

LAND & LIBERTY

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MARCH, 1969

Brain - Washed Britain

WITH excitement and wonder comparable to that which might be expected if the British had put a man on the moon, the national press announced on February 14 the breathtaking but bogus news that Britain's trade gap had fallen to £10m. The news spilled over from the front pages to the editorials and business columns.

After the fanfare of trumpets, words of caution crept in. The figures were for only one month; over a three-month average, the figures were not quite so good. The American dock strike had boxed up American exports; the January figure was helped by an unusually high valuation adjustment to the "crude export figures." We were not yet out of the woods.

Pessimistic or realistic writers reminded their readers that all kinds of factors influenced the balance of payments account. There was, for instance, the bill of £18m. for military aircraft which is excluded from the import bill in calculating the trade deficit. In other words, trade was trade, and it fluctuated for all sorts of economic and political reasons. What was not explained was how this non-news affected the ordinary man and business in general.

The cheer leaders of this remarkable achievement are only too successful in hypnotising or brainwashing the British public into believing that the balance of payments is the most important factor in the country's economic life. So conditioned have the British people become to this silly notion that they would probably demand a national holiday (or day of prayer) if Britain's balance of payments ever ran into a surplus.

The only sensible and relevant thing that can be said of the "good news" is that it

puts further away the prospect of another devaluation while fixed exchange rates and monetary inflation persists.

The Government's obsession with the trade balance has much to answer for. It has spawned the hated imports deposit scheme which amounts to a compulsory interest-free loan to the government by importers, many of whom simply have not the resources to finance it. It is the primary idea behind the equally hated prices and incomes legislation, which is engendering strikes and disputes in industry. It is responsible for the crippling selective employment tax—designed to cut labour employed in services and transfer it to the production of exports. It is behind the parsimonious travel allowance doled out to people visiting or traveling overseas. It is responsible for high interest rates, curbs in hire purchase, limitations on bank loans, the higher rates of purchase tax and the cries for more protection by selfish interests whose case appears to be enhanced by the situation.

Only the Government itself is immune; it increases the money supply and screams if the people spend it.

No wonder a British correspondent in *The New York Times*, January 29, wrote of us: ". . . there is a dismal lack of incentive to encourage talent . . . Crippling taxes, oversupervised industries and stifling trade unions combine to discourage original development . . . Society is frustrated by absence of efficiency and lack of competent leadership. This built-in frustration cannot endure indefinitely without unpredictable consequences . . ."

The simple and elementary truth is that it is exchange control and exchange control alone that prevents the balance of payments attaining equilibrium. But while the Government pursues a policy of debasing the currency, exchange control is necessary to prevent the pound from falling internationally as well as nationally.

Not only do the British people have to put up with the falling value of their wages and savings but they are held responsible for it and punishment is meted out in various forms of economic repression.

This brings us to the crucial question. What is behind the policy of inflation? It is government intervention in the economy in pursuance of the full employment theory of Keynes, the government economic planning for growth and the alleviation of poverty through the machinery of the welfare state. This involves expenditure of vast sums of money which cannot be met even out of the present high rate of taxation and borrowing; thus the resort to the printing press to balance the budget.

Even so, the policies have failed. Beneath the facade of an affluent society poverty still remains.

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The alternative is to balance the budget without recourse to inflation, and to cut out wasteful subventions to all and sundry. Then to tackle the causes instead of the effects. A stand should be made on the fundamental causes of inequity, the private appropriation of the rest of land, and privilege in all its forms. Only then shall we be out of the wood, or more appropriately, out of the jungle.