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Whose Welfare State?

In his broadcast on October 24, concerning the reductions in Government expenditure, the Prime Minister's main theme seemed an appeal to the people to work harder and endure more privations in order to save the Welfare State, which, he implied, they all loved so much; as if they were so overjoyed at not having the promised more and more they would be quite contented to have less and less—and, incidentally, paying the chemist a shilling a bottle for it. The Social Services, he said, "are your services and you pay for them directly or indirectly. . . . We have set ourselves the task in this country of creating the Welfare State, a State which seeks security and happiness for all. With the approval of all parties, social services have been established which are an example to the world. But the Welfare State can only endure if it is built on a sound economic foundation. If you are in a job and have to-day, through National Insurance, a greater sense of security than ever before, remember its continuance depends on what you do. Don't leave it to the other man."

Payments and Disciplines

But in the kind of State in which we live the fact is that everyone *must* leave it to the other man, and responsibility is so divided, both in fact and in the consciousness of the people that Ministers and others employ the words "we" and "our" in a manner neither they nor any of their audience could explain. Who can have a sense of property in something which is bought with what is taken from him, less the expenses (over which the victim has no control) of the compulsion? On July 5 the Minister of National Insurance reported that 764 inspectors had been appointed, whose duties included checking stamp contributions, and there had been 320 prosecutions of people who had not paid. Mr. Attlee must know very well that unless compelled to do so, only a small minority of the people would pay these contributions to a scheme which he assumes they consider as their own. The only sound economic foundation for any person's security and happiness is to give him the opportunity of providing for it himself. It is because the masses were denied this opportunity and could see only the results, in poverty and unemployment, of this denial and not the first cause that they tolerate these compulsions. But to tolerate such conditions is not to love them or even positively to support them. In other parts of his talk, Mr. Attlee seemed to be addressing himself to an audience of children, verbally patting some on the head for their hard work and censuring others. One suspected, however, that he was not

entirely confident this method would be effective. A good teacher, like Mr. Attlee, would not like to smack naughty children, but if, as he says, "There are a great many firms who have done little or nothing" of what he tells them, or "workers who only do the minimum, who don't care, who take days off," what else can he do?

Blind Spot in the Broadcast

If Mr. Attlee has the real welfare of the people at heart, and if, as his speeches often suggest, he doubts whether his opponents have an equal desire, should he not hesitate before resorting to compulsions which his opponents also support? If there are in society any privileged interests profiting at the expense of the workers, and protected by his opponents, any measures to redistribute income in an arbitrary fashion must necessarily obscure and protect the privileges.

Mr. Attlee would have found himself in a less difficult position if he had directed the attention of his followers to a privilege which, through all their tergiversations, his Conservative opponents have always defended and which he in years past has verbally assailed. This is the injustice by which one man, by virtue of possessing a piece of legal paper, can own as his private property a site of that land which, without any ambiguity, is *ours*, the collective property of all British people. Mr. Attlee must know that a person who contributes nothing whatever to production, either by direct labour or the indirect labour of saving and risking capital, if he owns a valuable piece of the earth's surface, may take not a "day off," but a lifetime off and die much wealthier than when he was born—all the time drawing his wealth quite legally from the labour of others. In his broadcast Mr. Attlee might have drawn the attention of millions to this kind of "slacker," or—much more usefully—to this bad law. But he was silent. Perhaps he thought it would be inconsistent of him to do so as his Government, by its Town and Country Planning Act, is paying £300 millions of the workers' money to a section of such slackers for a temporary relaxation of their tolls. And this is done through an Act which seems specially designed to keep the people's houses scarce and dear.

Informers on the Job

Although, as we hope, Mr. Attlee is reluctant to apply the whip, to judge by the attitude of other members of his Government we cannot be sure their reluctance would be so difficult to overcome. In a letter to the Editor of *LAND & LIBERTY*, October, 1947, Mr. Wilfrid Harrison drew attention to a broadcast by Sir Stafford Cripps, in which, after referring to total conscription of labour "as

a last resource," he urged his audience to "take the responsibility" of reporting black marketeers to the authorities. Now, October 31, in Parliament, he states: "I am prepared in suitable cases to sanction the payment of rewards for information which, on investigation, proves to be of value in detecting or preventing evasion of the Exchange Control Act." The prospect thus opening before us must surely arrest the attention of the most indifferent. The next step will be to make it a punishable offence not to give information. Children will be ordered to report their parents. The number of police agents and enforcement officers will need to be multiplied. Already the prisons are filled to overcrowding. What will be left but terrorism and the concentration camp? It has always been a consoling and self-flattering assumption to suppose the Fascists, Nazis and Communists resort to these methods because they are cruel and wicked, and we are not; but under the delusion that universal compulsion is necessary for the welfare of the State, such methods are inevitable when a later stage has been reached. Some indignation at Sir Stafford's declaration has been expressed. We wish there had been more. We wish the indignation would go far enough to investigate *why* a government should find itself in a position when it cannot avoid resorting to such methods. We wish that every person who thinks himself justified in claiming a subsidy, privilege or protection for his industry would realise to what extent he is responsible for the situation.

The Falling Pound

Sir Stafford's threat reveals another consequence of government on false principles. When the external value of the £ was bolstered by artificial measures at a higher rate than its natural value British money out of the country could buy more than at home. Hence the advantage of smuggling money out and the consequent scrutiny by officials of personal correspondence. But when the £ was devalued to its natural price this smuggling would be no advantage until the £'s natural exchange value again started to decline. Evidently this is what is happening. Devaluation has failed, even of its immediate purpose.

Indeed, the impression had been given that the new sterling-dollar rate was deliberately fixed lower than circumstances required, so defeating the black market and giving the Pound a higher purchasing power in "hard currency" countries than at home. If that were true, laud and honour, not fine and imprisonment, were for those who stuffed envelopes with notes and sent them abroad. Patriotic informers and post office detectives would be discovering their whereabouts for the provision of handsome rewards. It is a serious reflection on the Government's conduct of affairs that for the safety of the realm the Pound must be kept at home in protective custody.

European Economic Imbroglia

Years ago one used to meet advocates of Protection who roundly denounced Free Trade. At any rate, there was nothing sanctimonious about them. Now the difficulty is to find anyone who is not a Freer-Trader-Provided-the-Other-Fellow-Does-So-As-Well. When tariffs were imposed in 1931 it was argued they would provide a weapon for forcing down the barriers of other countries. Since then, in quotas, embargoes, licences, exchange controls and experts' conferences the nations should have enough of these weapons to smash a barrier manned by the greatest army of customs officers ever known. One

of these great barrier-smashing campaigns started on July 7, when Mr. Harold Wilson, President of the Board of Trade, made in Parliament the momentous statement that "the time had come" for the British Government "to take steps to relax restrictions," "subject to" . . . "although" . . . "we should need to be in a position to" . . . "it is not possible at this stage to say," etc., etc. We take up the story in headlines and comments of reputable newspapers:—

August 7, "Steps Towards Freer European Trade." August 10, "Benelux and its Difficulties—Obstacles to Economic Union." October 1, "Belgium Seeks Trade Talks—Complains of British Import Ban." October 2, "Canadians Seek Higher Textile Tariffs." October 9, "Meagre Response to Free Trade Lead." October 10, "Tariffs Reduced by Thirty-one Countries," but "The effort depends on the negotiations that are not due to begin until next autumn." November 1, "Aid Nations Given Disaster Warning—Hope Lies in European Integration." November 3, "New Economic Charter for Europe—18-Nation Plan Decisive in History, says Hoffman." November 4, "Food Imports from Canada—Britain to Cut Eggs, Bacon Supplies." November 6, "Jugoslav Trade Talks Deadlock." "Sir S. Cripps's Attitude—Mr. Hoffman Disappointed." "French Distrust a Nationalist British Government, which is being forced by its policies and doctrine into atarchic isolation." November 10, "Higher Dutch Subsidies—Hinders Union with Belgium."

The story closes with the optimistic comment of the *Manchester Guardian's* Diplomatic Correspondent, November 10, concerning a resolution passed by the O.E.E.C. Council of 17 Ministers: "It does not attempt to give any detailed commitment, but the *impression* is that it does accept the principle of the desirability of economic integration."

Bargaining for "Freer" Trade

After the original statement on July 7, Mr. Henderson Stewart asked, "Would it be true to say that the practical meaning of the Right Hon. Gentleman's statement is that we do not intend to make any relaxation at all upon imports?"

To this Mr. Wilson gave an answer which left the question as much in doubt as before. It would have saved much misunderstanding and a lot of travelling and other expenses if he and the Government had answered "Yes," and ceased to enter into useless negotiations. The Danish Commerce Minister would not have been able to say, in effect, as reported by Reuter, November 11, that the Cripps's "Freer Trade" Plan was a sham. The spirit in which our Government conducts such negotiations and the spirit, presumably, in which the Opposition would undertake them was illustrated, November 3, in Parliament, when Mr. Heathcoat Amery showed his anxiety, while "most certainly not opposed to the freeing of inter-European trade," about removal of restrictions on Italian rayon goods. "Will the right hon. Gentleman not agree," he asked, "that success must be judged by the degree of reciprocity?" "I entirely agree with that statement," answered Mr. Wilson.

Marcus Aurelius recorded his gratitude to a friend who taught him to love justice and imbued him with "the idea of a polity in which there is the same law for all . . . administered with regard to equal rights; a kingly government which respects most of all the freedom of the

governed." In their trade negotiations, our democratic rulers to-day follow exactly the opposite of all these principles. They barter the freedom of their subjects to produce and exchange with no more regard for justice than the German princelings in the eighteenth century bartered the lives of their "national servicemen." Every restriction or relaxation affecting a particular article creates a privilege; and all that is bound up in the deception called "Freer" Trade.

Open the Ports at Once

The words, Free Trade, applied to any society can have one meaning only: That every person within the sphere of that society's jurisdiction should have equal freedom of opportunity to produce and exchange goods and services. That any other society should not allow such freedom among its own members has nothing whatever to do with the necessity for justice within one's own society. If our neighbours live in servitude and poverty they cannot produce as much to exchange with us as if they lived in freedom and prosperity; but to reduce ourselves to their condition on that account, and to refuse to break our chains until they break theirs is as rational as following the Gadarene swine over the precipice. Trade is exchange; the capacity to exchange is one of the essential qualities which distinguishes men from animals. Our forefathers, who cherished, admired and protected the smugglers, and despised the informers, showed not only a manly spirit, they showed the instinct of self-preservation. Many people of excellent personal character support or tolerate the idea of "Freer" Trade, usually without investigating it, but in so doing they foster practices which have their origin in the vices, follies, weaknesses, selfishness and deceit in human character.

If the British people want as much trade freedom as possible to be established in the world, the first and indispensable step is to set themselves free. As no rulers in the world, however foolish or corrupt, can prevent their subjects *entirely* from exchanging, this first step would give the British people the unique advantage of participating in every opportunity throughout the whole world of profiting by such freedom as existed. The example of Britain's prosperity would do more in a year or so to inspire others to break their chains than the futile conferences of a century. Owners of wealth or gold throughout the world would rush to store it in an oasis where the State did not plunder it on its arrival, and where men showed signs of some feeling for the sanctity of private property. The "problems of exchange control" would arise no more. But material prosperity would be the least of the advantages to a society in which the trade of inspectors, spies and informers on the one side and liars and deceivers on the other had receded into the limbo of the past; a society not oppressed by foreboding and suffering a fresh "crisis" every month, but looking with hope and confidence to the future.

Fair Criticism by a Liberal

Mr. Graham Hutton's address to the Liberal Summer School, reported in the *Manchester Guardian*, August 2, contains some penetrating criticism of the tendencies and logical outcome of Socialism as it is developing in England. He notices, especially, how it is leading to corruption and the abuse of power. Under comparative freedom producers save out of current production and invest their savings in capital, which increases the wealth-producing capacity of society. When a Socialist Govern-

ment comes to power and by taxation and nationalisation confiscates an ever-increasing proportion of both current production and capital, the process can continue while a supply of capital remains to be plundered; but as it is against human nature for a person to work harder as he receives less and less of the product, or to save and invest if he is to be denied interest, the supply of new capital declines. The Government is thus driven to create new State-owned capital, which it tries to achieve by heavier taxation and preventing the workers spending their income on current needs. At the same time, in order to maintain its popularity, the Government tends to an ever-increasing extent to plunder minorities in order by various forms of largesse to buy popularity with the masses. The result is an impasse, with less and less for all, and minorities especially are the victims.

In contrast to this Socialist régime, the example is cited of unplanned abundance in America, under "initiative, enterprise and originality," with both its political parties "anti-Socialist in spirit"; concluding that "the greater the freedom the greater the capital, the higher the standard of life and the quicker the economic progress." All the evidence supports that conclusion.

Where Stands the Liberal Party?

Mr. Hutton, however, does not answer the question which immediately arises in one's mind. If what is taken to be perfect freedom brings abundance, why, then, does Socialism, with its false promise of abundance, make such progress? Apart from the fact that American Protectionism, with its denial of freedom, has been a hotbed for political corruption, to many American lovers of liberty it appears their country is now going Socialist as quickly as our own, although it has as yet much farther to go. Already it is reported that Democratic candidates are openly advocating the Welfare State, which has everywhere proved the first step towards Socialism and, in fact, logically denies the principle that freedom can bring abundance for all who are willing to work. Nowhere do Liberal parties put freedom first in their appeal. If the word is mentioned it is usually in such a connection as "Freedom to enjoy a (State-provided) 'adequate' standard of living." This, in fact, reverses the meaning of the word. Liberals by implication deny faith in liberty.

Look on America

A brief survey of American history suggests where the solution to this paradox might be sought. In the nineteenth century, when Liberalism was everywhere in the ascendant, vast areas of vacant, fertile land were available in North America. There was practically no destitute class, despite the influx of millions of destitute from Europe, who soon were able to provide for themselves, either by directly working the vacant land or supplying the needs of those who did so. And the classes without capital but with the option of working for themselves on vacant land were never obliged to accept low wages as in Europe, where land was all monopolised, although often undeveloped. But, towards the end of the nineteenth century, with the supply of fertile, unmonopolised land rapidly decreasing, there emerged, as in Europe, the very wealthy and the destitute classes; and confidence in freedom began to wane. No Malthusian fallacies could explain this, because it was exactly in the most densely populated areas that the very rich as well as the very poor began to appear: in those places where an owner of land could