

THE Libertarian philosophy requires a commitment to free trade, universal rights to land, the integrity of our currency, and a rule of law which upholds these fundamentally natural rights. Where any or all of these are absent, there will exist a society in which tension and disorder are likely to arise; fertile ground in which tyranny and anarchy may flourish; corruption, violence and poverty come into conflict with privilege, greed and selfishness. There are no short cuts to running a free and prosperous society; if the foundations are suspect, the poor man's cottage and the rich man's castle may not survive the tensions and distortions to which an unjust society may give rise.

Bad government this century has seen the collapse of once prosperous and free societies in such well endowed countries as Uruguay, Argentina and Chile; the absence of liberal reform has kept much of Greece, Italy, Portugal and Turkey backward and poor; outside of North America and Western Europe, totalitarian communist rule imprisons whole societies in its brutal and bureaucratic grip, while the breakdown of democracy in large parts of South America, Africa and Asia has resulted in military dictatorships surfacing in the wake of corrupt government, anarchy and civil disorder. Tragically, it will take more than just liberal reforms to undo the injustices of the past; ignorance arising from long periods of misrule can take decades to eradicate.

For much of recorded history free societies have been the exception, rather than the rule. During this century alone, wars, whether civil or between nation states, have been as bloody and as destructive as any in history. In large parts of the world George Orwell's nightmare of 1984 is a reality. Why is it that the voices of Marx, Lenin, Nietzsche, Trotsky, Hegel, etc. have proved more durable and successful than those of Adam Smith, Locke, Milton, Mill and George. Posing such a question is a good deal easier than producing a satisfactory answer. The rise of democracy and the growth of "liberation" movements has not been accompanied by a corresponding spread of liberal reform and enlightened government. The chimera of "social justice" has replaced the classical concept of natural justice, with its emphasis on individual liberty regulated by the rule of (just) law.

"There is a great deal of ruin in a nation," observed Adam Smith. In Smith's day, government profligacy and a host of bad laws and customs were a hindrance to the growth and development of wealth in a free and prosperous society. It took a relatively long time before Smith's wise teaching was taken seriously, and even then, his "disciples" showed a partiality in selecting those parts of *The Wealth of Nations* which prudence and expediency suggested needed implementing. The abolition of the hated corn laws; the reform of the currency and banking practice; the introduction of free trade; balanced national budgets, etc. All these great reforms of the nineteenth century owed much to Adam Smith's teaching. Had the

The Inflation to L

NICHOLAS

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readers of *The Wealth of Nations* absorbed a lot more of his wise teaching, they would assuredly have brought about a major reform in the unsatisfactory laws of land tenure. That they observed much of what he taught, brought about great benefits to nineteenth century Britain. That they resisted reforming our unjust laws relating to land tenure, was due to an unfortunate failure to recognise the unique part land plays in ensuring economic progress.

Yet, however much we may regret the missed opportunity regarding intelligent land reform, the crowning folly of this century has been the progressive abandonment of economic freedom for the mirage of the welfare state. The rise of democracy has not been accompanied by an increase in collective wisdom; rather have we witnessed the growth of economic ignorance undoing the good that had been achieved by wiser counsels prevailing during much of the last century. This century has seen the return to protection; the progressive debasement of our money; government profligacy and extravagance of an order which threatens to ruin the nation in ways which very few people in these islands have yet to appreciate. It took the spend-thrift and corrupt emperors of Rome's twilight years to achieve that which even Attila the Hun could hardly have brought about. Debasing the people's money ruined Rome (as it had ruined other great societies) long before the coming of its rise to imperial splendour, and it has brought great economic tribulations to many a nation and civilization since those halcyon days of the *Pax Romana*.

Such is the resilience of mankind, a nation can tolerate a great many abuses and petty tyrannies; render its money valueless, assuredly will you bring about a contempt for its traditions, institutions and that respect for law and civilized order which is essential, if a free and prosperous society is to continue functioning. The enemies of the libertarian society understand this only too well. No shrewder enemy of the classical liberal order appreciated this better than that arch conspirator and foe of the free and open society, Lenin. He is said to have advised that the most effective way of undermining the foundations of a system of government he hated and despised, would be to debauch its currency. Lord Keynes's comment was: "Lenin is certainly right. There is no subtler or more severe means of over-

Monetary Road to Ruin

BILITCH

supported by traditional institutions and social customs of a prolonged inflation of destructive dimensions."

turning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and it does it in a manner which not one man in a million is able to diagnose."

No system of government, no matter how well supported by traditional institutions and social customs of long standing, can indefinitely withstand the ravages of a prolonged inflation of destructive dimensions. Even a society where free land was available and free trade practised, could hardly survive the destruction of its money without severe political repercussions. Where recourse to a barter economy became necessary, only the reintroduction of good money could prevent the inevitable widespread starvation and privation from rendering society to a most pathetic condition. The destruction brought about by the ruin of the people's money would leave a legacy of resentment and distrust which might take decades to put right. Those persons, shrewd and knowing, who surfaced out of the inflationary ruins rich in property and wealth, would become the objects of hatred and bitter envy of those whose innocence and trust had left them in a state of ruin—stripped of their life's savings which had been rendered valueless by an inconvertible paper money



systematically reduced to so much useless waste paper.

To add insult to injury, the pursuit of economic casuistry is nearly always accompanied by measures of correction which make an already bad situation even worse. Prices and incomes policies are as old as economic man. No matter with what severity they have been applied, they have everywhere failed to achieve their objective and have had to be abandoned. In many cases the results of applying them have brought about a degree of public mischief which in some cases has taken centuries to extirpate. The legacy of economic restriction through the application of price and wage control has been the growth of

vice and corruption, force and fraud, and with it the extinction of individual liberty.

The great inflation which ravaged Tudor England led to the discredited belief in the just price and the just wage re-surfacing for the umpteenth time. To counter the predictable results of debasing the nation's currency, the rulers of Tudor England imposed such Draconian measures as the Statute of Artificers to fix wages. As they were unable, or unwilling, to fix prices, the results were predictable. Resentment at having their incomes regulated by law, while rising prices were beggaring them, the people of England were in a perpetual state of riot and social disorder, their rulers knowing no better than to subject the country to further repression and heavy-handed rule. Revolution and rebellion were everywhere threatening the peace of the realm. Even had attempts to fix prices been tried, the results would have been chaotic, as previous experience in this area had shown, when the various medieval edicts were introduced for fixing the price of bread, ale and other essential commodities through the various assizes.

Monetary disorder, which was a characteristic of the sixteenth and seventeenth centuries, led Thorold Rogers to observe in *Six Centuries of Work and Wages*, that:

"The issue of base money is rapidly and irremediably mischievous. It affects all except those who are quick at measuring the exact extent of the fraud, and by turning the base coin into an article of traffic, can trade on the knowledge and skill which they possess. To the poor, and indeed to all who live by wages and fixed salaries, it is speedily ruinous. The effect of the base money of Henry VIII and Edward VI, though it lasted only sixteen years, was potent enough to dominate in the history of labour and wages from the sixteenth century to the present time, so enduring are the causes which influence the economical history of a nation." (My italics.)

By what brand of "magic" did rulers in the past fleece their subjects? At the time of "the Glorious Revolution" when William and Mary were placed on the English throne, James II had fled to Ireland. Finding the exchequer bare, he resorted to the trick "of calling a farthing a shilling." The manner of debasement was as old as specie; it was bare-faced robbery in regal style! The incomparable Macauley, in a lucid piece of monetary history, described how a profligate monarch sought to extricate himself from mounting debt by flooding the realm with base coin:

"The right of coining was undoubtedly a flower of the prerogative, and in this view, the right of coining included the right of debasing the coin. Pots, pans, knockers of doors, pieces of ordnance which had long been past use, were carried to the mint. In a short time lumps of base metal nominally worth near a million sterling, intrinsically worth about a sixtieth part of that sum, were in circulation. A royal edict declared these pieces to be legal tender in all

cases whatsoever. A mortgage for a thousand pounds was cleared off by a bag of counters made out of old kettles. The creditors who complained to the Court of Chancery were told by Fitton to take their money and be gone."

Such was the sad state of affairs in 1696 that recoinage became a necessity. The historian and statesman, Lord Macauley has described the domestic scene at the time in the following words:

"It may be doubted whether all the misery which had been inflicted on the nation in a quarter of a



century, by bad kings, bad parliaments, and bad judges, was equal to the misery caused in a single year by bad crowns and bad shillings. The evil was felt daily, and almost hourly, in almost every place and by almost every class: in the dairy and on the threshing-floor, by the anvil and by the loom, on the billows of the ocean and in the depths of the mine. Nothing could be purchased without dispute. Over every counter there was wrangling from morning to night. The workman and his employer had a quarrel as regularly as the Saturday came round. No merchant would contract to deliver goods without making some stipulation about the quality of the coin in which he was to be paid. Even men of business were bewildered by the confusion into which all pecuniary transactions were thrown. The simple and the careless were pillaged without mercy by extortioners whose demands grew even more rapidly than the money shrank. The labourer found the bit of metal which, when he received it, was called a shilling, would hardly, when he wanted to purchase a pot of beer or a loaf of rye-bread, go as far as sixpence. When artisans of more than usual intelligence were collected in great numbers, as in the dockyard of Chatham, they were able to make complaints heard and to obtain some redress; but the ignorant and helpless peasant was cruelly ground between one class which would give money only by tale (counting) and another which would only vote it by weight."

With minor alterations, this passage from Macauley would fairly describe contemporary Britain. These days recycled paper and the printing press perform the same function of monetary debasement. In monetary matters, the economic clock is back to where it was some 200 years ago. Centuries of such experiences seem to have left no mark on the wisdom of our present rulers, who imagine that they are clever

enough to defy the immutable laws of economics. They cannot! No-one can; any more than we can defy the laws of gravity or motion, or any other natural law which governs the workings of the universe. Playing around with the thermometer and barometer will not alter the state of the weather.

Economics and politics in the West has been dominated in the 1970s by endless discussion on the causes of inflation. Much of the dialogue has been characterised by ignorance and sophistry. Everyone from trade unionists and oil sheiks to sun spots has been charged with causing it. An endless stream of literature has been rolling off the presses discussing and describing it; a day hardly passes without considerable discussion of it in the press, on television and radio; politicians, businessmen and various spokesmen express their views on it; and a veritable Tower of Babel exists where ignorance tends to obscure the simple fact that the world is awash with too much money, and no-one seems to know the best way of stopping it. Every discredited nostrum is offered; those who should know better pull the bed-clothes over their heads, mumbling from below the sheets. "We must have a prices and incomes policy!" The fact that such cures have always and everywhere failed, is no deterrent. "If at first you do not succeed, try, try again!" Like the perpetual motion machine, and squaring the circle, there is never a shortage of enthusiasts out to demonstrate the impossible. If they stayed at home and practised their nonsense, no harm would be done; when they rule us and plan our daily lives, they become a menace, spreading mischief and misery in all directions.

For anyone wishing to pursue this topical subject further than space will allow me here, a recent publication is currently on sale. It is four books in one, and carries the straightforward title *Inflation*. There is an excellent account by Michael Jefferson of the history and cause of inflations past and present; it is described by the publishers as "... a brilliant analysis of the historical role of inflation starting with the Peloponnesian war of the fourth century B.C. through the horrendous Hungarian post second World War inflation, and culminating in the true situation of World economics in 1976." Also included in this excellent book is Andrew Dickson White's "Fiat Money Inflation in France", covering the monetary depredations "which ruined the French economy throughout the French Revolution to the

FIAT MONEY INFLATION IN FRANCE

By Andrew Dickson White. Crystal-clear, devoid of sophistry, this painstaking account by an eminent historian and statesman (1832-1912) of the cause and mechanics of monetary inflation in revolutionary France and of the material and moral havoc it wrought, is invaluable to the student of the prevailing inflation in the Western World.

From *Land & Liberty*, 65p plus 20p p. & p.

period of the Napoleonic wars". From the late Thomas Mann there is an account of life in Germany during the 1923 hyperinflation where he recounts his experience under the Weimar Republic. This astronomical inflation left such deep scars, that, along with other German resentments, and the massive deflation that was required to restore normality to German currency, it paved the way for the rise of Hitler and National Socialist rule. Germans know all about inflation; they had a further nasty dose of it following the second World War.

The remainder of the book is a contribution from a Professor Walt Rostow, who "has studied the English economy since the Cromwellian Commonwealth showing how little prices changed until 1913 and how staggering the increase has been since."

It used to be thought that the issue of bad money was only inflicted on nations by despots and malevolent governments. But as Andrew Dickson White showed in his minor classic on fiat money in revolutionary France, so-called popular government could violate sound principles of currency. Yet inflationists continue to delude themselves and the mass of the people, that a nation can print its way to perpetual prosperity and the good life for all! No wonder that the old style Socialists thought money the root of all evil, which should be abolished. Their own brand of ignorance led them in turn to those gross economic errors which characterise the collectivist state they clamour for. When financing their "Utopia" brings inflation, they go witch-hunting under every bed for the dreaded "speculator" and other "enemies of the people". Inflation is inflation—no matter who is responsible for its introduction. Where it is allowed to take root, it will, once out of hand, destroy any civilised government known to man.

Democracy and fiat money have brought us to the brink of ruin. They could yet bring about the end of representative government and parliamentary rule. Circuses and expensive bread are a very poor substitute.

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A SIGN-POST FOR SPAIN 1977

FORTY years of repression were not enough to silence the voices of those in the region of Andalucia in Spain, who support the principles enunciated by Henry George. Quickly adapting to the changed political climate, new voices from Seville, with the indefatigable Lemos Ortega and Alvarez-Ossorio in the background, are introducing to the present generation of Spaniards the men who, before the dictatorship, toiled, suffered and even died for their beliefs.

The regional newspaper *Nueva Andalucia* has been publishing during September and October, a series of well documented articles by Professor Manuel Ruiz Lagos. Eight full double pages so far received in Great Britain begin with a description of the

physiocrat movement in Spain in the eighteenth and nineteenth century prior to the formulation of George's ideas into a coherent economic and social philosophy at the beginning of this century.

1911 saw the publication of *El Impuesto Unico*, the Single Tax magazine. The first international conference for land-value taxation and free trade held in Ronda in 1913 is fully documented: the perhaps largely forgotten names of Felix Vitale, Joseph Fels, Josiah Wedgwood come to light again and with them those of A. Albendin, organiser of the conference; Baldomero Argente, translator into Spanish of all George's books and editor of the magazine *La Reforma Social* which was published during the period 1934-36; and Blas Infante, the Andalusian leader tried in 1940 after being shot in 1936.

In these valuable articles, Professor Ruiz Lagos concludes that Franco was kept in office not by his power but by the backing of the illusory new face of the old order and the apathy of the masses of Europeans who cared only for the tanning of their bodies on the Spanish shores.

We must congratulate all involved in the production of this series of articles and hope that they will help the new Spain to become aware of the way to economic and political freedom.

We hope to publish more details of this significant development in Spain in a future issue.

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