

# LAND & LIBERTY

MONTHLY JOURNAL FOR LAND VALUE TAXATION AND FREE TRADE

Fifty-second Year—No. 612

4 Great Smith Street, London, S.W.1

May, 1945

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## NATIONALISM AND INTERNATIONALISM

THE MEETING of the San Francisco Conference makes opportune a discussion of the fundamentals of international relations. An interesting and in many ways suggestive contribution to the discussion is a small book by Professor E. H. Carr recently published. One of the difficulties in this as in most political and economic discussions is the vagueness and lack of precision of meaning in the terms used. "The 19th century," says Professor Carr, "was passionately devoted to individualism and democracy as it was then understood; and nationalism seemed a natural corollary to both. . . . A generation reared in the doctrine of a natural harmony of interest between individuals was readily persuaded of a harmony of interests between personified nations." Here is the first source of error. The interests of a nation are nothing but the interests of the individuals who compose it. The personification of the nation leads to a subconscious assumption that it is something apart from its citizens. If it is under the control of a small privileged class, they identify their interests with those of the nation. In this way policies detrimental to the interest of the majority are advocated with plausible and passionate appeals to patriotism and the general welfare.

Up till the end of the last war and the peace treaties which completed the process of giving most of the substantial racial groups in Europe nationhood and self-government, nationalism appeared as the means of liberation of minorities which had been oppressed within larger States. It was accompanied generally by enfranchisement and the growth of democratic institutions. It was also accompanied by "a phenomenal increase of production and population" and "the opportunity to expand and spread their material civilization all over the world."

Although universal free trade did not exist, there were important areas such as the United Kingdom without protective tariffs, and on the whole the obstacles to trade were small in comparison with those prevailing in recent times. Professor Carr is substantially right in saying that "goods could pass freely from place to place—and not only goods, but men. Freedom of migration was an even more vital factor in the 19th century economic and political system, and more necessary to its survival than freedom of trade

. . . unlimited opportunity for all who were willing to work was an accepted item of the 19th century creed."

But Professor Carr omits to mention that the unlimited opportunity arose from the existence of free land in the United States, Canada and elsewhere which could be taken up at will. As the land became reduced to absolute private ownership—a process which was accelerated by the reckless and profligate grants of vast areas to railway companies and others—and as speculation made land more difficult to acquire, the whole scene changed. The movement towards freedom of trade was arrested and ultimately reversed. Freedom of migration was more and more restricted. It became easy to persuade men to accept the false doctrine that foreigners and foreign goods were a menace to their own prosperity.

Thus nationalism which at first seemed the expression of individual freedom and of the right of men to govern themselves as they pleased became transformed into isolation, antagonism and conflict. With this came a growing interference by the State in all kinds of affairs for the purpose of strengthening the offensive power of the nation. Thus, as Professor Carr indicates and has been more clearly sketched by Professor Hayek, nationalism was the originator of that planning which has in its turn captured the socialists who used to deem themselves internationalists. It was Bismarck rather than Karl Marx who set the world moving on these lines and persuaded the German workers that they had much to gain from nationalism. "No sickness insurance without Sedan," as F. Borkenau acutely puts it in his *Socialism, National or International*.

The results are now apparent. "Workers became interested equally with employers in measures of protection and subsidies for industry. Advocacy of such measures proved a fruitful meeting-ground for the hitherto conflicting forces of labour and capital; and national and social policies were welded more firmly than ever together. The same instruments serve both. The 'monopoly of foreign trade' and similar organisations elsewhere conform to irreproachably socialist principles; yet they have proved most efficient instruments of economic nationalism. 'Planned economy' is a Janus with a nationalist as well as a socialist face; if its doctrine seems

socialist, its pedigree is indisputably nationalist. . . . Now that *laissez-faire* has succumbed to the joint onslaught of nationalism and socialism, its two assailants have become in a strange way almost indistinguishable in their aims; and both have become immensely more powerful through the alliance."

One of the purposes of the San Francisco Conference is to settle the form of a World Security Organisation, the basis of the discussion being the recommendations of the Dumbarton Oaks Conference. Some such organisation seems in the present state of world opinion to be necessary. Many people look to the formation of other international organisations which will be concerned with questions of trade, production, commerce and transport. Some see the prototype of such organisations in bodies like UNRRA which have been brought into existence during the war. Others look to a development of bodies similar to the international rubber or tin controls which functioned before the war.

The fundamental error and danger in all such proposals is that they continue to personify the nation, or certain sections and privileged groups within it. They assume that such organisations will serve the interests of the citizens generally and that they can be made amenable to administration which puts the interests of the generality of individuals first. These assumptions are untrue. Such organisations of their very nature are beyond any effective control. Their operations are so vast that few can understand or follow them. The persons placed in charge of them are necessarily specialists who have gained their experience in, and who look for their existence to the branches of economic life which the organisation is chosen to administer. Their bias is inevitably in favour of "producers," in which phrase is often included landlords as well. The interests of the consumers—who are so much more numerous—are neglected. A few high-sounding phrases such as "fair prices," "orderly marketing," "preventing dangerous fluctuations," suffice to appease the consciences or anaesthetize the intellect of those in power, and at the same time bamboozle such consumers as give thought to such matters.

It is true, as Professor Carr says, that "it is a fundamental tenet of nationalism that any international order must take

the form of an association of nations." "Yet freedom is a prerogative of the individual man and woman: it is only by a conventional metaphor, which easily becomes a *cliché* and is sometimes barely distinguishable from the Hitlerian exaltation of the nation as an object of worship and an end in itself, that freedom is attributed to nations." Moreover, "like the right of freedom, the right of equality, however interpreted and conditioned, is one that can be attributed only to individuals, not to nations. What we are concerned about is not the putting of Albania on an equal footing with China and Brazil, but the putting of the individual Albanian on an equal footing with the individual Chinese or the individual Brazilian. . . . The freedom and equality which the makers of the coming peace must seek to establish is not a freedom and equality of nations, but a freedom and equality which will express themselves in the daily lives of men and women."

This is well and wisely said. Yet Professor Carr fails to draw the true inference

from his own argument. He says that "the just criticism of the economic nationalism of the period between the two wars should be directed not so much against the methods it has used . . . as against the narrowness and inappropriateness of the geographical limits within which these methods are employed." In other words he wishes to see "a reinforcement of national by multi-national and international planning." He desires the establishment of many "functional" authorities charged with such matters as aviation, shipping and so on. The inevitable result will be the disappearance of all effective popular control. The forms of democracy may remain but dictatorship will reign supreme, because such organisations are in their nature incapable of effective popular control; and their managers will therefore escape public responsibility.

So recently as 1909 Guglielmo Ferrero, the distinguished historian of the greatness and decline of Rome, could write: "We are returning, in a vaster world, to the condition of the Roman Empire at

its beginning; to an immense economic unity, which, notwithstanding the aberrations of protectionism, is grander and firmer than all its predecessors; to a political unity not so great, yet considerable, because even if peace be not eternal, it is at least the normal condition of the European States. . . . Perhaps he had forgotten that the common citizenship and freedom of trade of the Roman world was not able to survive the growth of land monopoly. "The great estates," said Pliny, "have ruined Rome and the Provinces as well."

There is no need to destroy nationality, nor national self-government. But neither the freedom of nations nor the freedom of men can survive if the world does not restore freedom of trade, freedom of migration, and freedom of access to the land from which all wealth is derived. It is only by the establishment of these three freedoms that a real internationalism can be achieved, because it will rest upon the rights and freedom of the individual who is the essential element in social life and should always be the arbiter of his own destiny.

## ENFORCED AND FREE DISTRIBUTION OF INDUSTRY

THE DISTRIBUTION of Industry Bill now before Parliament, sets out with the ambitious aim of securing a proper distribution of industry over the country as a whole. This "proper" distribution is to stimulate the use of factories in the "development areas," those in which there is danger of unemployment, and it is to be done by the purchase of land and the erection of factories by the Government in those areas, and in the second place, by controlling the erection of new factories in other areas. The control is to be exercised by requiring notice to be given to the Board of Trade of any new building of more than 3,000 square feet, and the prohibition of such building without permission; heavy penalties being laid down for attempts to break away from this control.

It is evident that the Government fear the after-war effects of an increase of unemployment in the "development" areas of North-Eastern England, Cumberland and South Wales. They intend to apply artificial restoration to these areas, by bringing to bear on new enterprises all the pressure they can to make them go to these areas. They are not yet applying the principle of Mr. Bevin's compulsory powers of direction to work, now exerted upon individual workers. Short of ordering a new industrial concern where it must go, the Board of Trade will be able to prevent the erection of factories where the private management think would be the most economic place, and will practically compel firms to choose between one of these previously distressed areas.

Private business, large or small, has not hitherto been able to seek out and use the most economical sites for their indus-

tries. They have been subject to the control exerted by those who own the land of the country. The price or rent of a site may be fixed at a figure which has the same effect as the prohibition now to be used by the Board of Trade. So that to land monopoly is now to be added State interference. All in the hope of curing unemployment. It is not seen apparently, that it is this control that creates unemployment. It is true that some jobs may be found for some people in the distressed areas, who are only distressed because they are denied access to the resources of these districts. Cumberland, for instance, has an area of a million acres and a population of about a quarter of a million. Why anyone should be unemployed in the midst of the rich resources of this county is a mystery, except to those who do not shut a blind eye to the effects of private land-ownership. If factories are artificially stimulated in this area, which would be more economically run in some other part of the country, this is not curing unemployment, but creating it in one place to try to cure it in another.

This whole type of legislation is based on ignorance of or indifference to the law of economic rent. It is not by accident that certain industries are centred in certain areas. The existing distribution of industry is the result of nature's plan, operating even under the strong handicap of land monopoly. That Redditch, in Worcestershire, for instance, is the world centre for needles and fishhooks, is neither an accident, nor due to the wisdom of a paternal government. The same can be said of Lancashire and its cotton trade; of Burton and its ale, if you like: of Macclesfield and its silk. The

Board of Trade probably knows that the slipper trade for the country is centred in a small area in the Rossendale valley of Lancashire. If a new slipper factory is compelled to go to South Wales, away from all the trading facilities for supply, and for distribution of product that have been concentrated for many years in Rossendale, how is that going to increase employment in the long run and over the whole country? A given value of output of slippers produced in South Wales is going to cost more hours of labour and more expenditure of capital than the same value would have cost in its more economical source of production.

If people wanted work for work's sake, they could get it by what corresponds to digging holes and filling them up again, which is not outside the Beveridge scheme of things. But people want to satisfy their desires with less exertion, not more, and they know that one site of land will give them better results for the same effort than another.

One would have thought that the first essential even for this location of industry plan of the Government's is to find out the true value of the land of the country. The valuation of the land would have facilitated even such a scheme as this Bill. Instead, the Board of Trade is to become a buyer of land, and a builder of empty factories which it will try to fill by the pressure it is allowed to exercise. This means that owners of land in the distressed areas will have a new customer with what seems a bottomless pocket to buy land for sites and for all the materials out of which factories are made. The Board of Trade's pocket, of course, is the taxpaying ability of the people, including the people in the development areas. Cost