

upon the virtues of wealthy countries supplying funds for developing the less wealthy areas. Such action, however, makes no sense if we then put these countries at a disadvantage in selling the goods we equip them to produce.

AGRICULTURE

The declared object of agricultural policies in the European Common Market is to maintain high cost producers on uneconomic holdings in many parts of Europe, and to subsidise them by levies on imports and similar means. This is utterly opposed to all principles of Free Trade and entitles one to wonder whether the Common Market will be an inward or an outward-looking state. It would be disastrous if, for the next ten to fifteen years, the Common Market were to be preoccupied with its internal reorganisation and new institutions and withdraw itself from the great world outside Europe. This could be a very real danger.

In Britain many of those who support the concept of the Common Market and urge that we should seek membership are also known advocates of agricultural protection and farm subsidies. This, in itself, is enough to raise serious doubts in the minds of Free Traders. One writer in the *Liberal News* even regarded the Common Market as the solution to the Liberal Party's protracted internal differences over agricultural policies!

Commonwealth Governments are stated to favour Britain entering the Common Market. This is hardly surpris-

ing as the Governments of the Dominions all practice protectionism and restrictions on trade and are imbued with protectionist mentality.

TO sum up, therefore, economically and politically what the Common Market means is that those inside it are at an advantage and those outside it are at a disadvantage. It is a form of economic *apartheid* on a world scale. It must provide a very fruitful source of irritation and trouble with emerging nations whom we are keen to win, ideologically and politically for the free West and it places an immense practical weapon in the hands of the Communists. It gives its members no economic benefit which the adoption of free trade policies would not give them immediately without losing their identity. It is a direct invitation to groups of nations in other parts of the world to form similar blocs. So far as the U.K. is concerned it means that we would be deprived of freedom to purchase our requirements from the cheapest source of supply, wherever that may be, and it would oblige us to impose tariffs on a wide range of imports which at present enter the U.K. duty free. All political parties in the U.K. agree that we are increasingly dependent upon our external trade for our daily bread and anything, therefore, which reduces our competitive power must be examined and weighed most carefully.

What Free Traders, therefore, should demand is the reduction of tariff barriers among many states rather than the setting up of fresh blocs.

COMMON MARKET—2

Why Switzerland Stays Outside

By S. W. ALEXANDER, M.B.E.

Editor of the "City Press" Newspaper

PROBABLY the best summary of the circumstances surrounding the discussions regarding what is called European integration is contained in the latest bulletin of the Swiss Bank Corporation. The writer comes to the conclusion that long before the blueprint of any still more extensive European union has been drafted, practical necessities will bring the Six and the Seven together. He points out that with the merging of the Six into a single entity, at first economic only, but with political fusion as its aim, the creation of the Common Market immediately caused profound repercussions in the economic systems of the Seven. The changes threatened to be serious to them.

In a closely reasoned argument in a document of 70 pages, the Swiss Federal Council explained meticulously why Switzerland could not see her way to join the Six. The decisive reason was that any curtailment of her sovereignty as envisaged by an arrangement with the Six meant loss of control over the management of the Swiss

economy, finances, and currency. For Switzerland, even "association" with the Six would be out of the question. Switzerland, it is explained, is a country of just over five million people who inhabit a region, largely mountainous, hence agriculturally of low productivity, devoid of all natural resources of raw materials, vital to the industries that provide Swiss workers with employment. In 1959 40 per cent. of the total exports of Switzerland went to the countries in the Common Market while 60 per cent. of the imports came from those countries. Those figures show that trade with the rest of the world is more important to Switzerland than trade with the Six.

DESPITE all the handicaps imposed by Nature, the people of Switzerland, per capita, have become one of the most affluent in the world. One reason is that thanks to her low customs tariff Swiss industry has been able to procure industrial raw materials from overseas very advantageously. That is one of the crucial facts of the Swiss economy. Her customs tariff is one of the lowest in the

world. If the duties were raised Swiss industrial products would be less competitive in the world's market.

If Switzerland joined the Six, or became associated with the Common Market, she would lose control over her customs tariff and consequently over her economy as a whole. Furthermore, a large part of the national income of Switzerland is earned performing services for other countries for example, in tourism, banking, transit trade, transport, insurance—above all, re-insurance and in investing Swiss capital abroad.

Switzerland is one of the chief money and capital markets in the world. This has become an outstanding feature of the world economy because the Swiss currency is the soundest in the world. Switzerland has been the most successful country of all in keeping inflation under control. The thrift of the Swiss people is traditional. Swiss public finance is sound. The balance of payments except in two or three abnormal years, has always shown a surplus.

Capital in search of safety streams to Switzerland. The gold and currency reserves at the Swiss National Bank are, therefore, always far higher than practical necessities require. So much so that Switzerland is compelled to invest abroad heavily. Consequently, says the bulletin, if Switzerland were to sacrifice her sovereignty, she would lose control over her currency. Already the Six envisage the adoption of a common currency which would require the creation of a kind of Federal Reserve Bank.

THESSE proud claims by the Swiss are fully justified. The thing to note is their absence of raw materials. Britain is not a large raw material-producing country—except, of course, coal. But large areas of land with vast natural resources do not necessarily make a country rich or great. An example is Brazil where the natural riches are enormous but where certain qualities in the people that could make the country great are lacking.

What has made Switzerland rich is her low tariff policy. What made Britain rich before 1914 was her complete absence of tariffs. Today, we are about the highest tariff nation in the world. And so it is certain, that unless there is a dramatic reversal of policy, we are on the way to poverty.

In our opinion there is going to be a reversal of policy and anyone who finances industries hoping to exist by high tariff barriers is going to lose his money. That applies to investors as a whole, but for practical purposes it is not necessarily the short term view.

UNITED COMMITTEE'S LOSSES

We regret to report the death in late July of **Mr. Jabez Crabtree**, a retired architect of Scarborough, and in August of **Mr. A. G. Bradburn, J.P.**, a Portsmouth pharmacist. Mr. Crabtree was one of the founder members when the United Committee was incorporated in 1929. Mr. Bradburn joined the Committee in 1952. To the relatives we tender sincere sympathy.

Commended to Builders

EDITORIAL commendation of land-value rating was repeated last month by *The Master Builder*: "Take a good look around you: in any town centre, London or Luton, there is much old property which is not earning its keep and which, when rating reform changes the basis to site value, would be instantly demanding the services of demolition and building contractors.

"That is all to the good and the sooner it comes about the better. The process is under way and the rate of change must accelerate the production of a new pattern of building. Large firms, at present trying to function as single units — one reason for the demand for enormous chunks of land close to their bases — will decentralise and set up a number of smaller units, and smaller firms will suffer even more intense competition from these medium sized units, including the subsidiary, or diversified, industries that may move as well. And that can only result in better building. . .

"More builders, and especially the thinking technicians, should concern themselves with shaping events before events shape them. Diverse new interests, coupled with rating reform with its basis of site value (as compared with improvement), could make an overnight change in the pattern of availability of land for building — and availability of work within a small radius. Government policy is going that way, give it a push."

IN the same issue *The Master Builder* published a letter as follows from Lord Douglas of Barloch: "May I congratulate you upon your recent editorial on Rating Reform? It has often surprised me that builders appear to be indifferent to the heavy burden of local taxation which is imposed on the product of their industry.

"The rate which he will have to pay must always be an important factor in determining how much a purchaser is willing to pay for a house. Now that acute overcrowding is being overtaken by post-war building, this factor will have still greater weight. The choice will be between staying in an old house and buying a new one with more convenience and greater amenity but on that account more heavily rated.

"Nothing could be better for the builder than to reduce the rates on buildings by levying a rate on site values. This is not a matter of conjecture. Ample experience over half a century or more in countries where this method of rating has been adopted has proved that it encourages the demolition of antiquated buildings and the erection of new ones.

"More house building is on social grounds highly desirable. In this matter the interests of builders and the public interest coincide. It is to be hoped that they will add their voices to the demand for rating reform."

An editorial footnote states that other readers have acknowledged the appropriateness of the editorial. It was reprinted in our July issue. We can supply reprints.