



THE ARROGANCE OF MAN

Four essays by A. J. Carter

4. POLITICAL INSTITUTIONS

"The augmentation of the power of government has induced people to count on it for the cure of every ill."

THE industrial revolution in England—the prototype for the rest of Europe and for North America and Japan—was vitiated by the land enclosures which deprived individuals of their livelihood and turned them into a stream of labour. To alleviate the misery and destitution that resulted, governments embarked on the redistribution of wealth through taxation and social welfare. Since then, expenditure by the public sector as a percentage of gross national product has grown steadily and in latter years alarmingly. This growth is due to the almost irresistible pressures on governments, especially post-war governments, from a clamorous electorate. The augmentation of the power of government has induced people to count on it for the cure of every ill, while the subjugation of parliament by party governments has precluded restraint of the executive by the legislature.

There is a more profound reason for the escalation of public spending and that is the absence of any positive curb on it. An individual has to contain his expenditure within his income, but governments estimate their expenditure and settle how to pay for it afterwards. In England there is a historical explanation for this: it was the monarch who decided what to spend and parliament which was summoned to procure the wherewithal. Public revenue was not confined to the income of society from the rent of land (which the parliament of landowners progressively remitted) but could be seized by any means that the populace would tolerate.

The effects of this have been far-reaching. First, taxes were raised and diversified, and the confiscation of wealth wherever wealth was to be tapped received moral justification in the "ability to pay" canon of taxation. Second, borrowing (instituted by William III for military campaigns overseas) was expanded. Loans were redeemed only by floating new loans, and the national debt soared until the interest became in itself a major component of public expenditure. Third, the currency was debased. When taxes and borrowing would not yield enough, inflation was resorted to and began to feed on itself. The outcome of rampant inflation is disorientation and ultimate anarchy.

The familiar approach of "every man for himself" derives mainly from the scramble for money that is the inevitable consequence of high taxation and protracted inflation. If social cohesion is to be sustained, inflation must be ended, but this is only the first stage in the reversal of the inveterate trend towards

ever larger government.

The accretion of wealth and power to the central government is twofold. The chronic poverty of much of the population impels government to undertake many of the tasks that in a healthy society would be the prerogative of individuals. Simultaneously, because the central government partially finances local government and intervenes in its affairs, the central government becomes too clogged with detail to cope with its legitimate business while local government becomes moribund.

There are five principal objectives to be attained if government is to conform to its intended purpose. The first is to eradicate the inequitable distribution of wealth the correction of which is the preponderant government activity. The second is to return to individuals the responsibilities that government has assumed for them. The third is to entrust the residual functions of government to the tiers of government closest to individuals. The fourth is to involve individuals in the proceedings of government at all levels. The fifth is to tie public expenditure to the revenue from the rent of land and repudiate taxation, borrowing and inflation.

In addition, the balance between central and local government should be redressed. One way in which this could be done is for central government to draw its revenue from local government, through assignment of part of the communal income from the rent of land which local governments would collect. By this means, virtually autonomous local governments would hold the central government firmly in check. Sovereignty would rest predominantly in the local governments, and only matters common to those local governments would be delegated to the central government.

In most countries of the world the central government is established by a political party. In Britain, general elections and parliamentary behaviour are



dominated by political parties. The candidates they adopt are backed by funds and a body of supporters which other contenders cannot hope to match; broad-

casting time is allotted to the parties on the basis of their previous victories; the government is even considering subsidizing the political parties. Inside parliament, party nominees expound the party dogma and vote as the party whips tell them to. Parliament is thus emasculated. For those who would see a vigorous House of Commons, the two most welcome developments of recent years have been the infusion of nationalists—an admirable expression of democratic fervour—and the accession in March 1974 of a government which could not be sure of a parliamentary majority and was on occasion defeated.

Not only do party men get into parliament instead of independents but those party men are either Conservative or Labour. The Liberals captured nearly 20 per cent of the vote in the two elections of 1974 but won fewer than fifteen seats in each.

The test of an electoral system is its sensitivity to the wishes of the electors. The calibre of government that ensues is incidental, though a government enjoying the goodwill of the bulk of the electorate can govern more effectively than one dependent on the partisan allegiance of under half of it. If parliamentary government is to be respected, the elec-

Shifting Views on the Community Land Act

THE claim made by the Land Campaign Working Party¹ that the Community Land Act, "a betrayal of land nationalisation," operates in the interests of property developers rather than against them, is lent some weight by the recent statement of the British Property Federation,² which calls not for the repeal of the Act but its amendment "so as to make it workable." The presidents of both the Royal Institution of Chartered Surveyors and the Royal Town Planning Institute have also come out against the repeal of the Act.

The BPF's proposals, among other things, would strengthen local authorities' powers of compulsory purchase, while "carefully safeguarding individual rights."

However, if the individual happened to be a minority owner, his obligations would be overridden "in the public interest" (larger developer's interest?) if they were to hold up a comprehensive development.

The Federation wish to retain some form of betterment levy and to see that local authorities get a share to help them pay for expenditure on infrastructure—the pri-

mary contribution to new development (which of course lowers development costs and raises land values).

The BPF, however, do make the point that betterment levy should be relative to the increase in *land value* not the completed property value.

Not all of the proposals are without merit within the context of the Act, but the interests of property developers do not always coincide with the interests of the community, particularly when projected profits (legitimate) are accompanied by profits from pure land value.

That the Community Land Act and Development Land Tax could be amended so as to improve them in the interests of developers and the community does not make them right in principle. They should be repealed lock, stock and barrel. Indeed, while they exist in any form, it will be assumed that the "land question" has been dealt with and will put up yet another artificial barrier to the only true policy for land, namely the annual taxation of all land values and the exemption of improvements.

The alternative proposal by the Land Campaign Working Party is land nationalisation. In their publication, both developers and land-

owners are attacked. It is a difficult publication to review and gives the impression that it was put together by a committee, in some ways no bad thing in that so many aspects of land use are covered; but it lacks shape and consecutive argument. It is of course socialistic and many of the statements and much of the analysis which lead up to the conclusion that all land should be nationalised will be unacceptable both to land-value taxers and of course developers and landowners.

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1. Consists of representatives of tenants associations, community groups and projects who came together in 1973 to form the Campaign. Their publication is *Lie of the Land*, 35p from 31 Clerkenwell Close, London, E.C.1.
2. *Policy for Land*, £1 from BPF, 35 Catherine Place, London SW1E 6DY.

WORLD ECONOMICS SUMMED UP

THE world recession, Chancellor Schmidt of West Germany told the Socialist Congress at Geneva, was due to "130 out of 140 nations printing money they have not earned."