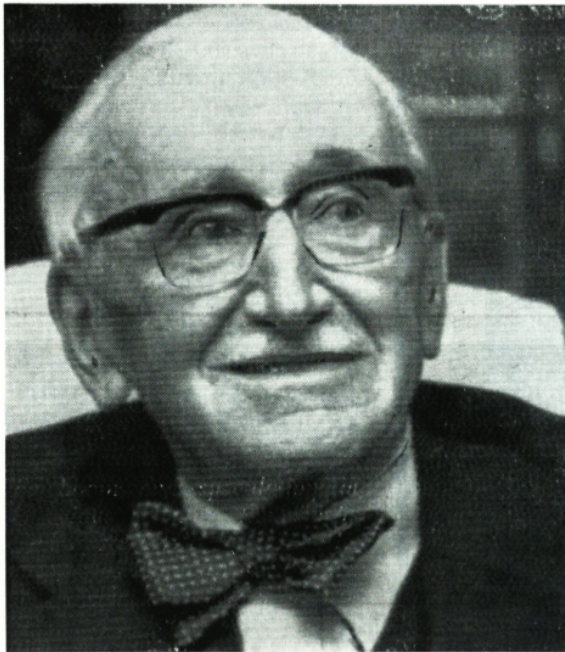


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Guru of the Right -but he is wrong!

PRIME MINISTER Jim Callaghan has spelt out the alternative to his incomes policy: firm control over the money supply and reduced public spending. He has told the trade unions which reject restraints on wage bargaining that workers might be priced out of their jobs. A socialist government now accepts the economic truth that the use of the printing press to finance profligate spending has to come to an end. To this extent, then, there is no substantial electoral choice between Callaghan and Tory leader Margaret Thatcher. The government's strategy is an acknowledgement that monetary policies have caused inflation, and that within the framework of the new discipline people cannot be trusted to bargain realistically without pricing themselves out of work. In a liberal society, people have to be free to destroy their jobs if they wish to gamble with their economic security. But what of the monopoly power of unions? They can frequently exercise their strength to secure wage rises unmatched by productivity without creating unemployment among their members . . . but the result must inevitably be reflected in the loss of **other people's** jobs. This reality is used to justify incomes policies. Eventually, however, the

personal frustrations and economic tensions must smash through the controls: in doing so, they create social unrest and economic friction, and have led to the demand for the reform of unions. The argument that this institution is at the root of our economic troubles is articulated most powerfully by Friedrich von Hayek, one of Mrs. Thatcher's leading gurus. The professor (pictured above) is wrong: restraining a few unions would not free the economy. It would merely expose workers to the naked power of the original monopoly on which the industrial economy is built: land monopoly. Until this fact is understood, successful attacks on trade unions would not lead to free trade and the liberal state advocated by Hayek, but something nearer to the unequal industrial relations which existed at the start of the Industrial Revolution. The professor, as we show in a critique of his writings, has rejected the solution to this fundamental problem. Unwittingly, therefore, he preaches a faith which leaves us all to flounder in a system built on quicksand: for even without strong unions, many of our jobs would periodically disappear as the guru's disciples sink us deeper with their palliative policies.