

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

of land will be stimulated, whatever else is stimulated, and the curve of taxation on the graph of national expenditure will take a sharp rise. Such is the wizardry of planning, and interference with the distribution of industry.

The consuming public, the customers of the industries to be planted in the special areas, will have to pay more for their commodities on account of increased cost of production, will pay more in taxa-

tion because the Board of Trade is stimulating the speculative price of land and thus the public will, with a given amount of money, be able to buy fewer commodities than under a freer economic system. In the long run, and not so long at that, for every worker found employment in the special areas, others will be put out of work, both there and in the country as a whole.

We have not forgotten that the evils

of this system may lead to the attempt to mitigate them by the device of subsidies, as provided in certain circumstances under this Bill. That, however, is an aggravation of the injustices of this type of legislation. It discriminates in favour of some businesses over others, and makes the taxpayer pay for the mistakes of faulty statesmanship and unenlightened political leadership.

D.J.J.O.

## FAULTY PACIFIST ECONOMICS

"PEACE NEWS," the organ of the Peace Pledge Union, carried an article on March 2 by Mr. E. F. Schumacher, of the Institute of Statistics, Oxford, on Planning plus Freedom. He is described as one of the most brilliant and successful of the younger economists, and a close collaborator of Sir W. Beveridge in his "Full Employment" inquiry. Mr. Schumacher quotes with approval from the book *Diplomacy in Fetters*, by Sir Victor Wellesley, the view that "foreign policy depends more on the co-operation and co-ordination of international economic activities than on any other factor," but that such co-operation "implies, if not national ownership, at least centralised control and planning on a scale unknown in Great Britain until it was forced upon us by the war." One might answer that the control and planning forced on us by the war is not an example of world co-operation, but of world war.

Mr. Schumacher would like to have the best of both worlds, and to avoid the inevitable effects of his full employment policy, of which he seems to be unconsciously afraid. Unless we have an internal "expansionist" policy of full employment, he says, we cannot have an expansionist world system. "International planning and internal *laissez-faire* are as incompatible as internal planning and international *laissez-faire*." He sets up his own Aunt Sally and neatly knocks her down. The antitheses are stated wrongly; the opponents of planning oppose it internally and internationally. And *laissez-faire*, rightly understood, is a policy for the nation and the world.

Mr. Schumacher's reply to this is that "the ideology of *laissez-faire*, which has now only a handful of adherents left in this country, is still dominant in the field of international economics." Whatever people think about *laissez-faire*, at home or abroad, and there are more who understand its meaning than Mr. Schumacher thinks, it is practised neither nationally nor in world affairs. Governmental "lend lease" arrangements, and private business world "cartels" can hardly be cited as instances of "dominant" *laissez-faire* ideas.

Mr. Schumacher's real reason for saying that *laissez-faire* is dominant internationally, is that "the measures relating to foreign trade control which are (for

most countries) an indispensable precondition for the successful pursuit of internal full employment are still almost universally denounced as economic nationalism." "A handful of adherents" and "universal denouncers" hardly seem to fit together in the picture. But the phrase which is italicised in Mr. Schumacher's article is in fact "economic nationalism," or to give it the older name, it is sheer Protectionism in new phrases. Those who remember the arguments of the now discredited Chamberlain school will recognise the marks. We are not to allow the free play of world exchange of the goods of the world because it may cause displacement of some trades at home. This argument only had force in circumstances created by land monopoly. If free land had accompanied free trade the Protection-cum-economic-nationalism policy would never have deluded the public.

"Free access to world trade does not mean free trade," says Mr. Schumacher. The fullest exchange of goods, he argues, is ensured by planning and co-ordination, and purposive direction. He means by planning the use of devices such as barter, clearings, bulk purchase and sales agreements, "discriminatory" arrangements of mutual aid, and so forth. The insistence, on the other hand, on "free" convertibility, on the "removal of obstacles," on the abolition of all trade controls, and so on, he regards as the most certain way of forcing the majority of nations into a high degree of national autarchy. As autarchy is still another name for protectionism, for setting up governmental obstacles to trade, it is difficult to see how the insistence on removal of obstacles will force nations to set them up. We are reminded of the Labour candidate we heard of who said he believed neither in Free Trade nor Protection. Mr. Schumacher will have to choose one of these systems, and to learn that they are mutually exclusive.

The article ends with a weak analogy to bolster the faulty argument. Planning by barter, discriminating purchases by Governments, etc., are said to be on the same principle as the rule of the road and the traffic lights system. This is begging the question, which is, whether trade interferences under the name of planning do really facilitate world access to world resources in the same way that traffic rules facilitate road movements.

Experience proves the contrary. The real analogy to the kind of planning Mr. Schumacher stands for is the old toll-bar system, and the introduction of passports and licences on the motor roads of the country. The rule of the road does not include giving priority and privileges to governmental transport vehicles, nor the carriage of government goods for sale in competition with other road users. The traffic lights system is analogous to the true *laissez-faire* system, it prevents the creation of obstacles, and gives a clear road to all legitimate traffic, whether private or public vehicles.

Shaky economics such as in this article of Mr. Schumacher's will not help the constructive peace aims of the Peace Pledge Union which long ago declared against the economic nationalism of which the article is a sample. D.J.J.O.

## TOWN PLANNING EXAMPLE

SOME OF the hindrances to town planning are illustrated by an example from Stockport. In 1940, Merseyway, the new road through the centre of the town, made by covering the River Mersey, was completed at a cost of £130,000. This fine instalment of town planning was followed at the last council meeting by the decision to buy land on Merseyway for further improvements.

The site is to cost £18,500, equal to £13,000 per acre. Before the river was covered this was probably back land of no value, and its present high frontage value is the result of the improvement at the ratepayers' expense. If it is vacant land it has been paying nothing towards the rates which have been used to increase its value. Had the rating of land values been in operation and the Stockport rates of about 10s. in the pound been levied on the annual value of this site, the owner would have been paying back annually about £330 of the land value created by public expenditure. Under the pressure of such a rate it is more than likely that the Stockport Corporation would have been able to acquire this site for planning improvements much sooner and at a less exorbitant figure. As it is, every planning scheme makes the next more costly by sending up the cost of land, and every improvement is made under duress of land monopoly.

(Douglas J. J. Owen in the *Manchester Guardian*, March 28.)