

# European Unity in Jeopardy

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**J**UST now, with Britain and France engaged in a stout struggle about the Free Trade Area, the economist K. Storn Hansen and Ole Bent Henriksen have published a book\* which gives us an entirely up-to-date review of the problems connected with the various markets. The value of this little publication lies in its summary of the development of the various endeavours directed ever since the war towards a liberalisation of the inter-European trade rather than in the authors' comments on the phenomena dealt with. Practically everything in this book bears the stamp of a tendency to pigeonholing and planning, and nothing — absolutely nothing — can be said to impart to the reader an understanding of the principal idea behind the concept of Free Trade. On the contrary, all endeavours in this direction seem to be bedevilled by the fact that everybody wants to, but nobody dares.

If I recommend the book in spite of this, I am doing so because in demonstrating this deplorable fact the book may have a mission in that it is likely to instil great caution and reticence towards urgent pleas to join one form or another of market formation.

Unfortunately the authors are guilty of making definite statements as to the necessity of certain things which, in fact, are highly disputable, for example where they say about the postwar period and the Marshall Plan that "By reason of the shortage of foreign currency it was necessary to introduce very severe import restrictions . . ." or "If the frontiers are opened again to goods and capital, this will be done only when certain reserves of foreign currency are available." This does not tie up very well with what the book says 50 pages further on: "The imposing German post-war recovery has been consistently based on a free market economy with all the doors to the world around them being thrown wide open."

Certainly this has been so, and let us listen to the voice of sound reason and the evidence of good results and stop talking about restrictions and currency reserves whenever the occasion arises. He who owns 10 acres of land and one worn-out spade but no money certainly does not lose in stature by borrowing the money for a plough and his livelihood until he has ploughed, sowed and harvested.

There are lots of slips in the book, but let us forget about them and look upon its positive value, i.e. its disclosure of the discouraging aspects of the endeavour to form market units.

Many liberally minded people are attracted by the idea of larger markets. It would be nice to get rid of our petty bureaucracy and to break down the barriers between a number of countries. They may fully realise by now that, for example, the so-called Rome Agreement had revealed

certain "imperfections," but they nevertheless feel that once we have joined, for example, The Six, it will be found soon enough that a favourable development will really set things going and remove the detrimental barriers to an unhampered flow of free trade. To those who think and feel like this I can strongly recommend a thorough study of the book under review.

Surely even the most liberally minded person must shrink from the thought of building up "Free Trade" on something so saturated with considerations of planned economy as the so-called Rome Agreement. Its function is, after all, to be something in the nature of a constitution for The Six. It is worth quoting a few passages from the book:

" . . . but the Common Market countries believed right from the onset that a removal of customs barriers would not itself be enough. For a removal of all economic barriers between the countries will lead to competition with one another, and this competition may have serious consequences unless there is a certain similarity between them in respect of the level of prices, wages and even certain social conditions."

Think of the possibilities of bureaucratic interpretations this statement offers. And if we consider the field which is of particular interest to Denmark, i.e. agricultural products, this peculiar Rome Agreement appears particularly feeble.

The protection of agricultural products is based on old traditions on the Continent, and it has proved impossible for The Six to include agricultural products in the general liberalisation of trade. The provisions of the agreement clearly show the difficulties involved and have been reduced to certain statements of principle outlining that whilst customs and import restrictions on agricultural products are to be wound up in line with other goods, it is nevertheless admissible to apply other forms of protection in order to counteract any increased competition by other member countries resulting therefrom. However, proposals for a common market arrangement are to be submitted not later than two years after the agreement has come into force with a view to:—

1. increasing productivity
2. guaranteeing agriculture a reasonable (?) standard of living and
3. guaranteeing consumers adequate (?) supplies at reasonable (?) prices.

One has forebodings of the hand of bureaucracy stretching from the homeland to lie heavily on a European plan. As problem after problem is solved, things will get worse. Take the piece in the Rome Agreement dealing with state support. This envisages that such support may dislocate the conditions of competition and should therefore not be

\* Frihandel og Fællesmarked (Free Trade and Common Market).

given. But no rule without exception: agricultural subsidies are, of course, excluded — and the same applies to areas in which the standard of living is low or where there is considerable unemployment, etc. etc. With deft manipulation everything can be confined within a given framework. Even the question of dumping has received a new impetus; this question has a wide scope, and there are easy means for the "sufferer" to apply counter-measures of his own. However, the final formulation of the rules to be applied here has not yet been accepted.

It would be possible to provide a long list of such planned economy tit-bits, but see for yourself how clearly the protectionist concept emerges from the passage about "association of overseas areas." Here it is expressly laid down in the agreement that such areas are permitted to impose duties on goods from The Six where this should be necessary to protect growing industries or as a form of revenue duty. It is monstrous to appoint people to work for greater trade freedom if these very same people can seriously produce such unrealistic proposals. And there is evidence of the same sort of delusion regardless of whether The Six, the Free Trade Area, the Nordic Union or any of their combinations are examined.

It now clearly transpires that those responsible for the establishment of the big markets, whilst realising that free trade has its advantages, nevertheless suffer from the inhibitory notion that state subsidies, restrictions, tariffs and other official measures may work in favour of the country applying them at the expense of other countries.

Naturally it would be to the detriment of the market community if individual members kicked over the traces. Until it is realised that such official steps will be most harmful to the country taking them, the chances of creating effective large markets will be less than nil.

With regard to the basic views of the six member countries, which are often diametrically opposed, the authors, who have thoroughly examined the problems involved have this to say:

"This dualism within The Six has been a governing factor in the negotiations about the free trade area and will continue to play a part in their common attitude—both vis-à-vis the eleven and to the rest of the world. If one were to judge by the contents of the Rome Agreement alone, there would be reason to fear that the basic tone in this ensemble will become protectionist and introverted — the common tariff rates (not yet worked out in full) to be imposed on non-member countries and the agricultural policy have already aroused misgivings. Will The Six, in event of a general economic recession, sharpen their economic weapons for an attack on the outer world in order to balance the consequences of having laid down these arms vis-à-vis one another, or will they stand shoulder to shoulder against those parts of the remaining world which work on a system of co-operation? Here, as in all other international relationships, the essence of success does not lie in strict observance of the letter of the law but in a sincere effort and good will, and to estimate this is

beyond our powers of judgement."

The fact alone that a question of this nature can be raised should suffice to persuade a country like Denmark, whose vital interests lie in maintaining a maximum level of foreign trade, to keep well away. There can be few doubts that we in this country have proceeded a good deal further in the understanding of the principal thoughts of free trade. Thanks to the energetic work of freedom-loving men we have a possibility of learning from our later history of agrarian reforms. We learn that whenever we followed the road of freedom, wealth came to the country.

Instead of submitting to the possibilities of an inter-European bureaucracy we ought as soon as possible to get rid of the trammels applied by ourselves for the prevention of free commerce with the rest of the world. This will rub the sleep out of our eyes and enable us to follow the general development clear-eyed and awake. This, at any rate, is a worthy attitude for a free nation to adopt, and we achieve two things. We shall profit ourselves without detriment to others — quite on the contrary. The good example may become our contribution.

## An Argentine Protest

**S**TURDY denunciation of land speculation, as it affects agricultural workers in the Argentine, appears regularly in *Reforma Agraria*, a monthly magazine founded just over a year ago in Buenos Aires. The October 1958 issue published under the heading "The Lesson of Henry George" the text of a speech Henry George delivered at the international conference on The Land Question and Social Reform held in Paris in 1889.

*Reforma Agraria* is not a Georgeist publication. If it were it would not contend that farm workers alone in the Argentine produce national wealth. Nevertheless it has caught a glimpse of the land values case and it believes that the government should not interfere with the price mechanism but should allow the producer full scope to exchange the fruits of his labour. That is more radical than anything British land workers have recently demanded.

### HENRY GEORGE SCHOOL

A report on the new term classes in economics and social philosophy will appear next month. This issue went to press before some had opened.

### OBITUARY

The sudden, untimely death of Mr. R. H. H. (Roger) Jones of Erith, Kent—he was 42—is a severe loss to the land values cause and particularly to the Henry George School. He collapsed in the street on January 6 while on his way to open—at New Eltham—one of the two International Trade classes he had planned to conduct this term. Roger was already a reader of *Land & Liberty* when he first attended classes at the H.G.S. in the early 'fifties. His keen, well-stocked intellect and warm, generous concern for human welfare (which found some outlet in voluntary work for T.B. sufferers) was combined with a resolute zeal beneath a quietly unobtrusive manner. A first-rate tutor, he helped to found and build up the strong Henry George School movement in N.W. Kent and the virile local branch of the Land-Value Taxation League which has developed consequentially. To his widow in her bereavement we extend sincere sympathy. P.R.S.

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