

country, irrespective of the actions of other governments. Goods would have to balance goods, without delay or concealment, according to mutual satisfaction of desire arrived at by an infinite series of bargains on a free market. In so far as any advantage is to be gained from international exchange (and free exchange occurs only if an advantage can be gained) the people of that one free-international-exchanging country would become more prosperous than others. Cheaper goods from overseas would raise the real value of wages, and a lower monetary cost of living would cheapen the monetary cost of all internally produced articles—including exports. The comparative advantages of such a country as Belgium to-day, even if one chooses to ignore the aggregate prosperity of Great Britain in its Free Trade era, is sufficient evidence of this.

It is to be remarked that this comparative advantage would occur even if an internationally-recognised medium of exchange, such as gold, was still excluded from normal operation. Goods would still have to balance goods, without deception or delay; there could be no "trade gaps" or uncertain rates of exchange depending upon the outcome of international conferences. Lacking the power of pledging the people's credit the government of the freer country could not attend such conferences otherwise than as a spectator. It would thus escape the odium which inevitably attends those governments most active in these blackmailing contests. Its moral influence for international good will, reinforced by the example of its people's prosperity, would make for real peace to a degree that no mere protestations can attain.

From the foregoing considerations the best course for a British government under present circumstances would appear to be (1) to make it quite clear how much it intends to pay of its international debts, or interest on

them, during, say, the next five or ten years. Obviously, to promise to pay more than it is likely to afford is a far more dangerous course than to encounter any temporary disadvantages creditors might now impose. Also, creditors would be very likely to accept such a settlement if the British government would set its internal financial house in order; (2) the Government must then withdraw from all other negotiations designed to falsify the exchange rate, and allow the external value of British currency to find its natural level; (3) as soon as possible, but independent of the action of other governments, lower and abolish import duties and restrictions, together with export subsidies; (4) although it might be expedient at first to limit the export of gold, as soon as the increased confidence in our solvency began to show itself, then abolish restrictions on the flow of gold.

It is to be noticed that all these recommendations are concerned with external trade, not internal industry and trade, internal employment or disparity of wealth. Internal restrictions of all kinds affect all these things directly, and external restrictions affect them indirectly; but if we would discover the essentials of the present crisis it only confuses us to consider the social services, internal costs, internal currency inflation, Trade Union restrictions and other subjects which do not directly bear upon the question of balancing revenue, paying debt, or facilitating our exchange of goods with foreign countries.

Freedom of exchange, external and internal, in theory confirmed by practice, increases immensely the wealth-producing capacity of nations *as a whole*; but it does not directly affect the basic causes of poverty and unemployment. To suggest that it affects the distribution of wealth weakens the argument for Free Trade and lessens our chances of surmounting the present crisis. F. D. P.

## WHAT IS THIS CRISIS? — A Spanish Writer informs a Spanish Editor

*Señor Emilio Lemos Ortega, of Sevilla, has been successful in gaining publicity in prominent Spanish journals with expositions of the Henry George principle and policy, notably in the NUEVA ECONOMICA NACIONAL, the Madrid weekly financial review, and in CAMPO, the farming journal. Among his chosen themes have been the Origins of Indirect Taxation, the Life and Work of Quesnay, the French physiocrat, and the Future of Atomic Energy. We are trying to hold space for one or more of these illuminating articles. But there comes to us now Señor Lemos Ortega's letter of June 30 to the Madrid DAILY ABC, which, not having achieved publication, we are happy to use in our columns giving it precedence over the other articles named, brilliant as they are.*

*Sr. Lemos Ortega writes thus to the Editor, Sr. D. Andres Revesz:—*

I read in to-day's ABC your article on the British Industrial Crisis. Only too frequently the mind, even of a talented person such as yourself, is led astray by the outward appearance of economic problems, and this has occurred in the case of your article. It may well be that you have overlooked the following points.

The lack of consumers of the finished articles of any country cannot be put down to the fact that most parts of the world are now more or less industrialised, but rather to the lack of *purchasing power* on the part of those who both desire and need such products. This lack of purchasing power, from which the vast majority of the human race suffers, is not due to any excessive increase in world population, and with even less justification can it be attributed to soil fatigue or erosion. Astronomers and meteorologists have yet to announce a falling

off either in the intensity of the sun's rays or in the evaporation of water. Every year brings witness of the climatic changes of December, April and August. Corn shoots continue to flower, to ripen into grain, and finally to return to the earth to nourish new plants. Matter is never destroyed; man only damages its form, by various processes, so that it might render him some particular service, until it finally returns to its crude state. Nothing has been lost in this world unless it be the good judgment of man, king of creation and a slave of his own stupidity.

The industrialisation of Spain during the last 50 years—if we may take an example—has assuredly been very notable; notwithstanding, more than 20 million Spaniards aspire to own motor-cars, radio sets, and an infinite variety of domestic appliances and working tools, which the British industrialist and merchant might well supply, seeing that our own people cannot adequately do so. And why is this not done? Is it because we lack purchasing power. And why are we short of money? Because we do not produce sufficient to warrant exports. Why, then, do we not produce more? Is it that our population, having increased by eight millions, forces us to keep such products for home consumption as we formerly sold abroad? But have these eight million individuals been born without heads or arms—with nothing more than a mouth and a stomach?

All we mortals born into this world are endowed, not only with a stomach, but also with an intelligence and two

arms to aid us in procuring our own sustenance. What happens is that the economic regulations in force secure that only a minority of persons, daily reduced in numbers at that, might labour productively, whilst the rest of the population spends its time in consuming without actually doing anything productive. There are more than enough people everywhere, except in the fields, the mines, the factories, and in commerce. What is the reason for this phenomenon? Is it that we are idlers by temperament?

Nothing of the kind. It is that Labour, Invention and Capital are persecuted wherever they appear, and naturally enough, the easy way out is to let others keep us. If we continue this *modus vivendi* which we have adopted, the time will not be far off when we shall be forced to close the prisons and set up in their place Labour Camps wherein the prisoners might complete their sentences, seeing that any State "scrounge" or "hide-out," no matter how small the return it yields, appears more exciting and attractive than productive labour. Where one has to work, for a whole week in order to obtain a day's food, all incentive melts away, since one has to toil so hard for such a ridiculously small quantity of wealth.

Where the entrepreneur cannot move a step without Government permission and bureaucratic surveillance, all creative initiative is subdued by the fear of breaking regulations. Where heavy penalties in the form of taxes

are imposed on those who devote their energies to the production and exchange of wealth, and where, on the other hand, one rewards speculators withholding land from cultivation and development, exempting such sites from taxation, there can only result a mass of poor and ragged folk, interspersed with a few who are well-to-do and well dressed. This is the reason why every capitalist seeks to shelter behind some economic privilege and why the ordinary worker goes after a job in some Government department or syndicate, or, in the long run, turns to an idle existence so as not to produce even the little which he consumes.

In no part of the world are there either too many or too few people. What we really have is a surplus of prohibitive regulations, and what we lack is a rational political economy. To speak of other things is to deal in effects or purposely try to deceive the public.

If here in Spain, we really set to work, British industry would find in us a most valuable customer and would allow us such credit as might be necessary; Spaniards, on the other hand, would find the English people no mean consumers, since the multitude of things they would send us would be paid for by our own products.

The true position is quite clear, but we are so much living in darkness that we are blinded by the light of truth.

(Translation by E. G. P.)

## ACTION DEMANDED OF SCOTTISH LIBERALS

ANSWERING a "referendum," instituted by the Scottish Liberal Party, a Scottish Liberal (Andrew D. Haxton) has written to the organisers in the following manner:—

To the question—do you want to see your industry or profession nationalised? The reply is *no*.

To the question—do you think the Socialist Government is doing well? The reply is *no*.

To the question—do you think the Conservatives would do better? The answer is *yes*; but with this rider: It is better to preserve individual liberty and private enterprise, also to maintain the *status quo*, even with its defects of monopoly and privilege, than to institute control of the people and of the industrial economy by the State. At least, the Conservatives would not have passed such an Act as the one containing the Central Land Board with its disastrous Development Charge.

### *A Strong Scottish Liberal Party*

It all depends upon what the policy of a Scottish Liberal Party is. I was one of the old-time enthusiastic "Young Scots," and have seen with dismay the departure of the official Liberal Party from the beliefs and policy of the Party of those days. Unless the Party returns to belief in radical reform, and presents to the people some definite proposals to remove monopoly and privilege and not to bolster these up by adopting diluted socialism and toryism to try to lessen the evils flowing therefrom, the Party will remain hopelessly in the desert—and rightly, too.

The Party believed in the liberal way of life, which called for the removal of all privilege to one and the consequent disability to another—so giving liberty—equal liberty—to all. This, freed from all sophistry, called for Free Trade. It called for the Taxation of Land Values which would gradually lessen the power of land monopoly and restore to all their inalienable equal right to the use of the earth.

Now, what do we find? The Party are as thirled to protective tariffs as both the other parties: making dear what one man has to sell and another has to buy. The Party has lost the liberal belief that what is right must be done, notwithstanding the temptation to do what seems expedient—doing evil that good may come of it!

I read, or hear, no denunciation by the Conservative Party, or the Liberal Party, and announcing in no uncertain terms their determination to abolish the mad legislation which set up the Central Land Board.

Make these comparisons:—

The Taxation of Land Values would in effect say "You have a more or less valuable piece of land which is underdeveloped or undeveloped, which you are holding out of full use. You may do this if you like, but you'll pay your taxes or rates upon its value as if it were put to its best use." That would have forced such land into the market for development, or the possessor would have developed it himself, with the consequent cheapening of all land and abolishing the speculative value—with consequent encouragement also to buildings and improvement of all kinds requiring the direct use of land.

Now, take the Development Charge. The Act says "You have a valuable piece of land kept more or less out of use—an anti-social thing to do—but good luck to you, if you keep it unused you will not be troubled, *but*, if you, or any other one, dare to build on it, or otherwise use it for industry or improvement of any kind, we shall show you! You will be mulcted to the extent of the full capital value, not only of the site, but also taking into consideration how remunerative will be the industry you propose to carry on."

Are not the two proposals as far apart as it is possible for two policies to be, so far as justice and wisdom are concerned? Further, the Taxation of Land Values says:—"You are to be taxed on the value of the site you occupy in the community, as that measures the value of