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THE CRISIS AND THE WAY OUT

"The annual labour of every nation is the fund which originally supplies it with all the necessities and conveniences of life which it annually consumes, and which consist always either in the immediate produce of that labour, or in what is purchased with that produce from other nations. Accordingly, therefore, as this produce, or what is purchased with it, bears a greater or smaller proportion to the number of those who are to consume it, the nation will be better or worse supplied with all the necessities and conveniences for which it has occasion."

THE AXIOM so well stated by Adam Smith in the opening words of his great work, *The Wealth of Nations*, comes home to us with particular force at this moment and in more ways than one. For reasons deserving examination the production of wealth in this country has fallen short of the wealth which its inhabitants have been responsible for consuming. Towards making up the deficiency, which is immense, and without over-much thought of what should or could be done to close the gap ourselves, we have as borrowers called for aid from elsewhere. Notably the American and Canadian Governments have provided it in our declared state of need. From America the goods thus despatched on loan within the last twenty months have amounted in value to more than £800,000,000 and only a fraction of the total credit of \$3,750,000,000, equivalent as it then was to £937,000,000, remains unspent. We need not look just now at the repayment of that loan. It is in the future, being spread over 50 years, beginning in 1951, in yearly instalments of £30,000,000, figuring at the rate of exchange which was fixed when the credit was originally given; but the charge in pounds to future British taxpayers will altogether depend upon what the dollar-pound exchange rate will prove to be. When we regard what is happening to the pound, the fall in whose purchasing power is now being cloaked by all sorts of artificial expedients, the outlook is not reassuring; no one can predict how much in our own currency the future annual debt charge will represent. The immediate matter is the convenience which American taxpayers, standing good for the bills of American exporters, have placed at the disposal of the British Government, enabling it as bulk supplier of the home market to sell the goods and use the proceeds towards meeting its vast expenditures. It is the rapid exhaustion of the American loan and the inevitable concurrent stoppage of the flow of American goods, leaving the position as it was at the start, which has revealed with a shock how the country stands and has stood all along. Was it a rake's progress?

We are now seeing the effects of the inflation which

has depreciated the value of the pound. There is no sense in the talk of a "dollar shortage" hamstringing the country's future foreign trade, and much that is spoken of the "adverse balance of payments" is beside the mark. An artificial barrier will be set against importation, and the export trade will be a drain on the country's resources and a continuing loss to the people as a whole, so long as the self-deception is deliberately practised that the money handled in purchases and sales has more purchasing power than corresponds to the fact. This self-deception the Government is practising now, translating it into public policy by all the tricks and stratagems of exchange controls, price-fixing and at the last stage the bludgeoning of the citizens and the searchings at the ports, to make as many pounds as possible unspendable and thereby keep the inflation at bay. These repressive attempts to imprison the over-circulated paper money are futile and will in the end prove fatal.

Inflation overcasts the whole situation, requiring drastic treatment at its source. Speedily, the pound should be put on a sound basis, with gold backing convertible at not less than its present purchasing power; public borrowing should cease and all subsidies should be withdrawn. These things, taken together, involve the immediate balancing of the Budget and such a sweeping reduction in expenditure as will avoid any fresh imposition of taxes on trade and industry. At the same time the revenue side of the Budget must be looked to with a view to two things: (1) the abolition, as speedily as may be, of protectionist tariffs and the remission of taxation, direct or indirect, which take men's earnings (their property and not the State's), or bear upon production and exchange to make things scarcer and dearer; and (2) the absorption into the public treasury of the rent of land (land apart from buildings and improvements) which is the common property. That source of revenue is to be gathered in by means of the Taxation and Rating of Land values, for which, and without delay, there must be undertaken a national assessment of the land value of every land-holding.

This in broad outline is the policy we propose. Its wisdom and justice, the beneficial social and economic effects of it, are obvious and we do not stop at this writing to expound them. Frankly and fearlessly we say that if ever there was a moment when public policy should march towards the freedom of trade and the freedom of production it is now, in this critical hour. The ports of Great Britain should at once be thrown open for all the

goods any person is willing to send along. It would be a blessing if the customs house officers could be dismissed upon better business than the anti-social acts on which they are now engaged. There is no need to direct production on prescribed lines to foster exports for this or that given market and it is suicidal to hit at consumers forcing them to suffer privation. If trade were allowed to flow freely, with sound money measuring and financing all the transactions of the parties engaged, they in free and unfettered competition with one another, the amounts of imports and exports would adjust themselves. No question of there being too dangerously much of the one or too dangerously little of the other could possibly arise. And granting that State bulk purchases no longer interfered with that freedom, the political vocabularies would be shed of the jargon about "dollar shortages."

We were led into the fool's paradise, the spirit of which was expressed by the Chancellor of the Exchequer in his notorious declaration to the effect that if in any special area unemployment became apparent he would "with a song in his heart" provide generous funds to cure it. The expenditure of money was to make a flourishing society, with work for all, comfort and succour for all, and how the money was to be come by did not much matter. Taxation has been piled high, the national debt has been mounted (it rose by more than £3,000 million in the first two years of the peace to 31st March, 1947), and the printing press turning out pound notes has had a lively run. Plenty of money, no matter how obtained, the virtue and the magic was in the spending of it. The magic, yes—and the disillusionment.

THE CENTENARY OF "WALDEN"

THESE crises at all events help to keep politicians in the limelight. Their nostrums may conflict, but all their exhortations imply that without their Plans, or at any rate their directions, we are lost. And so far they have certainly "got away with it." Yet previous example does not confirm such pretensions. These claims to omniscience, these dubious appeals to passive obedience under the name of patriotism—who is likely to read them a hundred years hence? Yet after a hundred years people still read Thoreau, who never had the slightest desire to govern anyone and who showed by example how easily men might free their minds, at least, from the domination of all pretentious people, politicians or others.

The V.I.P.'s might forgive a man who abused them. That would be a tribute to their importance. But Thoreau showed himself supremely unimpressed by them—even in prison. It is not surprising that a note of wounded vanity can be detected in almost all subsequent comment on Thoreau by the best-sellers of political and literary ideas. No generosity is shown even to his private life. Thoreau succeeded in withstanding those temptations to which even a Wordsworth succumbed. Had he done so in obedience to some ecclesiastical authority he would no doubt have been acclaimed a saint; but as he subordinated body to spirit in obedience to his own conscience the transcendental purity of his life is condemned as "unnatural," disqualifying his judgment on questions of human importance. To those, however, who consider independent search for truth as the only permanent basis for human progress—even in a crisis—it might be just as useful to re-read *Walden* as to listen to the repetition of current economic clichés. It is certainly much more stimulating.

The crisis is the graver because of the measures the Government is taking which will only perpetuate its causes. The Minister of Agriculture, using his powers of decree, has promulgated a new Corn Law providing increased subsidies to the farmers and higher prices for food, a "long term," well-protected and guaranteed market. These aids will go where they have always gone, to increase the price and the rent of land. Well may we hear the interests toasting a "long crisis," as their forebears toasted a long war in the days of Napoleon. For the rest, there is no reversion of the policies the Government has heretofore pursued, of monetary manipulation, subsidies, creation of debt, trade barriers, grievous taxation and the extension of State controls. The further regimentation of personal life and action which it has announced is only instilling into the body politic more of the insidious poison which is a prime cause of its ills. The control over these added compulsions and prohibitions will require added staffs of officials and it is to them and the police inspectors that Mr. Herbert Morrison's new "go to it" injunction applies rather than to the ordinary citizen, who in these days is a declining proportion of the population.

The alternative to all that is Liberty. It is inconceivable (though there are some crazy enough to assert it) that if the free market were restored, if the Government were to take its hands off industry, and if private initiative was allowed full scope, free from all monopoly and privilege, the country would go to perdition.

Our policy we have submitted and we call upon all who are with us to give it their utmost support. With them lies the hope and the chance of the Good Society.

Although he graduated at Harvard, Thoreau, contrary to the apparent aim of such institutions, left the university with as great a desire to learn as when he entered its doors. Others used their degrees as aids to a career. He determined to "adventure upon life" itself. "It is plain that the education of man has hardly commenced," he observes, "there is so little genuine intercommunication. It is time that we did not leave off our education as soon as we become men and women; it is time that villages were universities."

In the fortunate America of that time, with its adventurous measure of land-freedom, it was possible for a man to maintain himself by working, not continuously, but intermittingly, but not monotonously, but at a variety of occupations. Instead of "venturing to live only by aid of the Mutual Insurance Company," Thoreau relied upon himself and was by turns surveyor, pencil-maker, gardener and lecturer. It is true that the material scale of his living allowed few luxuries and no ostentation; but it gave him something he valued far more: leisure, and the opportunity to exercise the higher faculties of mind and spirit. "None can be an impartial or wise observer of human life but from the vantage ground of what we should call voluntary poverty," he declares. "The rich man is always sold to the institution which makes him rich. They who assert the purest right, and consequently are most dangerous to a corrupt State, commonly have not spent much time in accumulating property. Of a life of luxury the fruit is luxury. There are nowadays professors of philosophy, but not philosophers. Yet it is admirable to profess because it was once admirable to live. To be a philosopher is not merely to have subtle