

Capitalism

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Two interesting and important letters this week about capitalism; one from Alan Lemin (7.2.22) attacking it and a reply from Martin Ranwell (8.2.22) defending it. Both contain truths. Mr Lemin is right to say that capitalism in its present form cannot be sustained: it is driving unacceptable inequality, it places no value on Nature and exploits it ruthlessly with all the consequences we are now so aware of, and it is failing to keep the majority of people happy.

Mr Ranwell is also correct in saying that socialist governments always fail economically and have to be rescued by capitalist parties. Can there be a way out of this ideological impasse? Individuals in western capitalist democracies are granted political and legal rights but these are of limited value without the economic rights that ultimately inhere in land – self- evidently the source of all material wealth and indeed of life itself. I believe that a universal right to a share of land wealth would lead us out of this impasse. How to achieve this? By introducing a revenue neutral reform of taxation whereby tax on unimproved land is increased and taxes on income and consumption reduced. This idea has a long history; its most eloquent advocate was the 19th century American Henry George in his book “Progress and Poverty”. Since then it has had support from such diverse figures as Leo Tolstoy, Winston Churchill and Milton Friedman. It retains the innovation and efficiency of capitalism while at the same time having an egalitarian effect that would appeal to socialists – a true “levelling up”.

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