Land Value Taxation, debt and human rights: A Gramscian perspective

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ABSTRACT

This paper is based on the author's recently published book – *The state and local government* – and subsequently published relevant research. It shows why Marxists on both theoretical and empirical grounds reject Georgist arguments that all existing taxation should be replaced by land value taxation (LVT); argues that the council tax, stamp duty land tax and national non-domestic rates should be abolished and replaced by a system of annual LVT plus progressive taxation of income and wealth; and asserts the continuing relevance of Antonio Gramsci's theory of *the historic bloc* in devising strategies to contest the convergence of Britain's three main parties around the surrender of local democracy to big business control. The paper concludes that annual LVT plus would reduce public and personal debt and enhance human rights in neo-colonised and advanced capitalist countries: and – as a central component of the progressive alternative to the Conservative-led coalition government's neoliberal measures – close the deficit in Britain within five years without slashing public services and enable expenditure on them to increase.

Keywords: Georgist; annual LVT plus; surplus value; differential rent; absolute rent; monopoly rent; civil society; hegemony; historic bloc; “war of position”; “war of movement”; alternative political and economic strategies; “squeezed middle”; precariat

1. Why Marxists on both theoretical and empirical grounds reject Georgist arguments that all existing taxation should be replaced by LVT

1.1 The Jeffersonian individualist Henry George, in *Progress and Poverty* first published in 1879, argued that ‘the recognition of the common right to land involves no shock or dispossession, but is to be reached by the simple and easy method of abolishing all taxation save that upon land-values’ (H. George, 1912, p. 9). Marx’s views on George were determined by his theory of rent, which – as Matthew Edel reminds us: is a deduction from surplus value received by the capitalists. In a capitalist system, the landlord does not receive earnings directly from the purchase of labour power and the sale of his product. He does not thus directly benefit from the creation of new value by labour! But by owning the land necessary for production, the landlord can obtain funds in return for its use (M. Edel, 1977, p. 5).

Marx also distinguished between *differential rent* (where the revenues paid to landowners come directly out of the capitalists' surplus value without affecting prices), *absolute rent* (where the owners of natural resources of even the lowest quality can then demand payment for their use) and *monopoly rent* (where the landlords limit capital investment in land-using activities; and the rent may be passed on in higher prices).

Georgist views, moreover, are still articulated by theorists and different fractions of capital today. For example, Nicholas Tideman et al. argue that: 'The excess burden of taxes can be reduced by shifting taxes from labour and capital onto land and by replacing progressive taxes with proportional taxes'; and they use 'a dynamic general equilibrium model to develop estimates of the magnitudes of reduction in excess burden that can be achieved in the United States by (1) incrementally shifting revenue from five broad-based taxes to land, (2) replacing the current progressive income tax with a flat tax, and (3) shifting as much taxation as possible to land' (N. Tideman et al., 2002, p. 416). And they conclude that:

> Significant increases in the efficiency of the US economy could be attained by flattening the income tax and by shifting taxes from labour and capital to land. In the short run, the greatest increase in after-tax wages is achieved by shifting taxes from wages to land. In the long run, the greatest increase in wages is achieved by shifting taxes from capital to land. Uncertainty about the value of land and current land efficiency creates significant uncertainty about the magnitude of the efficiency gains that might be achieved. But even if pessimistic estimates of parameter values are used, the potential gains start at 6.6 per cent of NDP per year and rise to 9.9 per cent of NDP per year after 30 years (N. Tideman et al., 2002, pp. 437-438).

The British Retail Consortium (BRC) – whose members include Aldi, Amazon.co.uk, Argos Ltd, Asda Stores Ltd, Boots UK Limited, B&Q, Burger King Limited, Comet Group plc, Curry's, Debenhams plc, Dixons.co.uk, Halfords plc, Harrods Ltd, HMV, Homebase Ltd, Iceland Foods, J Sainsbury plc, John Lewis Partnership, Marks & Spencer Group plc, McDonald's Restaurants Ltd, Mothercare plc, NCP, PC World, Somerfield Stores Limited, Staples UK Ltd, Tesco plc, W H Smith plc, Waitrose Ltd, Waterstone's and Wickes (BRC, 2011) – in their submission to the 2007 Lyons Inquiry argued that LVT

> has a number of advantages. These include not distorting behaviour in the same way as taxes on income and profits do, LVT's potential effectiveness in incentivising the efficient use of land (as all land would

> incur a charge even when it was not being used for productive activity) and taxing land values could also enable local governments to profit from some of the increase in value as a result of a prosperous local economy (M. Lyons, 2007, p. 218.).

Conversely, the Confederation of British Industry (CBI) – whose members include finance, industrial capitalists and some of the big retailers who are also members of the BRC – made no reference to LVT in its submission to Lyons: which opposed 'any increase in business tax at this time, and in particular in those taxes on business which bear no relation to profitability, of which rates are one example (alongside others, such as employers' national insurance contributions)' (CBI, 2005, para. 5).

Hence theoretically, as Michael Wyatt argues, 'George was a critic of accumulation of wealth in land', as were Marx and Engels, but

> saw the private ownership of the unearned, socially generated value of land as the main source of this accumulated surplus value. Marx, by contrast, recognised the source of surplus value in the exploitation of labour, and saw surplus value reflected in private accumulation of socially generated values in all forms of capital, not merely land. George avoids attributing surplus value to non-landed capital by defining capital in a very narrow way; most of what is generally thought of today as capital assets by non-Marxist and Marxist economists is not considered capital in George's definition. Oriented to the goal of a decentralised economy based on self employment, George ignored the normal results of the evolution of capitalist competition towards concentration of private ownership of improvements with small business generally losing out in the absence of the regulation of markets, capital access, and scale (M. Wyatt, 1994, p. 2).[1]

1.2 Marx's concept of *monopoly rent* is also pivotal in David Harvey's analyses.[2] 'All rent', according to Harvey, 'is based on the monopoly power of private owners of

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[1] Critics allege that Marx's theories of value, profit and economic crisis are internally inconsistent: but – in my view – Andrew Kliman's "temporal single-system interpretation" eliminates all the alleged inconsistencies (see A. Kliman, 2007). Kliman is Professor of Economics in the Department of Economics at Pace University.

[2] See D. Harvey, 1982, Chapter 5 for Harvey's summary of Marx's views on monopoly and Chapter 11 for his general theory of rent. David Harvey is Professor of Geography and Anthropology at the Graduate Center of the City University of New York. He is among the top 20 most cited authors in the humanities and has been credited with helping to bring back social class and Marxist methods as serious methodological tools in the critique of global capitalism, particularly in its neoliberal form.

certain portions of the globe'; and monopoly rent 'arises because social actors can realise an enhanced income stream over an extended time by virtue of their exclusive control over some directly or indirectly tradable item which is in some crucial respects unique and non-replicable' (D. Harvey, 2002, p. 94). He distinguishes two situations in which the category of monopoly rent 'comes to the fore': 'The first arises because social actors control some special quality resource, commodity or location which, in relation to a certain kind of activity, enables them to extract monopoly rents from those desiring to use it' (ibid). For example, as Marx argues, the vineyard producing wine of extraordinary quality that can be sold at a monopoly price. In this circumstance 'the monopoly price creates the rent' (K. Marx, 1894, p. 761). The 'locational version' would be centrality (for the commercial capitalist) relative to, say, the transport and communications network or 'proximity (for the hotel chain) to some highly concentrated activity (such as a financial centre)' (D. Harvey, 2002, p. 94). The commercial capitalist and the hotelier are willing to pay a premium for the land because of accessibility. 'These are the indirect cases of monopoly rent. It is not the land, resource or location of unique qualities which is traded', as Harvey emphasises, 'but the commodity or service produced through their use' (ibid.). In the second case, the land or resource is directly traded upon (as when vineyards or prime real estate sites are sold to multinational capitalists and financiers for speculative purposes).

Harvey also shows that 'it is a categorical error to view globalisation as a causal force in relation to local development', which derives from the habit of ignoring the category of landed capital and the considerable importance of long-term investments in the built environment which are by definition geographically immobile (except in the relative accessibility sense). Such investments, particularly when they are of a speculative sort, invariably call for even further waves of investments if the first wave is to prove profitable (to fill the convention centre we need the hotels which require better transport and communications, which calls for an expansion of the convention centre...). So there is an element of circular and cumulative causation at work in the dynamics of metropolitan area investments… (ibid., p. 101).

For example, the pivot for the Docklands redevelopment in London and the financial viability of Canary Wharf is further public and private investment. This is what urban growth machines are often all about: ‘the orchestration of investment process dynamics and the provision of key public investments at the right place and time to promote success in inter-urban and inter-regional competition’ (ibid., pp. 101-102). Moreover, ‘this would not be as attractive as it were not for the ways in which monopoly rents might also be captured’. For example, a ‘well-known strategy of developers...is to reserve the choicest and most rentable piece of land in some development in order to extract monopoly rent from it after the rest of the project is realized. Savvy governments with the requisite powers can engage in the same practices’ (ibid., p. 102). Moreover, the government of Hong Kong is largely financed by controlled sales of public domain land for development at very high monopoly prices. This converts, in turn, into monopoly rents on properties which makes Hong Kong very attractive to international financial investment capital working through property markets. Hence, as Harvey concludes:

> Urban governance of this sort is mostly oriented to constructing patterns of local investments not only in physical infrastructures such as transport and communications, port facilities, sewage and water, but also in the social infrastructures of education, technology and science, social control, culture and living quality. The aim is to create sufficient synergy within the urbanization process for monopoly rents to be created and realised by both private interests and state powers. Not all such efforts are successful, of course, but even the unsuccessful examples can partly or largely be understood in terms of their failure to realize monopoly rents (ibid.).

1.3 Harvey further also notes that the right to the city is increasingly falling into the hands of private or quasi-private interests. For example, the billionaire mayor, Michael Bloomberg, is reshaping the city along lines favourable to developers, Wall Street and transnational capitalist-class elements, and promoting the city as an optimal location for high-value businesses and a fantastic destination for tourists. He is, in effect, turning Manhattan into one vast gated community for the rich. In the town of New Haven, strapped for resources for urban reinvestment, it is Yale, one of the wealthiest universities in the world, that is redesigning much of the urban fabric to suit its needs. Johns Hopkins is doing the same for East Baltimore, and Columbia University plans to do so for areas of New York, sparking neighbourhood resistance movements in both cases. ‘The right to the city, as it is now constituted, is too narrowly confined, restricted in most cases to a small political and economic elite who are in a position to shape cities more and more after their own desires’ (D. Harvey, 2008, p. 37).

Moreover, according to recent reports by researchers at the California-based Oakland Institute, US universities – including Harvard and Vanderbilt – are working through British hedge funds and European financial speculators in seven African countries to buy or lease vast areas of farmland in deals, some of which may force many thousands of people off their land (Oakland Institute, 2011). Much of the money is said to be channelled through London-based Emergent asset management, which runs one of Africa's largest land acquisition funds, run by former JP Morgan and Goldman Sachs currency dealers. Emergent's clients in the US may have invested up to $500 million in some of the most fertile land in the expectation of making 25 per cent returns. "Companies have been able to create complex layers of companies and subsidiaries to avert the gaze of weak regulatory authorities. Analysis of the contracts reveals that many of the deals will provide few jobs and will force many thousands of people off the land," said Anuradha Mittal, Oakland's director.

In Tanzania, the memorandum of understanding between the local government and US-based farm development corporation AgriSol Energy, which is working with Iowa University, stipulates that the two main locations – Katumba and Mishamo – for their project are refugee settlements holding as many as 162,000 people that will have to be closed before the $700 million project can start. The refugees have been farming this land for 40 years.

In Ethiopia, a process of "villagisation" by the government is moving tens of thousands of people from traditional lands into new centres while big land deals are being struck with international companies. The largest land deal in South Sudan, where as much as nine per cent of the land is said by Norwegian analysts to have been bought in the last few years, was negotiated between a Texas-based firm, Nile Trading and Development and a local co-operative run by absent chiefs. The 49-year lease of 400,000 hectares of central Equatoria for around $25,000 allows the company to exploit all natural resources including oil and timber. The company, headed by former United States Ambassador Howard Eugene Douglas, says it intends to apply for UN-backed carbon credits that could provide it with millions of pounds a year in revenues.

In Mozambique, where up to seven million hectares of land is potentially available for investors, western hedge funds are working with South Africans businesses to buy vast tracts of forest and farmland for investors in Europe and the United States. The contracts show the government will waive taxes for up to 25 years, but few jobs will be created. "No one should believe that these investors are there to feed starving Africans, create jobs or improve food security," said Obang Metho of Solidarity Movement for New Ethiopia. "These agreements – many of which could be in place for 99 years – do not mean progress for local people and will not lead to food in their stomachs. These deals lead only to dollars in the pockets of corrupt leaders and foreign investors."

"The scale of the land deals being struck is shocking", said Mittal. The conversion of African small farms and forests into a natural-asset-based, high-return investment strategy can drive up food prices and increase the risks of climate change. Research by the World Bank and others suggests that nearly 60 million hectares – an area the size of France – has been bought or leased by foreign companies in Africa in the past three years. Most of these deals are characterised by a lack of transparency, despite the profound implications posed by the consolidation of control over global food markets and agricultural resources by financial firms. "We have seen cases of speculators taking over agricultural land while small farmers, viewed as squatters, are forcibly removed with no compensation," said Frederic Mousseau, policy director at Oakland:

> This is creating insecurity in the global food system that could be a much bigger threat to global security than terrorism. More than one billion people around the world are living with hunger. The majority of the world's poor still depend on small farms for their livelihoods, and speculators are taking these away while promising progress that never happens (ibid.).

1.4 Meanwhile, as David Harvey noted, at the same time as billions of dollars were being given to the banks, some two million people had been or were about to be made homeless by foreclosures:

> Many city neighbourhoods and even whole peri-urban communities in the US have been boarded up and vandalised, wrecked by the predatory lending practices of the financial institutions. This population is due no bonuses. Indeed, since foreclosure means debt forgiveness, which is regarded as income in the United States, many of those evicted face a hefty income-tax bill for money they never had in their possession. This

> asymmetry cannot be construed as anything less than a massive form of class confrontation. A ‘Financial Katrina’ is unfolding, which conveniently (for the developers) threatens to wipe out low income neighbourhoods on potentially high-value land in many inner-city areas...(D. Harvey, 2008, pp. 38-39).

Hence one step towards unifying these struggles is

> ….the right to the city as both working slogan and political ideal, precisely because it focuses on the question of who commands the necessary connection between urbanisation and surplus production and use. The democratisation of that right, and the construction of a broad social movement to enforce its will is imperative if the dispossessed are to take back the control which they have for so long been denied, and if they are to institute new modes of urbanisation (ibid., p. 40).

LVT should therefore be a central demand in campaigning to reclaim the right to the land and the city in neo-colonised and advanced capitalist countries: which more than 700 cities worldwide now apply (P. Latham, 2011a, p. 259).

2. The case for introducing LVT[3]

2.1 LVT is a fair tax

- Every individual helps to create the value of land through their work, their community activities and their spending. Under the current system, only owners of land reap the financial reward, through higher rents or higher prices when they sell their land or property, which is equivalent to unearned income. LVT would reclaim from owners of land the value of land created by the economic activities of society as a whole, and allow the revenue raised to be invested in public services for the benefit of everybody.
- With Income Tax, the more one works, and the more efficiently one works, from which the whole economy benefits, the more one is taxed. Similarly, with taxes on capital, the more efficiently it is employed to generate jobs and profits that can be used for further investment in the economy, the more it is taxed. Meanwhile, Value Added Tax makes goods and services more expensive, thus dampening demand, and destroying jobs, and it particularly penalises low-income consumers. And, at local level, the Council Tax is highly regressive in that people on low incomes have to pay a much higher proportion of their income in tax than the

[3] This section is based on the recently updated LLC’s *Manifesto* (Labour Land Campaign, 2011, pp. 3-9).

better off. LVT would allow these taxes to be reduced, either by reducing tax rates or by raising thresholds, or, in some cases, eventually, eliminated altogether.

- Unlike most other taxes, LVT is transparent and cannot be avoided by any individual or business. Land is highly visible and cannot be hived off into an offshore tax haven in order to avoid tax. Therefore, taxes collected for public expenditure will be shared more fairly by all individuals and businesses, including foreigners and non-domiciles, and businesses with headquarters abroad.
- LVT is fair also because owners of land in effect are charged for the benefits they receive. An area with more and better services (public and private) has higher land values, and therefore will be subject to higher taxes than a similar area with a lower level of services.
- Residents and businesses located in disadvantageous areas will automatically be compensated by paying less tax, because the land they occupy will have a lower value.
- Property owners and businesses investing in improvements that raise the value of the buildings that they occupy and their surroundings, which will also benefit the neighbourhood as a whole, will not be penalised with higher taxes because LVT is levied only on the value of the land according to its use as permitted by prevailing planning regulations.

2.2 LVT will lead to the more efficient use of land

- LVT is levied on the value of land according to its permitted use, irrespective of how it is currently being utilised. If it is underutilised or lying derelict, there will be every incentive to invest capital to make better use of the land to generate income, and thus reduce the burden of LVT, or to sell the land to someone who is prepared to invest that capital.
- LVT would eliminate speculation in land. It would make no economic sense to leave land idle in the expectation that it might fetch a higher price in due course, because, unlike now, the tax would still have to be paid.
- Businesses and home seekers will be encouraged to relocate to areas where land values are low for whatever reason, thus helping to develop or regenerate those areas by making better use of the land.

2.3 LVT will lead to an improved environment

- LVT will bring about the rejuvenation of land occupied by derelict buildings and so-called brownfield sites in towns, because the landowner would have to pay LVT on the land according to its permitted use anyway. Therefore, as just noted, he or she would have the incentive to invest capital in the land, to make full use of it, subject to planning regulations, or to sell it to someone who will.
- By encouraging the use of brownfield sites for housing and commercial activities, LVT will help reduce urban sprawl and the need to encroach on green land.
- By encouraging less urban sprawl through the more efficient use of land in towns, LVT will help to reduce long distance commuting, particularly by car, and less will have to be spent on roads and on public transport, thus saving on energy and reducing atmospheric pollution.
- Because of its major positive impact on the environment, therefore, LVT, in effect, will act as a green tax.
- Meanwhile, planning regulations would preserve green spaces and other uses of land for public benefit. In addition, because, as noted below, LVT will lower the price of land over time, local authorities and other agencies could more easily acquire land to add to green spaces, protect wildlife, create parks and provide for recreational use – which would be encouraged by the fact that this would add to the value of neighbouring sites, and therefore increase revenue from LVT.
- Finally, as observed in towns in the United States operating a system of LVT, by ridding communities of derelict sites and buildings, and increasing job opportunities (see next item), LVT will help to eliminate vandalism and anti-social behaviour.

2.4 LVT will help promote more sustainable economic development

- Shifting the tax burden increasingly onto LVT will stimulate investment and employment, and therefore economic development. First, it will allow those taxes that act as a disincentive for investment and employment to be reduced or eliminated. As implied above, most other taxes, including taxes on incomes and capital, and on consumption, have a negative impact on economic development, because they increase the costs of investment and employment. When these taxes are higher, it means that employers have to pay workers more to compensate for the higher taxes workers have to pay, and at the same time the market for goods and services is reduced. This would be offset to an extent by government spending on public services, which would create jobs and generate economic demand, thus stimulating investment and employment in the production and supply of goods and services to meet that demand. Substituting LVT for those other taxes would encourage this process all the more.

- Second, the more LVT that owners of land have to pay, the more incentive they will have to invest capital in order to make the most efficient use of the land. This would help create more industries or services, and therefore more jobs, or more homes, depending on what the land is used for (subject to planning permission), which is what economic development is about.
- Furthermore, depending on the rate of tax, LVT will tend to lower the market price for land, first, because potential buyers would take into account the LVT that they would have to pay in the future as a result of owning the land, and second, because owners of derelict sites and property developers holding ‘land banks’(often for speculative purposes),who would become liable for LVT, would have the incentive to bring the land into use as quickly as possible, which would increase the supply of land.
- However, this tendency for land prices to be lower would be offset by rising economic activity (partly due to the introduction of LVT, as such, and partly due to the concomitant reduction of other taxes that have an adverse impact on economic development).This would tend to increase the demand for land and therefore its value – but less so its price because more of the higher land value would go to the community in the form of LVT.
- The net effect, over time, therefore, would be for land prices to be lower than they would otherwise be, and less subject to inflation. This would mean that less capital would be needed to acquire land, leaving more available for investments on the land, such as affordable housing or some other productive activity, thus creating jobs and enhancing the process of economic development.
- Meanwhile, the more that LVT encourages investment in new productive activities, the more this will increase the demand for land, and therefore its value, allowing more revenue to be collected from LVT. This could be used to improve public services, or allow other taxes to be reduced further, which would act as a further incentive for others to invest. Either way, or in combination, it would expand economic activity and job opportunities, with the cycle capable of being

repeated over and again. In short, LVT would help promote more sustainable economic development.

2.5 LVT is superior to other types of land tax

- LVT, and its economic impact, are quite different from other types of land tax. These include: development land taxes under various guises, which are one-off taxes on the uplifted value of sites following the granting of planning permission for a new use; the Stamp Duty Land Tax, paid when properties change hands; and so-called Section 106 Agreements, which oblige developers to finance infrastructure or affordable housing as a condition for the granting of planning permission, and therefore are a form of tax.
- LVT would eliminate the need for Section 106 Agreements and Planning Charges, as well as the Stamp Duty Land Tax, because the revenue from LVT over the years, from all properties, would give local authorities the means to make the necessary investments in infrastructure and public services for the benefit of everybody.

2.6 LVT can help finance public transport and other public services

- The value of land is partly determined by its proximity to public transport facilities and other public services and amenities, such as parks, schools and health centres, provided from the public purse – in other words, taxpayers. Whenever a new public service is introduced to an area, or an existing one upgraded, this increases land values in the vicinity, thus benefiting owners of land in the area, at the expense of taxpayers. With LVT in place, the public at large would get back a major share of the increased value, so that, in effect, the project could become self-financing.
- Indeed, with LVT, it would be possible to finance such projects in advance through the issue of bonds backed by the future additional revenue stream from LVT that would result from the increased value of land in their vicinity.
- For example, the London Underground Jubilee Line extension, which cost taxpayers £3.5 billion, could have been financed in this way. At the time, it was estimated that as a result of the extension, land values in the vicinity of just two of the stations, Canary Wharf and Southwark, increased by £2.8 billion, and, over the whole extension, by some £13 billion. In other words, had LVT already been

established, the public as a whole would have been the beneficiaries from the higher land values created, instead of the private owners of land in those areas, who had contributed nothing to the project.

2.7 LVT will help resolve the housing crisis

- The huge increase in house prices in recent years – which is putting home ownership beyond the reach of many young people, or forcing them to borrow far beyond their means – is almost entirely due to the escalating price of land in the places where people want to live and work. The cost of building homes has changed hardly at all.
- With LVT in place, as noted already, because potential buyers would take into account the LVT they would have to pay in the future, the price of land would tend to fall – the more so as the rate of LVT was raised. This would make homes increasingly affordable, and reduce the costs of acquiring land for the building of new homes.
- Furthermore, LVT would encourage the building of homes on brownfield sites, and discourage the hoarding of land by speculators, because all land would be subject to LVT according to its permitted use as determined by planning regulations, irrespective of how it was currently being used. This would help boost the supply of land for housing, and keep land prices under control.
- Meanwhile, lower land prices would not only benefit those seeking to buy homes, but also make it more affordable for local authorities and housing associations to acquire land for social housing, thus increasing the supply of homes at affordable rents

2.8 LVT will make farming more efficient and viable

- Currently, farming in Britain is highly dependent on subsidies in one form or another. However, their net effect is that they tend to boost land prices and rent, so that the subsidies, rather than supporting farming, end up as unearned income for the owners of farmland.
- The introduction of LVT would reduce land prices and rents, and, if substituting for income tax, would lower the costs of employing farm workers. This would enable farm subsidies, which tend to distort agricultural production away from the optimal

use of land, to be abolished. Lower land prices would also encourage small scale and organic farming as a viable, environmentally friendly way of farming.

2.9 LVT as a resource rental

- Land in its more extensive economic meaning includes also the minerals under the ground, the sea and the atmosphere. In the same way that LVT encourages the efficient use of land in its narrower sense, and at the same time raises revenue for public benefit, taxes – or resource rentals – on the use of land in its wider sense would do the same.
- The Labour Land Campaign, therefore, advocates the charging of resource rentals for the use of all natural resources, including those from the sea, as well as such things as landing slots for aircraft, and the use of the electro-magnetic spectrum and airwaves for telephony and broadcasting.

2.10 LVT is cheap and simple to collect

- Once all land has been registered and the administrative structure for valuing land has been established, the collection of LVT is cheap compared with other types of tax, since the process of assessment is more or less automatic.
- Practical experience in the United States and elsewhere shows that the valuation of land is easier, less costly and more accurate than valuing buildings or other developments on the land. Valuing buildings, for instance, is complicated by their uniqueness in terms of architectural features, state of repair, what the buildings are being used for, how old they are, and so on. Land value, on the other hand, is determined almost entirely by its location relative to various amenities and by planning regulations.
- There are a number of methods for valuing land. Today, computer-aided mass assessment techniques and geographical information systems can be employed to make the process efficient. It is possible to construct maps, or 'land-value-scapes', which, instead of showing contour lines depicting topography, would connect areas with similar land values. Thus, knowing the area of a site, one would immediately be able to calculate its value by referring to its position on the map. Once such a system for valuing land had been established, it would be easy to update valuations more or less continuously as new data on transactions and other developments became available.

- Meanwhile, as noted before, it is impossible to hide land in the same way that income from earnings and trade can be hidden. All owners of land would have to pay LVT irrespective of their place of domicile or company status. Therefore, there would be none of the costly measures that other taxes require to ensure compliance and to prevent evasion through the various loopholes that so-called 'tax accountants' are so skilful at finding.[4]

3. The continuing relevance of Antonio Gramsci's theory of *the historic bloc* when devising strategies to contest the convergence of Britain's three main parties around the surrender of local democracy to big business control

3.1 Gramsci argued that, in terms of the way power operated and was consolidated, there was a great difference between the situation in predominantly feudal pre-1917 Russia – the site of the first socialist revolution where 'the State was everything' (A. Gramsci, 1999, p. 494) – and that obtaining in Western capitalist social formations. Gramsci therefore considered it possible for a revolutionary group to wrest power from the grasp of the Tsar and the aristocracy by means of a frontal attack. However, a "war of manoeuvre" – the term Gramsci used to describe the tactic of engaging in this frontal attack – was not regarded by him as likely to prove effective in Western capitalist social formations: because in these formations, the state is propped up by a network of cultural and ideological institutions that Gramsci referred to as "civil society". In Gramsci's view, the institutions of civil society function behind the state as a 'powerful system of fortresses and earthworks' (ibid.). Civil society, as used by Gramsci, is therefore conceived of as a domain comprising ideological institutions that consolidate the existing hegemonic arrangements. It also contains spaces, often within the ideological institutions themselves (they are not to be regarded as monolithic), where these arrangements can be contested and renegotiated. In view of his conception of the state and civil society, Gramsci felt that a frontal attack could not lead to a seizure of power in Western societies. For such a seizure to occur, one

[4] The Labour Land Campaign's strategy for implementing LVT also envisages that basic rate income tax, stamp duty land tax, council tax, national non-domestic rates and Section 106 agreements would be phased out following the introduction of LVT; and that inheritance tax on property, VAT, Corporation Tax, Capital Gains Tax and planning charges (or Community Infrastructure Levies) could be reduced, or made more selective, as the rate of LVT was increased. See also Oxfordshire County Council and Vale of White Horse (2005); Glasgow City Council (2009) for details of their LVT pilot survey; and section 3.2 below for details of the Scottish Green's proposals.

would first have to engage in a "war of position," which involves social organisation and the development of cultural predominance.

Gramsci's theory of the historic bloc – and his concepts of hegemony, civil society, the integral state, national popular, ethico-political, organic intellectuals, the wars of movement and position – enabled him to accurately detail the balance of class forces in the society of his time: and they are still relevant today when devising political strategies to defeat the New Labour and Tory-LibDem project for big business control of local government under conditions of state monopoly capitalism.

3.2 Phillip Inman states that LVT supporters 'are considered on the fringes of the political spectrum' (P. Inman, 2011). But, as David Cooper points out: 'Of the major parties, only the Conservatives lack a campaign group promoting LVT' (D. Cooper, 2011).[5] And support for LVT includes establishment luminaries such as Sir Samuel Brittan and Martin Wolf of the *Financial Times*. The Labour Land Campaign promotes LVT within the Labour Party and across the broad left movement, and LVT is now the policy of the Labour Representation Committee. Ken Livingstone also supports LVT, which is also included in the Co-operative Party and Green Party manifestos. And Professor Prem Sikka argues for LVT plus major distribution of wealth and income in the labour movement (P. Sikka, 2011, p. 9).

Moreover, the Scottish Greens on 11 April 2011 set out the details of their proposals to replace both Council Tax and Uniform Business Rates with LVT in 2012. At the rates proposed by the party, this move would bring in £1.04 billion of additional revenue each year, as well as providing incentives for sustainable business development within local planning guidelines. Those living in residential properties currently banded A to E would pay less, and those in Scotland's most valuable properties, banded F to H, would pay more. Overall, more than 85 per cent of Scots households would see their tax bills fall. And:

> Urban vacant land would be brought into the tax system for the first time, deterring 'land banking' and encouraging business development, as would agriculture, forestry and shooting estates, although at a heavily discounted rate compared to other businesses….Land values in Scotland vary significantly according to location and planning permission – an average hectare of industrial land is valued at £1 million, while an average hectare of agricultural land is valued at just over £4,000. At the levels proposed by the Scottish Greens, the tax on the former would be £80,000 per annum

[5] David Cooper is Secretary of the Liberal Democrats Action on Land Taxation and Economic Reform group (Alter).

> while the tax on the latter would be just £100 per annum (Scottish Green Party, 2011).[6]

Furthermore, in December 2008 twelve think-tanks, charities and political pressure groups – Labour Land Campaign, Liberal Democrat Action for Land Taxation and Economic Reform, Social Liberalist Party, Systemic Fiscal Reform Group, School of Economic Science, Land is Free, Henry George Foundation, Land Value Taxation Campaign, Professional Land Reform Group, Christian Council for Monetary Justice, Global Justice Movement and the 1909 Group – formed a new cross-party group called the Coalition for Economic Justice (C4EJ) to campaign for the introduction of LVT. C4EJ held a LVT seminar at the House of Commons on 24 March 2009; and the publicity for the seminar pointed out that:

> The American embassy in Grosvenor Square was recently sold for £500 million. As the price agreed was on the assumption that the building would be demolished, the entire price reflected the site value alone. The intrinsic value of the 2-acre site is negligible – as agricultural land it would fetch no more than £10,000. All this site value therefore arises from external, community-derived factors, such as, the density of population at the heart of the nation's capital and London's unrivalled communication and infrastructure network. It is wrong that the site owner should reap this benefit; it arises from the community and is paid for through taxes. It should be returned to the community (C4EJ, 2008).

C4EJ also emphasise that:

> In most property transactions the site value element is not disclosed but is highly significant. It is the site value, not the perishable bricks and mortar, which is the driving force behind property prices, pushing them up to ever higher and unsustainable levels. These inflated property prices and the ballooning credit that supports them eventually implode with, as now, catastrophic consequences for the economy. An unsustainable property boom and its subsequent collapse has been at the heart of virtually every economic crisis since the Second World War. With site values taxed, property would lose its speculative appeal and housing would once again

[6] Unlike the SNP's unworkable and unfair income tax plans, LVT for domestic properties would also continue to be eligible for Council Tax Benefit under the terms of the 1992 Local Government Finance Act, which allows Scottish Ministers to define the land and properties to which both Council Tax and Council Tax Benefit apply. The Scottish Green's land value figures are based on Andy Wightman's earlier report (A. Wightman, n.d.). Land Value Tax is calculated by applying a poundage rate to the overall value of the land in question; and the Green's current proposals supercede the poundage levels set out in Wightman's report.

become affordable. The mountain of credit thus released would be used to finance business and trade (C4EJ, 2009).

The panel of speakers included Samuel Brittan (*Financial Times*) who pending the full introduction of LVT advocated auctioning of planning permissions; Fred Harrison (Land Research Trust and author in 2005 of *Boom Bust: House Prices, Banking and the Depression of 2010*); Ashley Seager (*The Guardian*); Molly Scott Cato (Green Party Economics speaker); David Triggs (Henry George Foundation); and Ian Mclean (Professor of Politics at the University of Oxford). Mclean was a member of the independent expert group set up by the Calman Commission on Scottish Devolution whose Final Report was published in June 2009.[7]

Hence there is now a broad alliance of support – across the political spectrum – in civil society for LVT. The council tax, stamp duty land tax and national non-domestic rates should therefore be abolished and replaced by a system of LVT plus more progressive taxation of other wealth and income. For, as Philippe Legrain points out, in Britain a 0.5 per cent levy could raise £25 billion a year. Only freeholders and landlords, moreover, would pay LVT; and the owners of large estates would pay more because their acreage is greater than a semi and they often own valuable sites in town and city centres.[8]

This alliance also includes academics such as Professor of human geography at the University of Sheffield Daniel Dorling: who argued – before the last general election – that New Labour's cuts in public spending were 'not inevitable' and advocated the

[7] Commission on Scottish Devolution, 2009. Calman's key recommendations – that the Scottish government should be given significant new borrowing powers and greater control over taxation on incomes – would mean that the Scottish Parliament would be able to dispense with the private finance initiative favoured by both SNP and Labour-led administrations and develop a more progressive taxation system to meet social need. Moreover, although there is no specific reference by Calman to LVT, as David Maddox emphasises: 'The Calman recommendations in theory make it easier to abolish the council tax….Under the LIT proposals, or any other plan to abolish the council tax, Scotland would lose out by £400 million in lost council tax benefits. However, the commission has recommended that the Treasury would try to work out replacing lost revenue for Scotland if this were to happen' (D. Maddox, 2009).

[8] P. Legrain, 2010. In 2009/10, moreover, the council tax also brought in an estimated £25 billion – one quarter of the cost of local budgets. Almost all of the rest came from central government grants and national taxes whose proceeds are earmarked for local authorities.

use of 'innovative' taxes such as LVT (D. Dorling, 2009). Moreover, Ismail Ertürk et al. – in their recent Centre for Research on Socio-Cultural Change paper – note that ‘the new Tory/Lib Dem coalition, under Chancellor Osborne, has announced headline cuts of some £80 billion over several years; and the previous Labour government, under Chancellor Darling had proposed cuts of some £50 billion’: and they conclude that the government ‘are doing the wrong thing for growth by pressing public expenditure cuts and fiscal contraction…’; and that there is ‘scope for imaginative new taxes’ such as LVT’ (I. Ertürk et al., 2011, p. 22, p. 32, pp. 36-37).

4. Annual LVT plus would reduce public and personal debt and enhance human rights in neo-colonised and advanced capitalist countries: and in Britain – as a central component of the progressive alternative to the Conservative-led coalition government's neoliberal measures – close the deficit within five years without slashing public services and enable expenditure on them to increase

4.1 Section 3 of the 1948 UN Universal Declaration of Human Rights declares that: ‘Everyone has the right to life, liberty and security of person’. The International Union for Land Value Taxation (IU) believes that for Human Rights to be fulfilled every person must have the right to land or access to the benefits flowing from the land. Yet this basic Human Right has been omitted from the UN declaration. Hence the IU lobbies the UN to change section three of the Declaration to: ‘Everyone has the right to life, liberty, ***land*** and security of person’. The IU also declares that:

> The economic, political and consequently the intellectual and moral conditions of any people are ultimately determined by the system of land tenure under which they live. Since everyone has an equal right it follows necessarily that everyone has an equal right to the use of land. Without this birthright life cannot be sustained. The privatization of rent or value of land constitutes a violation of those equal rights, and its consequences are that holders of privilege exact a monopoly price for access to land, the community is deprived of its natural revenue, taxation is heaped upon trade and industry, production is harassed and growth arrested. Inevitably industrial depressions and unemployment occur. The more completely land is monopolized, the greater is the insecurity of employment and the nearer are wages driven down to mere subsistence level. This is true of all countries, no matter how they may differ in their forms of government, nature or development of their industries (IU, 2011).

Similarly, according to C4EJ's Land Charter

> 1. Nature provides free (with no cost to production) this planet on which we live.
> 2. All human beings have an equal right to use what nature provides.
> 3. When any individual, group of individuals, business or other association requires exclusive use of a part of the land surface of the planet they should compensate all others for the use of this exclusive privilege by paying the full rental value to the wider community through their government.
> 4. An annual levy on every site at the full economic rent of land would be considered an adequate method for achieving the aims of (3.) above (C4EJ, 2011).

Moreover, as Robin Blackburn reminds us – in his recent discussion of Marxism and 'human rights' – Marx and Engels concluded the *Communist Manifesto* by declaring that their goal was an association in which 'the free development of each is the condition for the free development of all': which has still not yet been attained. Hence, as Blackburn concludes

> because inequality and injustice are structural, constituted by multiple intersecting planes of capitalist accumulation and realisation, more needs to be said – especially in relation to financial and corporate power and how these might be curbed and socialised. The plight of billions can be represented as a lack of effective rights, but it is the 'property question' – the fact that the world is owned by a tiny elite of expropriators – that is constitutive of that plight. The slogan of rights takes us some way along the path; but it alone cannot pose the property question relevant to the 21st century (R. Blackburn, 2011, p. 138).[9]

4.2 Meanwhile total UK personal debt at the end of February 2011 stood at £1,454 billion. The twelve-month growth rate remained unchanged at 0.7 per cent. Individuals currently owe more than the entire country produced during the whole of 2010. Total lending in February 2011 rose by £2.0 billion; secured lending increased

[9] Blackburn's article is a review of Samuel Moyn's book *The Last Utopia: Human Rights in History* (S. Moyn, 2010). Robin Blackburn teaches at the Graduate Faculty of the New School University, New York, and in the Sociology Department of the University of Essex.

by £1.2 billion in the month; consumer credit lending increased by £0.8 billion (total lending in January 2008 grew by £8.4 billion*).* Total secured lending on dwellings at the end of February 2011 stood at £1,242 billion. The twelve-month growth rate remained unchanged at 0.7 per cent. Total consumer credit lending to individuals at the end of February 2011 was £212 billion. The annual growth rate of consumer credit rose 0.3 percentage points to 1.1 per cent. UK banks and building societies wrote off £9.7 billion of loans to individuals in the four quarters to end Q4 2010. In Q4 2010 they wrote off £2.27 billion (£1.18 million of that was credit card debt). This amounts to a write-off of £24.88 million a day. Average household debt in the UK is £8,428 (excluding mortgages). This figure increases to £16,207 if the average is based on the number of households who actually have some form of unsecured loan. Average household debt in the UK is £57,697 (including mortgages). If you add to this the March 2010 budget report figure for public sector net debt (PSND) expected in 2015-16 (excluding financial interventions) then this figure rises to £109,919 per household. The average owed by every UK adult is £29,871 (including mortgages). This is 126 per cent of average earnings. The average outstanding mortgage for the 11.4 million households who currently have mortgages now stands at £109,064. And Britain's interest repayments on personal debt were £66.3 billion in the last 12 months. The average interest paid by each household on their total debt is approximately £2,629 each year. Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans rose to £4,363 per average UK adult at the end of February 2011. And the Office for Budget Responsibility predicts that household debt will be £2,126 billion by end 2015. This would take the average household debt to £84,365 per household (Credit Action, 2011).

4.3 In addition, according to Roger Bootle – Deloitte's Economic Adviser – 2011 'will mark the fourth successive year of falling real earnings since the 1870s': and 'households real disposable income will fall by 2 per cent...a drop of £780 per household in the UK' (R. Bootle, 2011, Chart 7, p. 5, p. 7). Bootle also rejects the term "squeezed middle" – which the Labour Party defines as anyone on an annual income of between £16,000 and £50,000 – because: (a) it includes nearly all households except those in 'the bottom two and top two income deciles'; and (b) 'it is not clear that the "squeezed middle" is in fact any more squeezed than other groups of households' (ibid., p. 9). However, both the Bootle and Resolution Foundation (see below) analyses fail to acknowledge that the poorest 10 per cent will be hit 15 times harder than the richest 10 per cent due to the service cuts announced in last year's Budget and the Comprehensive Spending Review (P. Latham, 2011a, p. 404).

Moreover, median wages stagnated in advanced capitalist countries before 2008-09 – in particular in the United States

> where ordinary workers have now seen little or no improvement in the value of their wages for a generation….an American worker on middle wages in 2009 earned no more than an equivalent worker in 1975, despite US GDP more than doubling over the period (J. Plunkett, 2011, p. 17).

The pattern is similar in Canada and Germany (where between 2003 and 2008, the median weekly wage fell by nine per cent in real terms, despite GDP growth of over nine per cent in the period as a whole). In Britain, moreover, as James Plunkett states:

> The period from *2003 onwards* has seen median wages stagnate, and then fall in the aftermath of the 2008-09 recession. From 2003 to 2008, median wages were stagnant. Despite growth in GDP of 11 per cent over the period, median earnings fell by an annual average of 0.2 per cent for men, and for women rose by 0.3 per cent a year. Put simply, a middle earner in 2008 did not earn noticeably more than a middle earner in 2003. If earnings growth at the middle had instead continued at its 1977-2003 path, a person on median earnings would have entered 2008 being paid over £2,000 more a year (J. Plunkett, 2011, pp. 28-29, his emphasis).[10]

And:

> Overall, on the basis of Office for Budget Responsibility projections…median real wages are set to be lower in 2015 than they were in 2001. By that time, a thirty year period of steady growth in median wages will have been succeeded by almost 15 years of no growth (ibid., p. 29).

Conversely, the share of national income going to capital, largely in the form of profits, has risen in the past 30 years, whilst the share going to labour in the form of wages has declined significantly in advanced capitalist countries.[11] In Britain, moreover,

[10] Though Australia, Sweden, Norway and Finland appear to have experienced sustained real wage growth up to the 2008-09 global recession.

[11] This decline coincides with decreased unionisation and neo-liberal state monopoly capitalist attempts to restore the conditions in which profitable investment and capital

wages as a proportion of GDP fell from a high of 64.5 per cent in the mid-1970s to 53.2 per cent in 2008: which, as James Plunkett concludes, 'may help to explain the stalling living standards of ordinary employees' (ibid., p. 22).[12] And research by the High Pay Commission – set up in November 2010 by the centre-left pressure group Compass – suggests that if current trends continue, the top 0.1 per cent of Britain's earners will see their pay rise from five per cent to an estimated 14 per cent of national income by 2030, a level not previously seen since the start of the 20th century. At present, top earners in this group take as big a slice of national income as they did in the 1940s. In 2010, the average annual salary of FTSE 100 chief executives was more than £3,747,000, 145 times greater than the national median full-time wage of £25,800. Executive pay dipped slightly during the recession, but the Commission predicts that by 2020 the ratio will have spiralled up to 214:1 (G. Snowdon, 2011).

Meanwhile, according to Philip Beresford's *Sunday Times* Rich List 2011:

> Britain's super-rich are making light of the age of austerity, achieving an 18 per cent rise in their collective wealth over the past year. Together the 1,000 multimillionaires…are £60.2 billion better off than they were in 2010. They are now worth a total of £395.8 billion — within striking distance of their all-time pre-recession high of £413 billion, set in 2008….On the other hand, nobody can deny that the rest of the…population…are experiencing real hardship. Those on the left of the political spectrum may argue that this…rise in the fortunes of the super-rich is just what is needed to fill some of the…gaps in public spending (P. Beresford, 2011, p. 4).

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accumulation can take place. For example, total British trade union membership peaked at 13.2 million in 1979 and was only 6.7 million in 2009 – a density of only 27.4 per cent overall – 15.1 per cent in the private sector and 56.6 per cent in the public sector (P. Latham, 2011a, p. 391).

[12] These trends, according to Plunkett, are also reinforced in the advanced capitalist countries because 'many of the lowest skilled jobs are highly *difficult* to automate, for example roles in personal service, such as cleaning and hospitality. In contrast with earlier periods, the most routine, "automatable" jobs now appear to be clustered around the middle of the skill-distribution, in administrative white-collar work and skilled manufacturing. With high-skilled jobs, in knowledge-intensive industries, also proving relatively immune to automation, middle-skill jobs are the most exposed' (ibid., p. 24, his emphasis).

Half of the six richest high street bankers are with Barclays – Roger Jenkins £150 million; Bob Diamond £102 million; and Rich Ricci £54 million (ibid., p. 68). This year there is also a record haul of hedge fund managers, commodity traders and the like: 55 in all, or 5.5 per cent of the total Rich List led by Nat Rothschild whose fortune has shot up to £1 billion – a 203 per cent increase from £330 million in 2010 (ibid., p. 26). Yet taking all the collective wealth of these 55 – £12.6 billion – would cover just over a month of the Treasury's borrowing requirement of £139.4 billion for 2010/11 (Office for Budget Responsibility, 2011).

4.4 Hence a progressive alternative to neoliberal ruling class 'austerity' strategies is needed in Britain: which is still one of the richest countries in the world with the sixth largest economy and where 10 per cent of the population own 44 per cent of total wealth (including private pension wealth) estimated in 2006/08 at £9 trillion (Office for National Statistics, 2009, p. 8, p. 9, Figure 2.2); and where 0.3 per cent of the population own 69 per cent of the land worth an estimated £5 trillion (P. Legrain, 2010). That is, we can close the deficit within five years without slashing public services – and enable expenditure on them to increase – by:

- A two per cent wealth tax on the richest 10 per cent (revenue £79 billion a year)[13]
- Ending tax dodging by the super-rich and big business (revenue £70 billion a year)[14]
- LVT instead of the regressive council tax, stamp duty land tax and national non-domestic rates levied at one per cent (revenue £50 billion a year)[15]
- A 'Robin Hood' tax on City transactions (revenue £7.5-112 billion a year)[16]

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[13] Office for National Statistics, 2009, Figure 2.2, p. 9.

[14] Figures produced for the Public and Commercial Services Union (PCS) by the Tax Justice Network show that £25 billion is lost annually in tax avoidance and a further £70 billion in tax evasion by large companies and wealthy individuals. An additional £26 billion is going uncollected. Therefore PCS estimates the total annual tax gap at over £120 billion (more than three-quarters of the annual deficit!). It is not just PCS calculating this; leaked Treasury documents in 2006 estimated the tax gap at between £97 and £150 billion (PCS, 2010).

[15] That is, doubling the 0.5 per cent levy: which - as shown above - could raise £25 billion a year (see P. Legrain, 2010).

● Withdrawing British troops from Afghanistan (saving £4 billion a year)[17]

● Scrapping plans for post-Trident nuclear weapons (saving at least £2 billion a year and £100 billion over 30 years)[18]

4.5 Therefore Ed Miliband – instead of attacking the poor, focusing on the so-called ‘squeezed middle’ and the need for a ‘better capitalism’ (E. Miliband, 2011) plus avoiding the ‘politics of protest’ (as urged to do by Olaf Cramme, director of the Policy Network founded by Peter Mandelson, (N, Watt, 2011)) – needs to recognise that social democracy, as Guy Standing argues, now has ‘no progressive agenda’; and ‘should dispense with notions of the “squeezed middle”’, which ‘is a another refusal by the lukewarm left to confront structures of inequality…’ (G. Standing, 2011a).[19] For, as the Indian Marxist Prabhat Patnaik notes, the nature of the crisis in the advanced capitalist countries ‘is primarily a crisis of insufficiency of aggregate demand’, whereas in neo-colonialist countries such as India ‘impoverishment of the peasants and petty producers…takes centre stage’ (P. Patnaik, 2011, p. 19).[20] Hence ‘class alliances

[16] A ‘0.005 per cent tax to the foreign exchange market alone might raise around US$25 billion per year (£17 billion) worldwide. The revenue potential for the UK would be around US$11 billion (£7.5 billion). Applying an FTT to other markets, e.g. derivatives and OTC markets, is more difficult, but, if successful, could raise much larger sums’ (N. McCulloch and G. Pacillo, 2011, p. 12). ‘If a financial transaction tax equivalent to 10 per cent of existing levels of transaction costs in each market was to be applied globally and across the board to equity, foreign exchange and derivative markets (both on and off exchanges), the revenue potential could be as high as US$482 billion, of which US$163 billion (£112 billion) would accrue to the UK’ (ibid., p. 65).

[17] In March 2010, former Chancellor Alistair Darling said he had set aside £4 billion of the 2010-11 Treasury reserve for military operations in Afghanistan (BBC, 2010).

[18] Campaign for Nuclear Disarmament, 2011. New figures from the MoD’s most recent report show that the cost of new submarines has doubled to £32 billion (Ministry of Defence, 2011).

[19] The ‘precariat consists not just of everybody in insecure jobs’: but all ‘those who feel their lives and identities are made up of disjointed bits, in which they cannot construct a desirable narrative or build a career, combining forms of work and labour, play and leisure in a sustainable way’. And in Britain ‘none did more to expand the precariat than the New Labour government’: e.g. when it fought against giving temporary workers equal rights (G. Standing, 2011a). Guy Standing is Professor of economic security at Bath University and author of *The Precariat: The New Dangerous Class*, 2011a.

[20] Prabat Patnaik was formerly Professor in the Centre for Economic Studies and Planning at Jawaharlal Nehru University; and is a member of the Communist Party of India (Marxist) and Vice-Chair of the Kerala State Planning Board. He was also included in a four-member high-power task force of the United Nations chaired by Joseph Stiglitz to recommend reforms of the global financial system. The other

behind the struggle' are 'different in the two theatres': in advanced capitalist countries 'the working class, the immigrants, the so-called "under-class", together with the white-collar employees and the urban middle class, will combine to provide resistance, as is happening in Greece, France, Ireland and Britain – though…there is a parallel growth of fascism promoted by finance capital that seeks to thwart and disrupt this resistance' (ibid., pp, 19-20). Whereas in India, it is the peasants, petty producers, agricultural labourers, marginalised sections (like the tribal people and dalits), and the working class 'that combine to provide the resistance, while segments of the urban middle class…who benefit from the high growth ushered in by globalisation…for the time being become followers of the big bourgeoisie and financial interests' (ibid., p. 20).[21]

4.6 Hence through rigorous work on the ground in civil society we should aim – in Gramscian terms – to lay the moral, intellectual and organisational terrain for the development of a hegemonic alternative in the forthcoming period: whereby 'people will…recognise that their interests overlap with all of those whom capitalism marginalises and will come to recognise their power and demand radical change' (T. Brown, 2009, p. 8). **And annual LVT plus should be a key component of alternative political and economic strategies to reduce public and personal debt and enhance human rights in neo-colonised and advanced capitalist countries such as Britain.**

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members are Belgian sociologist Francois Houtart and Ecuador's Minister for Economic Policy Pedro Paez.

[21] Moreover, as Patnaik also observes, in advanced capitalist countries the urban middle class is a militant force (as exemplified by massive student protests), but 'vacillates or tails the big bourgeoisie' in neo-colonised countries. Though 'Latin America is different in this respect both in having a relatively small peasantry and in having an urban middle class that has experienced acute distress caused by its longer history of globalisation and unrestrained neoliberalism' (ibid.). See also P. Latham, 2011b. The latter article – entitled "Crisis and the Intermediate Strata" – is a revised version of a paper given at the seminar on 'Aspects of Capitalist Crisis' convened by the Communist Party of Britain's Economic Committee at the Marx Memorial Library on 14 May 2011.

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