

CHAPTER TWELVE

RECONSTRUCTION IN ENGLAND

"We propose to abolish poverty by setting at work that vast army of men, only anxious to create wealth, but who are now, by a system which permits dogs-in-the-manger to monopolize God's bounty, deprived of the opportunity to toil."

HENRY GEORGE, 1887.

It is at the end of the war that the testing-time will come—for democracy, for Parliament, and for statesmen. No man can foretell the end. Writing, however, in July 1942, it would appear that the end must be revolution in Germany and Japan. Then indeed reconstruction will become possible. Yet the reconstructed civilization may be very different from that we know.

CONTROLS AFTER THE WAR

*The Outlook for Homo Sapiens*¹ is too dismal. Mr. H. G. Wells has deceived me before. *The War in the Air* made immediate financial collapse seem obvious and unavoidable in 1914—that was before the first pin-prick of modern war. *The Outlook* was written in anticipation of the second smash. Again society has rallied to defy anarchy, and defeat Mr. Wells—even to defeat me.

I saw the war ending about 1949—in victory, of course—but with the population of the world reduced to half, and that half fighting for roots and berries—towns raiding country, and civil war between 'vigilantes' and 'brigands'. That may still be the end in Europe and the Americas; but

¹ *The Outlook for Homo Sapiens*, H. G. Wells.

not, I think, here. The Government has again fooled the prophets.

Out of politeness one says 'The Government' has fooled the prophets. I do not believe they knew what they were doing when they 'pegged' the exchange in the last war—certainly they did not when they unpegged it, or when by deflation they enabled the 'pound to look the dollar in the face', or when they 'went off gold'. It was just a hand-to-mouth affair when, this time, they pegged the pound at \$4. It just seemed the sensible thing to do at the moment; then all the other things followed by natural sequence. No pounds must leave for America—nor presently for anywhere else. No investments must be made abroad; sell all such at the pegged price. No imports save under licence. Less labour allowed for exports, still less for making luxuries for the home market. Conscription of man-power and allocation of labour to munitions and essentials. All necessaries, supplied by Government below cost. All non-necessaries made more expensive by sales tax and restricted production.

We have not got there yet, but we are getting on! The people accept it, partly because there is no other way of holding out, and hold out we must, partly because they rather enjoy the joke. What is the use of being rich if you can't buy anything beyond absolute necessities, and then not more than anybody else? Everybody is saving on a magnificent scale,¹ and everybody likes saving. It gives one such a feeling of security as well as the glow of self-sacrifice. (See graphics; pages 250-252.)

I used to have some compunction when urging people to put their savings into Government loans at 3 per cent (of which they get only 1½ per cent), because I thought of

¹ Except the unfortunates who have not been able to cut down and are living by selling their capital to the savers!

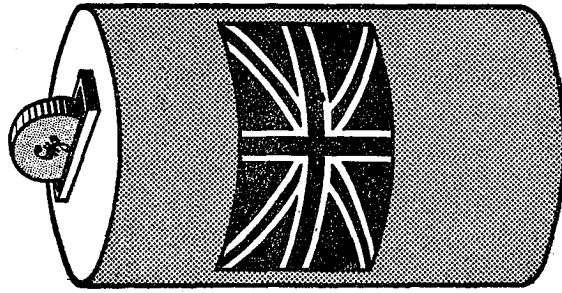
inflation after the war when the £ was unpegged. Now I have less hesitation. I do not believe the £ ever will be unpegged, that inflation will run loose, that we shall ever go back to 1939, or 1931, or 1919. Imports will remain controlled because the £ must be pegged, and Government must continue to give us food and clothing at some fancy figure. Man-power must still be directed by the State to make necessities and constantly to accumulate that capital, which is wealth reserved for the creation of more wealth. Government will continue to take our income back from us in taxes on sales and cigarettes, if not in Income and Excess Profits Tax.

MEMBERS IN SAVINGS GROUPS

WORLD WAR I



4,000,000 MEMBERS

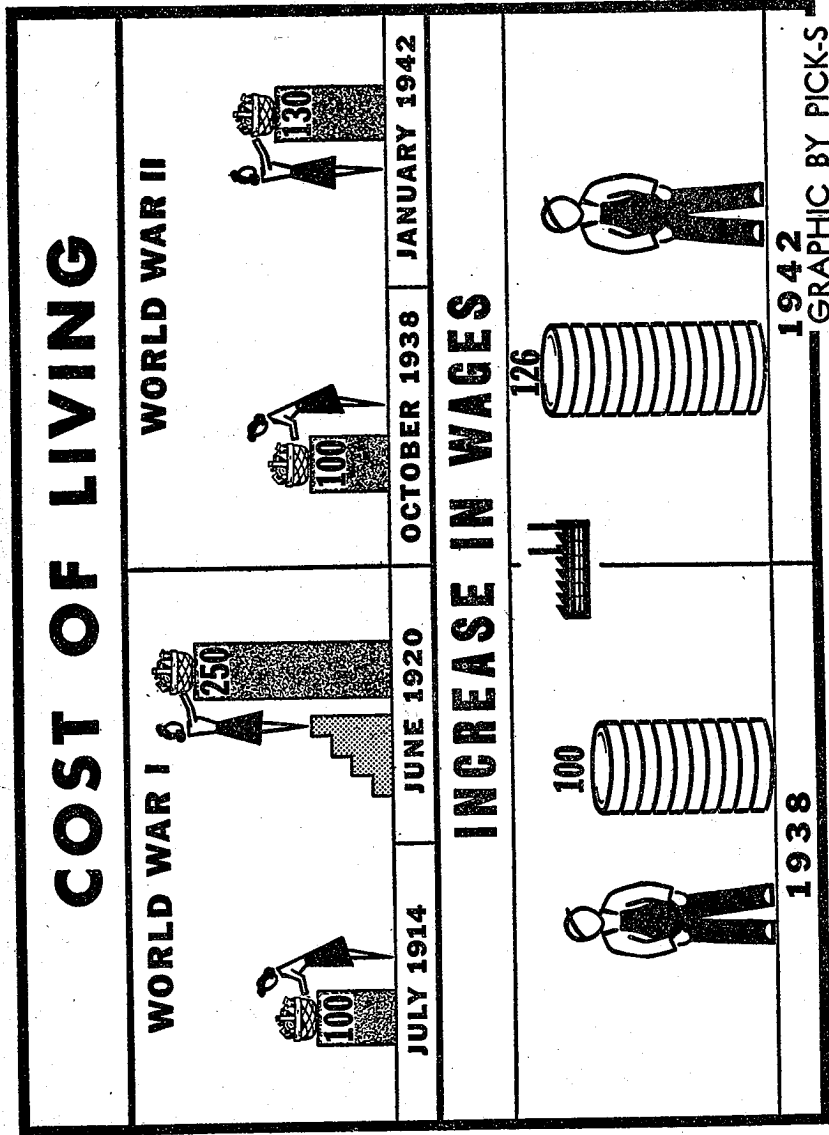










WORLD WAR II



15,000,000 MEMBERS

GRAPHIC BY PICK-S



INCOME TAX IN TWO WARS	
<p>FOR EVERY TAXPAYER IN WORLD WAR I</p>  	<p>THERE ARE FOUR TAXPAYERS</p>     <p>NOW</p>
THE TAX RATE	
<p>IN WORLD WAR I</p>  <p>30%</p> <p>OR</p> <p>6 SHILLINGS PER POUND</p>	<p>IN WORLD WAR II</p>  <p>50%</p> <p>OR</p> <p>10 SHILLINGS PER POUND</p>
GRAPHIC BY PICK-S	

RUSSIA'S FUTURE

We may owe our survival to Russia, to an example set which we may wish to imitate. Such visions of the future are apt to disregard possible changes in Russian outlook as in our own. All the teachings of the history of the bad old world would show us Stalin as the first of a long line of Emperors dominating all Europe and Asia, obeyed as all-powerful, worshipped as divine, and periodically assassinated by Palace Guards. "Think," they would say, "not of Stalin but of Stalin's successors, enviously hating comparison with the Great Man, fearing rivals, jealous of power, with all the wealth of the world at their undisputed disposal. Can such men remain honest?" The answer must be that they can not.

Stalin has organized a great nation, inspired it with superb morale and a courage surpassing all that history can show. He has used brutality, tyranny and police in a fashion that revolts the humane and the libertarian. Yet Alexander, Augustus, Charlemagne can exhibit no result to compare with Joseph Stalin's twenty years. They conquered; he may have forcibly emancipated his people. Perhaps the most singular of all his virtues has been his reluctance to go to war. Was it only that he was building up and waiting for the supreme tests that he knew must come? We shall see when Germany and Japan are at last purged of their desire and capacity for robbery and conquest. What will he do then? If his reluctance to fight is singular among leaders of revolution, his economic emancipation of the Russian peoples has an even more singular merit. He actually seems to have educated his subjects for freedom. Is it possible that he may wish them so educated that they may govern themselves?

Much hangs on the answer to that question—and this one which is cognate thereto: Can he dare to have his subjects taught to think, not what to think? Once he called a Parliament, elected in our manner by direct election from single-Member constituencies. When the war is over we shall know the answer to that question by this evidence—will such Soviet meet regularly and use reason without fear? Unless a responsible Soviet is firmly established before Stalin dies, vested interests will rise to perpetuate autocracy. Then a Russian Empire may flourish, decay and pass into history like all the Empires of the past. The heirs of Stalin will become even as the heirs of Peter the Great; and the 'Heroes of the Soviet' will revert to the servility of Ivan Ivanovitch.

Material reconstruction after the war will easily take place in Russia; but the building up of self-government must be difficult, for the very reason that autocracy has so greatly succeeded. Such building depends on the wish to build in the mind of one man.¹ Here in Britain there should be no need to build up self-government, but great need of very difficult material reconstruction. It is to be hoped that Britain and Russia may be so knit together by comradeship in arms and mutual dependence in danger that at the end we may help each other in more than material things.

RECONSTRUCTION PLANS AT HOME

It is easy, if almost impertinent, to formulate what I hope Russia may learn from us. What we have to learn from them is how to reconstruct a new world in an old country. I watch, sometimes with indignation, the plans that are being made to reconstruct London, Agriculture, Manufacture, Houses, Roads, Business as Usual! Always the recon-

¹ I don't agree. Stalin is only the most prominent individual. Marx and Lenin are far more powerful yet. (J.F.P.)

structors make their blueprints for other men's lives, with eyes turned towards the restoration of what has gone. Ever, as they plan, they are haunted by fear of inflation, unemployment, and the vested interests. They shy of such unpleasant thoughts as a carriage horse from a scarecrow. They are the reconstructors; they draw plans, sketch visions of a new England where all can be happy, busy and good; it is somebody else's job to prevent inflation and unemployment and to compensate or deal with those tiresome vested interests of the old world.

They think of 1949 in the terms of 1939. What Priestley dreamt of in 1939 was beautiful and soothing. Such was their ambition too. All the men and women at war were to come back to semi-detached parlour houses, centrally heated, with bathrooms; and they have all been promised their old jobs!—regardless of whether their old jobs were necessary ones or what new jobs will be needed. They will all have a nice little cash nest-egg; the wheels will go round more smoothly than in 1919. The school-leaving age is to be raised to 16 at least. Of course food prices will be controlled. Government, like a dear old grandmother, will see to everything, and look after everybody in trouble. It is a beatific picture, but bears little relation to the world as it may be at the end of this war, seared with famine, bombs, pestilence and economic collapse.¹

¹ This seems unfair both to Priestley and the planners. No doubt the world that Priestley wants would have been physically easier to produce in 1930 than it will be in 1949. But if the world is worse off after the war than during the war, it can only be folly that makes it so. Here, half the working time of the nation, and half its capital and natural resources, are devoted to defence and destruction. Yet the majority of Britons have so far been fitter and even happier than in the dark years of peace-time unemployment. When they can give 90 per cent of their time, instead of only 50 per cent, to construction, an immense advance in the standard of life is obviously physically possible. How soon it will be psychologically possible is a different matter, for, unfortunately, war does more lasting damage to the survivors' minds than it does to their factories or fields. (J.W.)

A BUSINESS EXAMPLE

Consider the pottery trade. One half of the workers have gone into munitions of war; so have some of the factories. Other factories have closed down, for the home market has been cut to a small fraction. Those still working are making good profits in what is really a new line of business, but Government takes all above the 1939 level in Excess Profits Tax¹ and half the rest in Income Tax. Therefore no profits can be put back into the business. If recovery is to take place when peace is restored capital will be required for the whole industry—to reopen the closed shops, to replace machines, to finance and redevelop an export trade. Where is the needed capital to be found? Obviously the industry must be financed by Government. The longer the war goes on, and industry runs unaccustomedly, the larger will be the loan required. If the food subsidies are closed or inflation swings prices upwards the loan will have to be even larger. Call it £5,000,000, the pre-war capital value of the whole industry.

Who is to handle these millions needed to reconstruct the industry? What is to be the State supervision, or security? Ask the Board of Trade?—who will refer the matter to the Minister for Reconstruction, who will refer it to the Ministry of Works and Buildings, and they to the Minister for Transport, then to the Supplies, and then to the Treasury. Meanwhile our chance of foreign trade will die, and our unemployed will multiply, get angry and tear up the blueprints and throw out the blueprinters.

I can image what the trade would welcome. A Statutory Corporation of Master Potters and Trade Unions endowed with powers to regulate the trade. Each Master producing on a quota of what he produced pre-war, at prices fixed by the Corporation. The amount of the assistance from the

¹ Twenty per cent is to be paid back after the war. (See graphics pp. 259-261.)

State to be allocated by the Corporation. No new manufacturer to come into the industry; no change in process to be permitted, or change in type of product, without the consent of the Corporation. Such 'concentrations' and closings as may be advisable to be made compulsory, and to be compensated for as in the case of coalmines. I cannot imagine a more certain way of protecting the vested interests, losing the public money, and killing an industry.

Observe how similar is this scheme to our established method of dealing with mines—on which indeed I have based the suggestion. Restrict production, increase prices, square the Trade Unions, and prevent the entry of competing foreign goods. Observe further that all other trades will want the same help, devise similar schemes, and run the same ramp. Railways, steel, cotton, boots—all will clamour for *such* 'reconstruction'.

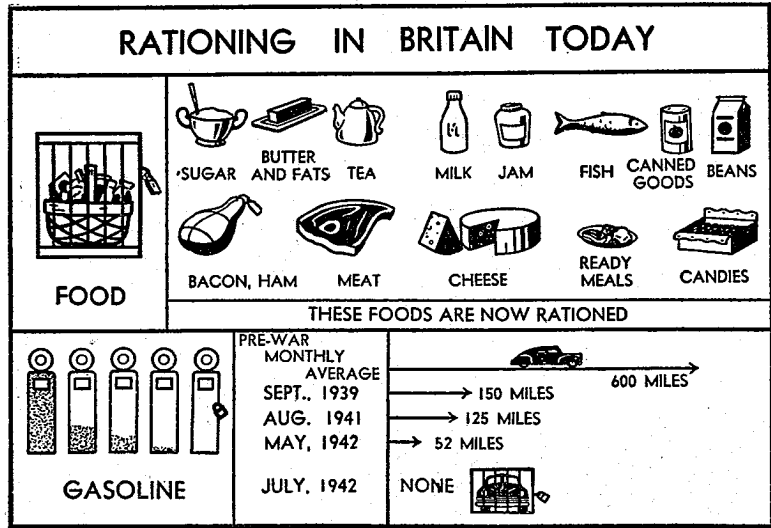
Notice the economy! An old factory, run at a loss, but enjoying the privilege of producing a quota of 50,000 teapots, is closed down. Another firm buys it, paying, not for the building and machinery, worth, perhaps, £200, but for the 50,000 teapot quota; possibly buying also the right to employ the 'hands' turned off. So anyone can buy the right to produce and the right to employ. All this initial charge goes on to the cost of producing the teapots. But the vested interest of the other fellow producer-of-teapots has been 'recognized', paid for. We shall have to buy the right to manufacture teapots, or sewing cotton, or cocoa, or ladies' underwear, just as stockbrokers buy (and sell) a seat on the London Stock Exchange and the right to deal in stocks and shares.

How do they dare to call such fossilized folly 'free enterprise', 'individual initiative', 'career open to the talents'? Will Russia and Asia stand still, and tie round their people's necks

blackmail for permission to produce goods? Under such a system we become the Asiatics of the 19th century—pre-war Chinese, cooking roast pork by burning down the house. Are there many factories in this country today which should not be pulled down and rebuilt if we are even to compete with America? Go to America and see!

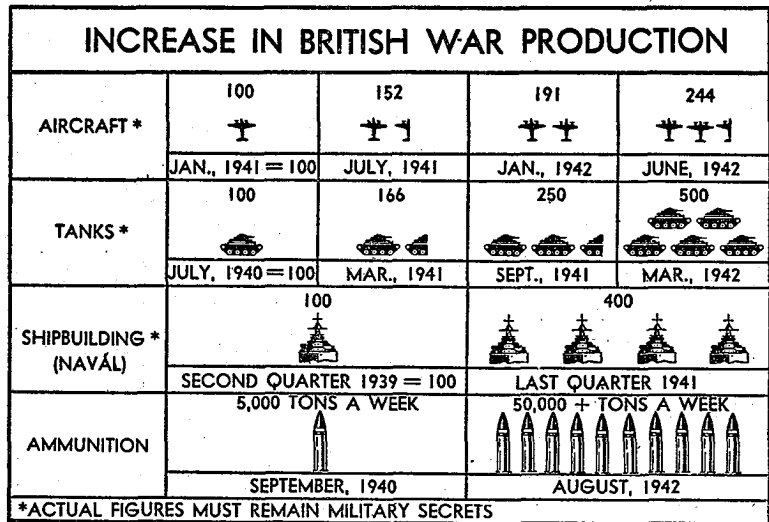
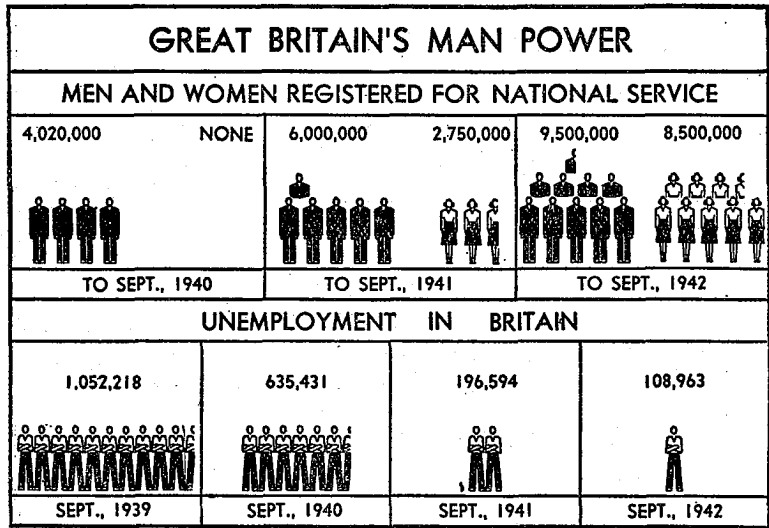
BRITAIN AFTER THREE YEARS AT WAR

The cold figures revealed in the Graphics on pages 259-261, prepared by Pick-S at the end of 1942, barely hint at the three years of fighting sacrifice which the British people have devoted to smashing the Axis. British income tax starts on an income of \$440. The standard rate is 50%; with surtax it rises to 97½%. War Savings include nearly \$200,000,000 which Britons have voluntarily lent their Government without interest. The growth of British war production has to be shown by percentages based on 100 rather than by actual figures which are secret. The chart shows only a few examples of the restrictions placed by law on the supply of consumer goods—and even the limited supplies permitted are not always available to the shopper. Many foods not rationed are completely unobtainable. Thus the whole people contributes to victory.



BRITONS PAY HEAVILY FOR THE WAR

GOVERNMENT EXPENDITURE MILL. OF \$	\$3,707	\$5,237	\$15,469	\$19,103	\$21,146 EST.
ORD. EXPENDITURE	1938/39	1939/40	1940/41	1941/42	1942/43
TAXES (INCOME AND SURTAX) PER CAPITA	\$33	\$39	\$50	\$71	\$83 EST
WAR BOND PURCHASES PER CAPITA	\$11	\$25	\$120	\$163	\$319
	1938/39	1939/40	1940/41	1941/42	TOTAL



TOWN AND COUNTRY PLANNING

As staggering a 'shut-eye policy' is proposed for 'reconstructing' town, country and transportation. A generation ago landlords and jerry-builders had made our towns into hideous and insanitary slums. Therefore a benevolent Government introduced in 1909 their first Housing, Town-planning, etc., Bill. It gave to Local Authorities the power to insist on all new buildings being laid out according to a plan drawn up by the Local Authority and approved and certified by the Ministry of Health. Once approved, no building could take place except according to plan—houses so many to the acre; factories in the industrial section; shops in the shopping district; roads running pleasantly crooked; parks and children's playgrounds in their proper place—everything appeared on these perfect blueprints, and every town produced its plan. That was in 1909; we are now in 1942, and not one single plan has yet been put in operation.¹

Why have no plans yet been put into operation by the Ministry? Because that Act of Parliament and all its numerous successors took account of the vested interest of the landlords and insisted on bargained compensation for all those interests. If the State says to the owner of land that houses built upon his land must not be more closely packed than thirty to the acre, then the Local Authority need *not* compensate the owner. If the State says, your roads must be laid out curved, you must not sell for shops here, for factories there; this plot of yours has to be for a school, that for a park, then the Local Authority *must* pay compensation. What compensation no one knows, but it must be agreed to and paid *before* the plan can materialize. The actual lay-out

¹ Except where there was only one landlord affected, as in the case of Welwyn and Letchworth Garden Cities. They were laid out, and the plan worked to, by the owners or with their approval.

and building may never take place! But it is the ear-marking of the land for prospective use that has to be paid for before approval. For that reason no plan has been started in 33 years!

Nevertheless, the planning staff of the Ministry of Works and Buildings have now produced a plan for the whole country—an excellent plan, on the probable assumption that the State will pay instead of the Local Authorities. But—pay what and to whom? Again, as in the industrial plans, we shall have to pay the vested interests for the permit to produce houses, factories, etc. Again the sums to be paid are indeterminate and depend on the need for production and the appetite of those who own the power to permit. Again the unemployed must wait to start production till the permit to produce has been bought and paid for.

VALUATION OF LAND

While the Act of 1909 was going through Parliament (and before and since) I pressed for a valuation of all land to be at least a guide to the price of the permit to lay it out well and use it. Then, and still today, the price to be paid is based on the Land Clauses Consolidation Act of 1845! The State as a purchaser or planner is held up to ransom. Without a general valuation that hold-up is inevitable, unless, indeed, you take without compensation, as was done in Russia.

It is now 18 months since the Uthwatt Committee was set up by Lord Reith at the Ministry of Works and Buildings to report on this vexed question of compensation and valuation; naturally they have not been able to report yet. For there is no other way, if you compensate at all, than by having a general valuation of land. I offered to give evidence

before them to explain what and how to value. I was told that I could submit a paper, but that they did not wish to cross-examine evidence. Of course I declined to add to their waste-paper basket, and of course they cannot make up their minds on what is essentially a Cabinet question. I asked formally in the House of Lords whether they would take evidence from Russia before submitting their reports and was told that they would take 'all relevant circumstances into consideration'! Probably, however, that Committee has ended with Lord Reith's tenure of office; and that the great National Planning is also still-born. Probably the whole matter has been handed over to the new staff of the new Minister for Reconstruction.

AGRICULTURE

The plan for the reconstruction of agriculture differs from that for the reconstruction of industries. No large loan is required to start it working again, because it has never ceased to work, and all war-time modifications will remain essential in the hard years of peace. Instead of a loan, guaranteed prices constitute the annual gift of the State to farmers, to be balanced by guaranteed wages to the remaining labourers. There is no suggestion of limitation of production at present, or of a milk quota; for the absence of feeding-stuffs will impose an automatic and devastating limitation.

The whole reconstruction scheme takes, however, no account of inflation. I have little doubt that the prices guaranteed to agriculture will be exceeded, so expensive will be imported food. The farmers and landlords will no doubt agitate against the State buying food abroad and selling it at a loss; at less than the guaranteed price. But in such a contest the starving consumer will probably continue to receive his State aid.

LANDLORD OR TENANT

The Reconstruction Plan attempts to evade the ever-present conflict between landlord and tenant. Will rents be crystallized? or will they be allowed to increase? The farmer farms the land; the landlord farms the farmer. If inflation comes, rents will rise, and the inflation snowball will roll larger and larger. The burning question, purposely avoided in the 'Plan' is: Will rents be allowed to rise? If they are allowed to rise the old vested interest will say the prosperity of the industry. If they are not allowed to rise, the rent becomes a fixed or dead rent, and the farmer becomes landlord, subject to the payment of an ever-diminishing quit rent. When inflation happened in Austria, house rents were prevented from rising, the tenant became owner in all but name, and Vienna laid on the new owner exceedingly heavy rates as equivalent to the old rent. But our farmers pay no rates. So they will acquire valuable property for nothing under similar fixation and similar inflation.

Under any inflation land and equities rise in price, while debts, debentures, mortgages, pensions, preference shares, and quit-rents fall in value. I do not see how to avoid the horns of the dilemma in reconstructing agriculture. Either the State must buy the land and the farm buildings and let to tenant-farmers at rack-rents, or else the farmers' new privilege of producing without payment of economic rent must be taxed, either as in Austria or as in equity. He will not sell food cheaper because he pays no rent. He will get either the market price or the guaranteed price, whichever is the greater.

INFLATION AND VALUATION

Therefore, for this Agricultural Reconstruction also valuation of the land is essential. We may choose many solutions

—collective farms as in Russia and Palestine, State ownership and tenant farmers as in Madras and Nigeria, peasant ownership as in France, or private landlord and tenant as here before the war. But for each of these solutions to work without grievous injustice owing to inflation a valuation of the land must be made now.

It is even more obviously needed for new roads and air-fields. The State is blackmailed by the price extracted to pay for the land on which the road is made and for the aerodrome. Then, when constructed, all adjoining land rises in price, so that the landowner gets both immediate compensation and future unearned riches. A general valuation would reduce the compensation; and taxation on land values would keep down the increment.

THE STATE AS LANDLORD

No doubt this is dull, perhaps unintelligible; but a word should be said here against the solution so popular with our Socialists—State ownership and tenant-farmers. This solution works all right in connection with the few isolated Small Holdings owned by County Councils and rented by tenant farmers; it works in spite of the fact that high compensation was paid for the land. It would not work if the tenants were the bulk of the farming electorate and the landlord a Department of State. It would not work for these reasons:

Firstly, because now the County Councils break up the large farms into many holdings and deal with new tenants and new farm buildings. That can be done. The State, on the other hand, would be dealing with existing tenants in existing farms. The County Councils deal with many applicants for each Small Holding and can get the best at a competitive figure. The State would be dealing with a sitting

tenant enjoying certain tenant rights. In effect he is the only tenant available, and therefore he can fix his own rent.

Secondly, the County Councils buy farms which come on to the market at agricultural prices. The State would have to buy compulsorily all land now used for farming most of which now has a prospective value. I doubt if any land can be bought today to yield more than $1\frac{1}{2}$ per cent; but the State would have to pay at least 3 per cent on a £1000,000,000 loan.

Thirdly, electoral pressure would prevent these rents being raised unless there were frequent general valuations.

VALUATION AND TITLE

Whether the Reconstruction Plans deal with industries, with housing, with communications or with agriculture, now that inflation has to be faced we can do nothing without a general land valuation. Such valuation would serve also to give us that registration of title which would make land readily marketable. It cannot be tolerated that the curse of inflation should fall only on the middle classes, and that landlords here should profit from inflation as did the Junkers of Germany.

A general valuation of land is by no means difficult. It is, indeed, easier, as I have found in South Africa, than the valuation of buildings. Difficulties here in England arise not as to land values, but by reason of the number of different interests in any piece of land. Once the value of any piece of land is determined, it is then for the persons interested in that value to decide among themselves as to their respective shares. Land and buildings are valued separately, at their market value, by general valuations in all the British Dominions and in the six New England States. Town

and city properties are valued all over the United States. The New England States are 300 years old and larger than Great Britain; throughout these States valuation is set out and printed for all to see, with name of owner and of tenant, area of the land, value of the land, value of buildings, and amount of tax to be paid. Every township revises and publishes its valuation yearly. The 'townships' include all rural as well as urban land, and each 'township' averages about fifty square miles. The ownership problem solves itself under such record and taxation, because the man who pays the whole tax becomes after a certain lapse of years the absolute owner against all interests who have not paid tax.

POLITICAL AND ECONOMIC PLANNING AND THE LANDED INTERESTS

It is important to see how Political and Economic Planning deals with the agricultural as well as other problems of reconstruction. The State, according to the plan, should buy the land. Then they lay it down¹ that there must be no selling or long-leasing without State consent.

Now, the desire for a long lease is to get for the farmer security of tenure; so that he may have the satisfaction of his improvements and personal attachment to the particular holding. So strong is this passion for security of tenure that even the self-interested British landlord finds it difficult today to end a tenancy. The State would find it far more difficult, as witness the few cancellations of tenancy of really bad farmers by County Agricultural Committees, even under war urgency. P.E.P.'s 'short leases' cannot fail to become long leases at fixed rents depriving the State of prospective value and of direction.

Yet in Denmark the difficulty is met successfully. Holdings are let by the Danish State under perpetual tenure,

¹ *Planning*, No. 180.

subject to rent revision based on fixed periodic general valuations of land value. Thus the tenant has security of tenure and the untaxed value of his improvements and goodwill; while the State gets the whole land value as it varies with population, demand or inflation.

Our Planners give seven admirable arguments in favour of short leases, not one of which could be achieved in any agricultural democracy without frequently renewed general valuations. To which we must add that the whole of their agricultural plan leaves the agricultural labourer a landless servant with an impassible gulf between him and his master. The labourer's hopes of three acres, a cow and freedom, become vain directly the present form holdings are crystallized in the hands of the present tenants.

Thus the agricultural effort of the Planners of Reconstruction lines up with their effort for manufacturing businesses. They spread out a new blueprint which shall have the outward appearance (and perhaps intention) of making a fair new world; but which in fact conceals and restores the old. They close the corporations, prevent competition, return to the mediaeval guild system where everyone knew his place and obeyed the rules of the Guild.

I wish I could think that Political and Economic Planning was merely a reincarnation of the old Fabian Society; that, inadequately equipped, save with enthusiasm, sociologists had merely filled in time. But now it appears to be rather a criminal perversion of old-time Political Economy in the direction of the Corporative State. Their idea of economic planning is that the whole production of the country shall be planned by a central authority. Who is to make the plan? How is it to be carried out? What are the ends it must serve?

In a free economy individual initiative and the higgling of the market carry through production. Totalitarian States, on the other hand, regulate all prices, produce the required raw materials, distribute to each his allotted share, allot to each his market and quota, and supply the requisite labour, credit or transport. They keep everyone in their proper place. An army of bureaucrats, far exceeding any expeditionary force sent to France, would be required to collect statistics for the plan, to register the streams of materials, to tabulate bottlenecks; and the labour of accountancy would baffle even the Ministry of Supplies under Lord Beaverbrook. The most perfect State-planned economy of production, weighed down by these overheads, must confess free economy to be more economical.

What are the ends it must serve? Production for use and not for profit? No! Every vested 'interest is preserved and woven into the machine. From each according to his ability; to each according to his needs? No! From each according to what he or his father did before, and no trespassing on other people's jobs by any alien¹ enterprising fellow? No incentive except public opinion, and no substitute for the Russian morale? As for 'to each according to his needs', that has never yet been attempted even in Russia. When I see an accepted tabulation and valuation of what individual needs are it will be time to consider the matter.

These Reconstruction Planners are doubtless earnest men. They seek to reconcile incompatibles, to make reconstruction possible without injuring anyone's old privilege of living on someone else. That may be because they have never studied political economy, have never loved freedom, have never known compulsory unemployment or thought how it could be cured.

¹ Used in the narrow sense of alien to the Corporation.

They even advocate a tax on the increment value of land, to be levied on sale only and not at death, as though they had invented the idea and no one had ever heard of it before! With solemn ignorance of the incidence of taxation they urge that 'income derived from land should be taxed like any other income'. With the landed interest they hold that agricultural land should escape death duties; that local rates should not be levied on land 'as such'. The effect of the price of land on production; or, that idle land means idle men, is completely strange to them—or is it not? Every plan or tax which can bolster up and preserve the vested interests has their support because P.E.P. is not Political Economy, not honest, but the inspired cloak and mask of the Fascist State.

So the Reconstruction Planners try to forget or seek to avoid (1) the vested interests and their vague unmeasured compensation, (2) the probability of inflation after the war, confounding all their plans, (3) the hosts of unemployed discharged from the fighting services and the munition factories.

Probably the war will see a great decline in the population of the globe. Contrary to the accepted ideas of the Malthusians, a decline in the population will not increase opportunities for employment for the survivors. "Men and hawks eat chickens. But the difference between men and hawks is this: the fewer hawks, the more chickens; but the fewer men, the fewer chickens."

REVOLUTION

Unemployment is certain and will affect, if not govern, all the Reconstruction Plans. Unemployment and inflation together may well lead to the destruction of democracy by revolution or by Fascism. Either is to be deplored, but lest

Socialists should rejoice in the prospect of revolutionary socialism or communism, let me point out that in conservative England it has always been endangered property that has effected our revolutions. It was so in 1642, in 1653, in 1688, and in 1845. Indeed, revolutions from the Left succeed very rarely unless you lose a war and the Army mutinies. Possibly, if we lost the war by invasion and anarchy, the British Army might mutiny. But I really cannot imagine their doing so, even if there were no cigarettes, food or pay. When the French Army was beaten in 1871 and taken prisoner, the National Guards and police shot down the communists, and they preserved order; as the French police, standing alone, did in 1940. Looking at our Home Guard, I contemplate law and order rather than revolution. Nothing will ever persuade me that we might see the young gentlemen from the Police College dancing the Carmagnol. All I can visualize is the starving mob from the towns raiding the countryside for food or persuading Town Councillors and Justices to march in front to requisition what they can find.

No! If unemployment and inflation produce a revolution here, it will be from the Right and spell Fascism. In all fights between *brigands* and *Vigilantes*, the *Vigilantes* win. Fascism may be the salvation of the vested interests, but let us warn 'property' also: that Fascism is not so much tender to owners of property as to the partners in the Party chest. The vested interests are transferred rather than transformed. The first vested interest to vanish under Fascism would be the House of Commons and all that the House mean for the protection of justice, property, and individual rights.

OR, FREE THE LAND!

Revolutions have few attractions save for those who hope to be on top. The reflective citizen, knowing how few can

be on top, will prefer, if possible, to avoid unemployment and inflation. I think it is possible; but I realize, none better, the immense power of the vested interest which must be removed to make it possible. Only such a crisis as peace will bring, with the alternative of anarchy, could persuade a voluntary liquidation.

Unemployment is caused by lack of opportunities to work.

Most 'solutions' of the unemployment problem involve *useless* work, such as digging with spades instead of ploughing, breaking machines so that men can employ hands, protective tariffs so that we may grow bananas under glass in England, or inflation so that we may work for others.

As no one wants work for its own sake, we need, for this enquiry, consider only how best to give more opportunity for *useful*, productive work.

All useful, productive work consists in the conversion of land and raw materials in to the goods we want where we want them.

All such work must *begin* by the application of labour to land.

For instance, the machines we want to assist our production and transportation of goods depend in the first place on application of labour to raw materials; so also do clothes, food, drink, houses, etc. Useful productive work converts ore, coal, and limestone into sewing-machines. It converts agricultural land into ham sandwiches.

If the primary trades—mining, building, agriculture—can get a chance of *starting* productive work, they will then pass on the job of *completing* production to all the other tradesmen to finish and transport and retail the article. The employment snowball starts rolling.

Conversely, if the primary trades cannot start the job, not only they, but all other productive tradesmen, are out of work.

If then the sort of work we want to start is useful productive work the way to do it is quite simple. We have only to make it *easier* for men in the primary trades to get at the land and raw materials.

It will be easier if they *pay less* for the privilege of access to land and raw materials.

It will be open to all to start production if land and mines 'at the margin of cultivation', for which there is no competition, is *free* for any man to use.

That will not only give more opportunity for useful production, but will end all compulsory unemployment.

If compulsory unemployment ends, then no man will work for a master for less than he can get for himself working on free land (or minerals).

Then wages will no longer be governed by Marx's Iron Law or the 'cost of subsistence', but by the full reward of the labour of a free man working on free land.

That ends 'wage-slavery' and 'the exploitation of the proletariat'.

"Gentlemen," says the conjurer, "there is no deception." I am not a conjurer, but a philosopher. I say there is no flaw in this conclusive, logical argument. Salvation from unemployment depends on knocking out a vested interest. It depends on making all land cheaper and land for which there is no competition—free.

No man who owns land wants land to be cheaper, or rents lower, or to give up the prospective value of unused land or minerals. They have bought or inherited the privilege of preventing men from working, of calling on law and police to stop other men working unless these men will pay. This

is not property but a privilege created by law. It was a privilege created by law or custom long ago, conceived and enforced by the lords of the land to compel others to work for them instead of for themselves. Privilege created by law is not property; and that which has been created by bad law can be removed by good law, without injustice. Injustice consists not in the destruction but in the perpetuation of privilege.

King James I was very prone to confer upon his favourites not land but monopolies. One was the monopoly of making pins, another was trade with the East Indies, and so on. The Police, or the armed forces of the Crown, and above all the law, prevented others from making pins, or shipping spices from the Moluccas. It was not held to be unjust when later on the Police and the Army and the Law ceased to punish people who made pins or sailed the seas. A privilege, first cousin to blackmail, just came to an end and the world was all the better for its end.

So it is not unjust to end the privilege of preventing men from using land; nor is it inhumane, seeing what ills must come from compulsory unemployment. It is not a crime to make land cheaper; it is merely the emancipation of the poor.

How can we justly make land cheaper? The answer is simple—by making all owners more willing to sell. The Increment Tax, proposed by Mr. McKenna and adopted by Mr. Lloyd George in 1909, certainly would not make owners more willing to sell; quite the reverse. It was a tax levied *on sale*, and like all such taxes discouraged sales and increased the price. As increment taxes, called 'betterment', are the normal proposal of those who are shocked by increases in the value of land, obviously not due to the owner, it is as well to understand that the economic effect of such

taxes make unemployment, or the use of land, more difficult. The incidence of that tax falls upon the user.

But all owners will be much more willing to sell if they have to pay *every year* a tax based upon the selling value of their land, especially if the land is lying idle and bringing in no rent. Even if the tax were small, say 1d. in the pound of selling value, more land would come on to the market and land values would slump. Then those who want to use land would be able to do so more cheaply. The incidence of that tax falls upon the owner.

One cannot put taxation upon land value till we have got a valuation of the land. That is why vested interest of landowners will always oppose any general valuation of land. But till such valuation is made no reconstruction plans will be of any use. The country after the war must choose between reconstruction and the vested interests. You cannot make omelettes without breaking eggs; nor can you make a fine new world without breaking those vested interests which fettered the old world.

COMMUNISM THE ALTERNATIVE

In 1918 the Russians broke those vested interests by confiscating all land, buildings and plant, and by painfully liquidating the 'Kulaks' or peasant proprietors. When I contemplate the poverty and starvation to which war leads—the taxes amounting to confiscation on all production—I can believe that the choice lies between Communism and Taxation of Land Values. I should be indifferent between the two alternatives, so excellently has Russia thriven both materially and morally, did I believe that Russian Communism could endure under other men than Stalin. Complete suppression of self-interest is often possible in times of common danger to a degree which could not persist in

times of peace, plenty and leisure. At present, no doubt, the approval of one's fellow-workers and one's own conscience is enough to stimulate individual effort. But I noticed that girls in Soviet munition factories can now earn from 250 to 500 roubles a month, and that somebody owned a soda-water factory in Moscow and had converted it into a factory for Molotoff's cocktails. Therefore wages do vary according to effort, and small businesses can be built up even in Russia.¹ The collective farmers are obviously pure Communist still, though part of their produce must be sold to the State or taken in taxes.

¹ I am skeptical about these dramatic choices, and indeed about 'isms' of any kind, which are seldom what they say. The only cure-all is perfection of character, as you and all philosophers know. Meantime, it is best to follow the example of Swinburne's river which flows somewhere sometime safe to sea, by circumventing each obstacle in the manner that causes least friction and least waste of effort and temper, and by continual adaptation. The problem of our century, at least for the Western World, may be to find a convenient half-way house between the dynamic individualism of pre-war America and the totalitarian Socialism of Russia—to reconcile equality with progress, security with liberty.

On the economic side, that half-way house may best be found along the lines of Communism in necessities, and individualism in the large and varied field of pleasant unnecessaries, where freedom of choice and individual experiment are more essential. No civilized state will consciously permit a citizen to starve; all now give 'doles' to the unemployed, pensions to the aged poor, allowances to the sick—thus dulling the older economic incentives and sometimes making the worst of both individualist and socialist systems. Perhaps *Family Allowances* may be the thin end of the wedge for allowance of necessities to all, irrespective of economic service. Why not? A modern industrial state can afford it; and, in that field where individualist production may still be allowed to survive and to act as a salutary rival of State organization, incentives limited to the jam of life and excluding the guaranteed bread-and-butter can be very flexible and effective, as working proprietors and many managers must know.

But in peace, as in war, *necessaries first!* Let the scientists draw up a list of what constitutes a fair minimum for health and let us make a start by planning the production of those requirements for ourselves, for Europe, for the World. Of course, any definition of 'necessaries' is arbitrary, and the conveniences of one generation may be the necessities of the next. But necessities by any definition are limited in variety, standardizable, can be measured satisfactorily by the ton, bushel or cubic foot; and, with all the modern apparatus of wireless reports, statistical records and control, the planning of their production in peace should be easier than ever before. We are having to do it in war, when the task is obviously far more difficult and when half our labour and resources must be spent on destruction. Yet is the standard of health and physical welfare of the masses noticeably worse than in the 'peace' years 1929-39? (J.W.)

SOVIET DANGERS

Now what are the dangers that threaten this ideal Russian State in the future? Jealousy, bureaucracy and civil war? Jealousy between worker and worker, between the man making risky profits and the salaried man, between town and country, between the armed and the unarmed, between different departments of the bureaucracy—all such seem probable.

Consider the bureaucracy. As their powers over their fellow men increase, so will their exercise of these powers become harsh, overbearing and bullying. In the country the tax-collector may for convenience become a farmer of taxes, a farmer of taxes may acquire fixity of tenure, so fixed that his son succeeds him. From that there is but a little step to becoming landlord. Of course nothing of this sort could happen unless all the bureaucracy were heading through power in the same direction, inadequately controlled from on top. Control from on top¹ can never be adequate if the top controllers are engaged in the same evolution of self-seeking.

Lastly, there is Civil War, due to rival claims for real power, which means power to appoint to other posts of command. Distrust breeds fear; fear of dismissal breeds sedition; sedition seeks a party; the threatened party arms. The next step is secession, and then comes Civil War.

Jealousy arises from a sense of injustice. The danger of bureaucrats acquiring vested interests arises from lack of control. Civil War comes from fear of arbitrary appointments and dismissals. All these three dangers are obviated by parliamentary government as we know it in Great Britain. We may not be able to reconstruct a new world and break the opposing vested interests inherited from the old.

¹ Russia is controlled from down below—the workshop Soviet. (J.F.P.)

But if we could—we can hold it better than the Russians will be able to hold their new treasure. Unless Stalin introduces from Britain into Russia something that can maintain justice, prevent corruption, and maintain peace by banishing fear. I know of no other way which can maintain what Stalin has produced.

I am a philosophic anarchist. I believe we may all some day be free, made so perfect through freedom that we shall need neither laws nor government to force us to respect each other's personal rights and liberties. But that day is far distant. Till then we must have governments; only let us choose governments that ever increase the bounds and possibilities of freedom. Before Lenin, there was another who sowed the seed. It was Leo Tolstoi who spread the light in the darkness that was once Russia. He too was a philosophic anarchist¹; he too was persuaded and convinced that Henry George had shown the way.

Russian prisons were full, and in long processions men and women, who but for high-minded patriotism might have lived in ease and luxury, moved in chains toward the death-in-life of Siberia. And in penury and want, in neglect and contempt, destitute even of the sympathy that would have been so sweet, how many in every country have closed their eyes. Let Stalin here highly resolve that these dead shall not have died in vain; that this nation shall, under God, have a new birth of freedom; and that government of the people, by the people, for the people, shall not perish from the earth'.

¹ Lenin was, mostly like you, a philosophic anarchist. In *The State and Revolution* he writes just as you do. So did he act; and so does Stalin; and that is the explanation of Russian morale. (J.F.P.)