

with some notable exceptions, the welfare state is an established fact; the social and economic blanket is regarded as a norm; the hand of benign paternalism is accepted almost without question. They are, however, interested in efficiency and have a keen sense of social responsibility. They will shape the future to a very large extent.

The question that remains for the truly liberal minded is how are these people to be reached and influenced. If the days of the popular platform have passed, if the tide of emotionally voiced discontent has been replaced by close knit pressure groups how can the advocates of personal freedom and liberal economic reform reach the new generation so that their earnestness, training and enthusiasm is harnessed to the cause of individual freedom instead of socialism? The next generation may be too late.

USSR

Market Principles Accepted

THE SOVIETS are learning economics the hard way. They have just discovered that land has value. A decade ago, that land varied in value seemed so unimportant that the *Great Soviet Encyclopedia* scornfully rejected land registries. Today, newspaper dispatches report that legal experts in Russia are urging the introduction of a land registry which would keep a record of the quantity and quality of land, and an appraisal of its economic value.

Why this change of heart? Well, the Russians' eyes have been opened by some of the silly things that happen to land when it is assumed that it has no value and that one piece of land is as good as another. For example, at the Aksai state farm spring ploughing had just been completed on a two hundred acre field preparatory to the planting of vegetables, a very profitable cash crop. But at this point two bulldozers appeared on the scene and began to tear away at the topsoil. The field was nearly ruined before the bulldozers were finally ordered away. The state construction agency in that area needed a site for some apartment houses. As all the land is owned by the government it had no compunction about seizing the land, even though it meant destroying valuable farm land.

Construction agencies in Russia find that as land has no valuation placed on it it is advantageous for them to construct their buildings on level farmland rather than on land which requires additional expenditures to put it in condition for construction. Implicitly, of course, the construction agencies recognise that land does differ in value, which is why they like to use nice level farmland as sites.

The Russians have found that improvements are made to land regardless of what its value may be. Common sense, as well as economic theory, tells us that the improvements to land are a reflection of the value of the land and not *vice versa*. This is why Empire State build-

ings are built in cities such as New York and not in deserts.

To prevent the perpetuation of more absurdities the Russians are now considering that the value of the land be included in cost estimates of construction projects. They have finally learned what everyone else knew, and that is that if there is a choice of possible uses, say of construction of residential buildings or the raising of crops, land valuation makes it possible to determine which of the two choices is economically the best one.

—*The Gargoyle*, New Jersey

BRITAIN

Market Principles Rejected

MR. DOUGLAS HOUGHTON (Minister Without Portfolio) has now offered the British people, as alternatives to support of the Government's freeze, either bankruptcy or direction of labour. It is true that in his weekend speech, as opposed to his Press hand-out, he did say that direction of labour is unthinkable in peacetime. Yet in view of the Government's past record, Mr. Heath was as right to voice a warning as the T.U.C. was right to worry over this threat. It is not long since Labour Ministers were ridiculing Mr. Heath's predictions of a balance of payments crisis, of the collapse of the national plan, of mounting winter unemployment. Yet all these things have come to pass. It seems only yesterday that Mr. Wilson was pooh-poohing the possibility of a wage-freeze; today it is the lynch-pin of such economic policy as his Government may be said to have. Mr. Houghton's very mention of this new form of compulsion is the kind of Freudian slip which shows us which way the thoughts of our rulers are moving.

Yet if, as alternatives to its present ill-starred policies, this Government can offer only disaster, the conclusion must be that it is not fit to govern. There are many Governments in countries abroad which manage their economic affairs quite successfully without resorting to the enslavement of their subjects. No doubt the reason why Ministers are starting to mass-produce bogeys to scare the British people into doing what they are told is that they are themselves deeply uneasy at their loss of control over events. Unfortunately, tyrannical measures are the natural resort of frightened men in power. It is but a step from mentioning whips and scorpions to applying them.

It is only the neurotic state of our rulers' minds that makes direction of labour a likely alternative to the futilities of the present freeze. It is not hard to list other saner alternatives. We could stop being quite so obsessive about overfull employment. We could cut down the subsidies at home and the bounties abroad. For that matter, since it is only in the energies of our citizens that economic salvation can be found, we could even set the people free.

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