

FEW PEOPLE today would contend that citizens in the Western democracies enjoy full economic freedom or absence of any restraint upon their power to produce, exchange, and enjoy the fruits of their labour. In the political sphere, however, no public figure ever suggests that citizens do not enjoy political freedom, understood as the legal power of marking a piece of paper allegedly to elect a member to represent their own views in a governing assembly.

The atmosphere of political frustration in the West has now become so obvious that leading British politicians acknowledge the danger. Mr. Quintin Hogg, spokesman for home affairs for the Conservative party, expresses "alarm at the growing move away from democracy and Parliamentary government, the cynicism of dictatorship." This has the ring of sincerity, but, as reported, he probes no general cause of the situation and points to no remedy beyond supporting his own party's package-deal policy so little different in principle from that of the Labour government. The present government, with a minority of total votes in its favour, has a dictatorship in Parliament. Even so, it is unable to secure against trade union power, the citizen's right to work or to defend the public against destructive embargoes on production. Mr. Quintin Hogg considers neither the feelings of those 45 per cent of voters who at British elections fail to secure any representation, nor those more discriminating electors who support neither package deal in its entirety nor those electors who dissent from the policies of the planned economy and of Britain joining the EEC, which all political parties accept. If the elector finds his vote is useless he must inevitably become apathetic or else consider some violent means of enforcing his opinions.

But Mr Hogg's comparison of the present atmosphere with that of Germany under the Weimar Republic has much point, although he might have stressed the element of inflation in both cases. The ugly head of racial-nationalism can be seen emerging in many democracies hitherto exempt. These emotional uprisings have always endangered the spirit of toleration without which democracy cannot function.

Both nationalism and the planned economy concur in the return to the herd mind. But whereas the appeal to hate persons different from ourselves evokes something in one's animal nature, the appeal to raise gross output by xy per cent evokes nothing but bored cynicism. And it perverts reason and judgement. For years the voices of authority on radio, and in the press, have accepted the planned economy as no more to be questioned than the force of gravity. With monotonous regularity we are told we must damp down the overheated economy or give a shot in the arm to the stagnant economy; that we are paying ourselves more than we earn and consuming more than we produce; that it is more profitable for us to supply foreigners with goods than ourselves. The misuse of the word "we" on a background of metaphor and absurdity renders the mind incapable of any real thought on the subject. And nor can it arouse en-

# Planning Dem Funera

FRANK DUPUIS

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thusiasm. British people do not walk in procession with the National Plan in their hands calling for Chairman Harold; they privately damn all politicians and regard betting coupons of more value than voting papers.

For this inertia pseudo-democracy is partly to blame by its assurance that merely by some form of voting people govern themselves. We need some outstanding planner, honest enough, like the Duke of Wellington, to tell the people that all they have to do with the laws is to obey them. Then the people might be warned of the dangers of entrusting such power to experts and politicians. Before universal franchise it was not possible to delude the masses that public misfortunes were due to themselves and not to their rulers.

The short answer, I think to the question why the general public have become cynical and frustrated about politics, is that progressively for the last forty or fifty years, people have ceased to apply their native common sense to economic problems and have delegated their thinking to experts who ignore economic laws in favour of the artificial ones of the planned economy, based largely on the Keynesian theory of currency manipulation. Thus the elector's power is limited to secondary matters. He feels that he is powerless and loses confidence in the democratic process. Instead of calling for the reform of the electoral system so as to enable all electors to have an effective vote, people remain cynically indifferent to electoral injustice.

During this period the over-riding consideration for



all power - seeking groups has been to allay fear of mass unemployment. Neither politicians, nor accredited experts, nor the general public have tried to elucidate the cause of this unnatural phenomenon, so all attention has been directed to short term

expedients, leaving the menace to recur periodically.

In these circumstances Keynes' book, 1936, came *à propos*. For thousands of years the economic theory of surmounting immediate difficulties by manipulating currency and credit has, of course, been put into practice by governments and private tricksters alike. But put forward academically in hundreds of pages with graphs and stat-

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istics it appeared new and impressive. This cure for unemployment had all the political advantages. It enhanced the prestige of the intelligentsia, both Left and Right; it conflicted with no party's power; it threatened no powerful selfish interest; it put the burden upon the poorest and weakest sections who would not recognise it, while allowing moralists, by pleading ignorance of economics, to pass by on the other side.

The masses neither read nor tried to understand the theory, but its reputation gave them the impression that mass unemployment could be prevented only by great public expenditure; indeed highly placed economists have advocated deficit spending for that very purpose. Thus any public man who resisted heavy taxation and financial waste could be denounced as an advocate of unemployment. So under universal franchise, the people have lost that essential safeguard of freedom, the spirit to resist confiscation of their earnings.

The real purpose of taxation—to provide public services—has been forgotten. Socialist governments have sought to use it as a weapon to make the poor richer by making the rich poorer so that taxation is now regarded as a means to control everybody's earning and spending.

But this does not explain why, not so very long ago, confidence in democracy was firm and why our forbears made such sacrifices to obtain electoral power.

The ultimate object of human association is mutual defence of life and property against encroachment from outside or within the association. People unconsciously recognise this by seeking to move from places where taxation is most destructive to where it is less so. And property in the universal meaning is not land and buildings held according to the various regulations of time and place, but material things produced by people for themselves. Our lesson is most clearly demonstrated in a simple village community before the exercise of aggressive power by some members over others has obscured the picture. In such a society the problem of regulating the economy does not arise; the economy regulates itself spontaneously; experts are not required. For all who wish to provide for themselves there is no unemployment problem, the use of land being open to all on equal terms. And land is the basis of all production, however elaborate.

As society developed the spirit of this natural organisation was not entirely extinguished. Feudal monarchs could not seize property arbitrarily; they had to rely for

revenue on dues which, however imperfectly, were a form of rent. Even when the system began to break up and the unemployment problem emerged with the Tudor enclosures, the government still drew most of its revenue from rent and the majority of the population still retained traditional rights to land and recognised the value of property as essential to personal freedom. When such a popular despot as Henry VIII sought to impose taxation or debase the currency the demeanour of the people taught him it was easier to seize the rents of the monasteries. When Elizabeth granted monopolies to powerful interests she had to withdraw them; and she was obliged to exercise strict economy in administration. This spirit and the rights on which it was based proved a more effective means to protect the liberty of the subject than universal franchise, although these rights find no place in the United Nations Declaration of Human Rights recently celebrated with such faint enthusiasm.

The spirit of resistance to over-government persisted under limited franchise. Those British people who in 1832 risked imprisonment in their efforts to reform the voting system were not bemused by democratic slogans; they wanted a means to check taxation, abolish restrictions and reduce the cost of living. And under the subsequent system of two and three-member constituencies, allowing electors considerable range of choice, they were able to abolish trade monopoly. The benefits of this were so obvious that protectionists were powerless for seventy years. But when in 1885 the franchise was extended to all male adults the vote had acquired such a mystique that electors could not see that at the same time the elector's power had been largely cancelled out by reducing constituencies to single-member representation, thus nullifying all votes except those cast for the first past the post. Inevitably the party organisations became more rigid and dominant over voters and M.Ps. alike. Although the general political atmosphere changed slowly and popular controversy was sufficiently active and informed to enable reformers to oblige the Liberal Party to adopt land value taxation as part of its policy, the advance of political monopoly continued. In the struggle for power both Liberals and Conservatives found it easier to capture the votes of the landless by advocating welfarism than by measures to abolish the cause of poverty. And as welfarism requires ever increasing public expenditure, heavy taxation is now regarded as an advantage. Thus the foundation on which British Parliamentary government grew up and developed, the spirit to resist taxation and curb public expenditure, has been swept away. Voting is regarded not as a public trust but as a means to secure favours from governments. But as everybody cannot live at the expense of everybody, electors are forever disappointed and they feel voting is an illusion.

The rational course for those electors who feel democracy is a sham would be to demand abolition of the rotten boroughs leading to party dictatorship. This could be accomplished by the reform, long advocated, known as the single transferable vote in the multi-member con-

stituencies; a system by which electors have a wide range of choice and votes have, as near as possible, an equal value. But as long as faith in the planned economy endures the general public are not likely to exert themselves for this purpose. If the nation is just a big business corporation, the man on the shop floor is not likely, in addition to his own troubles, to take on those of the management board—and to do for nothing what others are highly paid to do.

The paralysis induced by the planned economy may be observed in some small countries with better electoral systems than Britain. In Denmark the larger parties have changed the rules in order to suppress smaller parties; in Eire the dominant party is making the same effort. Only in Switzerland, where property is widespread, welfare is voluntary rather than state controlled, and the franchise not so universal, democracy appears still unshaken. Moreover, as the power of the central government is strictly limited and all contentious measures liable to be referred to a general referendum, the organisation does not lend itself so easily to the big business state.

The decision of a majority—or a supposed majority—is not a heaven-sent revelation of truth, only a practical alternative to deciding public questions by violence. If the system does not sufficiently allow for independent discussion, so that a well informed minority can exert due influence, democracy leads only to the tyranny of the majority; and where most voters are landless the majority are likely to be misled by demagogues.

Political freedom is a misleading phrase; freedom is absence of restraint, politics is concerned with power. The so-called economic questions discussed in Parliament are not on problems of economic law, which operates naturally, but on how to distort its operation. Political and economic freedom, in any useful interpretation, are not two but one.

The progress of truth requires the dissipation of myths by active discussion. If the present situation leads to the dissipation of some political myths, it might lead to the dissipation of some economic fallacies also.

## Dangers of Unlimited Democracy

“IT IS greatly to be regretted that the word democracy should have become indissolubly connected with the conception of the unlimited power of the majority on particular matters . . . If it is insisted upon that democracy must be unlimited government, I do indeed not believe in democracy . . . There is no reason whatever to expect that an omnipotent democratic government will always serve the general rather than particular interests.”

These conclusions are reached by Professor F. A. Hayek in a new IEA Occasional Paper, *\*The Confusion of Language in Political Thought*. He has written the

\*Institute of Economic Affairs, London, S.W.1. 4s. 6d.

paper because he believes that serious economic and political discussion has been “vitiating by the ambiguity of some of the key terms, which for lack of more precise ones we have constantly to use.” But his criticisms of unlimited democracy are not an attack on representative government.

“The fathers of liberal constitutionalism were surely right when they thought that in the supreme assemblies concerned with what they regarded as legislation proper, those coalitions of organised interests which they called factions and we called parties should have no place . . .

“If we want democratic determination not only of the coercive rules which bind the private citizen as well as the government, but also of the administration of the government apparatus, we need some representative body to do the latter.”

Elsewhere in his paper Professor Hayek draws attention to other confusions arising from present terminology and he emphasises that:

“Not all order that results from the interplay of human actions is the result of deliberate design. Yet the connotations of the term ‘order’ are apt to conceal the fundamental truth that all deliberate efforts to bring about a social order by arrangement or organisation take place within a more comprehensive spontaneous order which is not the result of such design.”

### VISIONARIES WANTED

A RECENT advertisement for three grades of economist to work for the Board of Trade, with salaries ranging from £926 to £4,500 called for the usually accepted qualifications. The description of tasks involved, however, is interesting. It appears that the posts will be concerned with the application of economic analysis to public policy issues in an advisory capacity, including international trade and commercial policy, industrial policy, competition, monopoly, etc.

From this it might be assumed that the government is really hoping to get to grips with economic problems. It would take a bold visionary, however, to state categorically (assisted by statistical information) that our system of land ownership is the mother of all monopolies; that other monopolies can be attacked only by measures to improve competition, e.g., the removal of restrictions on one hand and privileges on the other, and that our international trading position can be strengthened only by abandoning protective policies, establishing a sound currency and allowing it to find its own exchange level in world markets.

Unfortunately, those who will be appointed are more likely to spend their time producing false reasons for granting Industrial Development Certificates in the North East rather than in the South, advising on the need to retain Office Development Permits, examining justifications for amalgamations, listening to pleas for anti-dumping tariffs, and licensing the importation of a whole variety of products which are made more cheaply abroad.

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