite as Professor Moody perceives them.

Professor Moody emphasizes reduced output resulting from unfavourable prices and weather as causes of distress that precipitated agrarian unrest. Production

Continued on Page 62

of crops, and especially of the potato crop which was still important for subsistence, certainly declined in the late 1870s. But Professor Moody overlooks the important relation between distress resulting from crop failure on the one hand and expanding cattle and sheep stocks on the other.

Professor Moody omits the critically important point that the distress of the capital-less was the mirror image of the rising power and wealth of the graziers of young cattle and sheep.

Professor Moody uses a measure of the value of agricultural output that leads him, as it has led other writers on this period of Irish history, into error. He takes the value of on-farm consumption and off-farm sales as the value of agricultural output in any year. This may be adequate for crop production, but it can give a very erroneous picture of the situation when applied to the livestock farming on which Ireland was increasingly concentrating. There changes of stock, which are ignored by Professor Moody, are of paramount importance. Allowance for stock changes would show that the value of agricultural output, particularly of the livestock component, varied much less in the 1870s than Professor Moody suggests; and that the value of that output in real terms was moving strongly upwards.

Probably the most sensitive barometer of the prosperity, confidence and liquidity of cattle producers is the ratio of the price of young cattle to that of old cattle. That ratio soared to an unprecedentedly high and unsustainable level ten years ago on Ireland joining the EEC, when there was also a drastic decline in sales of livestock as farmers held on to stocks in the confident expectation of still higher prices in the future. Something of the same sort happened in the 1870s.

The Irish bourgeoisie, in alliance with the exiled Irish poli-

tical radicals in the Fenian movement and using the remnants of the Irish coolies as foot-soldiers, routed within a few campaign years the forces of English protestant colonialism that had been established in Ireland under the Tudors. The Land Act of 1881 gave explicit recognition to the tenants' right in land. It was thereafter only a matter of winding up the landlords' interest, which was achieved without difficulty over the following quarter century.

Davitt's role in the 'land war' was to be the presentable, reasonably principled and intelligent representative of historic forces that he very imperfectly understood and hardly at all controlled. Nothing illustrates these points better than his belated and unsuccessful espousal of the cause of land nationalisation. None but the 10,000 Anglo-Irish landlords could have objected to the early Land League catchcry, 'the land of Ireland for the people of Ireland'.

**DISAGREEMENT**, however, arose when Davitt and one or two others, including the American Henry George, proceeded to interpret "the people of Ireland" as "all the people of Ireland equally", and to advocate not only the cessation of rental payments to the Anglo-Irish landlords, but their transfer to the state as land taxes to be used for common purposes.

The 20,000 Irish cattle and sheep graziers who occupied almost half the land and who by 1881 had achieved the dominance in the country that they have since retained, were content that the first part only of Davitt's programme should be executed and that 95% of the Irish people should continue as landless as they were made by the Tudor conquest and the confiscation of the clan lands.

*Davitt, who reached the high point of his popularity during the intense agrarian agitation that preceded the 1881 legislation, was left stranded in his radical position as*

*the tide of Irish agrarian agitation receded.*

The exiled political radicals of the Fenian movement lost interest in further institutional change that offered no prospect of breaking the constitutional link with Britain; the bourgeoisie, having inherited the land of Ireland, were not disposed to see it pass from their hands; and it was easier for those of the landless majority who were discontented with social conditions in Ireland to change their place of residence, as almost half the Irish born since 1820 have done, than to attempt to change the Irish socio-economic order.

The transfer of the proprietorship of Irish land from landlords to graziers was scarcely avoidable in the late 19th century, given the social, economic and political circumstances of Britain and Ireland at that time. Contrary, therefore, to Professor Moody's opinion that though the 'success of the land war is conceivable without Egan, Brennan, or Kettle, or Dillon, but not without both Davitt and Parnell', neither Davitt nor Parnell played any greater role in the Irish land reform movement of 1877-82 than does the husbandman attending the birth of a calf when the cow has gone full time.

Davitt's presence at the birth of Irish owner occupancy thrust greatness on an otherwise not very remarkable person — as is indeed clear from Professor Moody's biography.

The transfer itself scarcely achieved the 'momentous results' ascribed to it by Professor Moody. The number of persons getting a livelihood in Ireland has declined during the century following the 1881 Land Act as it did during the preceding 40 years. Living standards for the residual population have risen in line with those in neighbouring countries, as they did for decades before the Act, for long because of the outward mobility of the Irish people but more recently because of the country's willingness and ability to borrow abroad.

The principal distributional



effect of the 1881 and subsequent land acts has been to broaden, and thereby make more durable, the proprietorship of Irish land. They hardly transformed that proprietorship. Instead of 10,000 Anglo-Irish landlords owning all the land, now some 20,000 graziers own half of it and 95% of the people continue to own none of it. The principal production effects of the land acts has been to make Irish agriculture, which had been highly responsive to market forces, quite unresponsive to those forces.

**An unbroken strand running through Irish colonial and post-colonial history is the key to much that is otherwise inexplicable in that history. That strand has been the pursuit of profit from the land confiscated from the clans and made the property of a privileged class, which was the essence of colonialism.**

A similar strand runs through the colonial and post-colonial histories of the countries of the Third World, where universally the most significant and durable cultural transfer has been the institution of property in land,

which has everywhere dichotomized society into landed and landless.

Ireland is distinguished from the other countries of the Third World, apart from its European location, in the intensity and singleness of the pursuit of profit from the property in land that was created by the colonial power. That was made possible initially by the uninhibited application of colonial force, and subsequently for the past 140 years by the removal of opposition through the emigration of almost every second person born in Ireland and surviving childhood.

The clearest measure of the success achieved in making Irish land profitable is the fact that Irish farmland, which was sold in London for as little as one old penny an acre in the 1650s to finance Cromwell's reconquest of the island rose to \$4,000 an acre. This millionfold appreciation represents an annual average three % capital gain, in addition to an inordinately large share of current national income over the centuries.

Ireland now, a century after the

land reform with which Davitt was associated and 60 years after the foundation of an independent state, retains within its socioeconomic system those fatal structural flaws that, during the reign of King George III, brought into existence the Irish coolies and made them the largest social class in the land; and that, during the subsequent reign of Queen Victoria, caused the obliteration of that class.

Those flaws derive from the unresolved conflicts between an indigenous, tribal pastoralism and a superimposed capitalism. They persist beneath a veneer of 'modernization' acquired during the past four centuries, including the most recent quarter century of 'programmes of economic growth and development' financed by government borrowing. Similar flaws exist in all the other former colonies where, as in Ireland, an alien capitalism was superimposed on earlier, indigenous, non-capitalist cultures and which now comprise the undeveloping Third World.

## *Concluded*

◀ From Page 69

enough so that it will not attract world attention. It will be noticeable only to those who look for such things. It is possible that the world oil crisis and the rise of the OPEC cartel may have advanced the cause of land value taxation a great deal more than we suspect. In many countries, oil revenues are the major source of funding for public welfare programs. Essentially, the oil revenues become a substitute for a resource tax at the national level, with the benefits of that tax distributed over the entire population of the country.

As oil prices decline, as producing wells go dry and as energy substitutes are found, revenues from this source will no longer be available to support the programs now in place and for many countries the only tax base which can be easily substituted is that country's land. In order to make up for revenues lost from current falling oil prices, countries may be forced to institute land value taxation as the only viable fiscal alternative. The heavy reliance on oil revenue for general funding will provide the necessary precedent for taxing land rents, and using revenues

from the process to maintain the existing programs and also fund additional programs.

Land value taxation has been a discussion item in Argentina for decades. That country's current program to mount a nationwide land value tax on agricultural land was motivated by internal fiscal crisis and the need to compete in the world market place. A current economic crisis is providing motivation for a course of action recommended by Henry George a hundred years ago.

The American poet, Walt Whitman, wrote, "Logic and sermons never convince . . . only what proves itself to every man and woman is so." Harsh economic reality may provide the kind of convincing stimulus that men and governments both understand. Countries which up to now have relied upon oil revenues, may, with rapid change in their oil fortunes, find themselves in a position where the only replacement revenues are those that are available from a well conceived land value tax. Events that are economic, external and seemingly unrelated may for many countries bring about the fair and equitable distribution of the benefits of land ownership so fervently advocated by Henry George and Haim Drabkin.

# BACK TO THE FUTURE

By Robert Clancy

*"Once Cimabue thought to hold  
the field  
In painting, and now Giotto has  
the cry  
So that the other's fame, grown  
dim, must yield.  
Dante, Purgatorio*

IN PRESENT-DAY economic teaching, Paul A. Samuelson held the field for quite a number of years. But now it looks as though Campbell R. McConnell, as his "Giotto", has surpassed him. McConnell's *Economics* now has twice the circulation of Samuelson's *Economics*, making it the leading textbook on the subject.

McConnell's book is now in its tenth edition (1987). Why has it overtaken Samuelson? McConnell is a bit younger though not that much. Samuelson had a younger collaborator on his twelfth edition, William D. Nordhaus.

McConnell has been called "down to earth", though lacking the "elegance" of Samuelson's writing. McConnell's more practical approach allays to college professors.

Samuelson began his economics textbooks during the heyday of Keynesianism and his early editions reflected this; he has had to go through various gyrations to modify his approach since the Keynes analysis has fallen on hard times. McConnell's advantage was that he did not identify so closely with this approach.

However, both economists have a "mainstream" approach and are not far apart in their analyses. Both are critical of the supply-side Laffer curve as well as of the Keynesian Phillips curve. Both distance themselves from the neo-conservative school as well as from the neo-Marxist school. Both feel that economists agree on more than appears to be the case, the main disagreements being on what economic policies to follow. Both tend to give two or more sides of a controversial issue, apparently leaving it up to the reader (student) to decide. McConnell summarizes economic

goals that are "widely accepted" as follows: Economic growth, full employment, price stability, economic freedom, an equitable distribution of income, economic security, balance of trade. How to reach these goals — that's the bone of contention.

ON THE MATTER of land value taxation: Both economists give essentially the correct analysis of the rent of land: that it is a surplus, that it does not affect the productivity of land or the price of products, that a tax on land, even absorbing the full rent, would fall directly on the landowner and would not interfere with production.

In keeping with the more theoretical approach, Samuelson and Nordhaus (as reported in the March-April 1986 *Land and Liberty*) offer a Utopian model:

"Our ideal society finds it essential to put a rent on land as a way of maximising the total consumption available to the society. But these efficiency rents need not go to the privileged — they can go to the state (in rents or in taxes on rents) and be distributed as a social dividend or be used to buy public goods." But these authors stop short of advocating this in the real world, offering criticisms usually heard about "fairness", etc., and concluding that it would be a "political decision" on which their book cannot decide.

McConnell outlines Henry George's "single tax", with arguments pro and con. The con arguments are essentially the same ones we have been hearing over and over: rent would not be enough for public revenue; it is not the only unearned income; it would be unfair to single out landowners; land and improvements are too difficult to assess separately — arguments that have been answered time and again.

However, McConnell, in line with his practical approach, at least does not stop there but speaks about the present-day world. While its singleness is questioned, land value taxation is

put forward as a measure that appeals to urban economists, city planners and public officials. "Many of them contend that a strong case can be made on grounds of both equity and efficiency for a heavy tax on land values."

It is also pointed out that "high property taxes on buildings have been an important factor in the physical deterioration of the central city of many metropolitan areas. Hence, more urban economists favor greater use of taxes on land and less use of property taxes on buildings."

Encouraging words, although the significance could be missed in a large book of over 900 double-column pages dealing with multifarious subjects — macroeconomics and microeconomics, inflation and the price system, demand and supply, money and banking, urban and rural economics, etc.

In these two textbooks, and indeed in most such books on economics, Henry George's single tax only comes up as a fiscal matter with immediate fiscal arguments pro and con. It is seldom if ever noticed that this proposal comes only after a lengthy examination in George's *Progress and Poverty* and that he first outlines it on page 406. Prior to this, the book analyses the problem of poverty and depressions and concludes that land monopoly, aggravated by land speculation, is the basic cause; thereupon the remedy is offered. In current discussions of the business cycle, various theories are expounded — notably monetary — but there is scarcely any recognition that George propounded a business cycle theory.

Dante, after referring to the rivals Cimabue and Giotto, continues: "... Perhaps the man who will un-nest both is already born." In the case of Giotto it was 100 years before another artist of sufficient stature came to "un-nest" him. Instead of waiting 100 years for a new economist, we might go "back to the future" 100 years ago and rediscover Henry George.