

IF THERE is a monument to the futile process of palliating the social effects of poverty instead of facing up to the economic causes, it is surely the council house.

Council houses, rent rebates, rate rebates, social security payments, the whole bloated jumble of welfare state largesse, all have one thing in common: they all do their bit to camouflage the unpalatable truth that in this late 20th century we still have huge numbers of sane and healthy people who are unable to support themselves without State assistance.

Despite all the advances in science and technology since the industrial revolution, despite the massive increases in wealth production that have flowed from the mechanisation, automation, computerisation and the rest, it is still only aid from the State that separates millions of British people from the breadline.

The council house stands as the visible reminder of the deep-seated poverty that material progress, by itself, is powerless to eradicate.

Given the option, few people would choose to live under the authoritarian landlordship of a local authority. But poverty closes the door of choice. In the past, the only escape for council house tenants has been via the ladder of a higher income and moving into the freer pastures of private enterprise housing. But in recent years another alternative has opened up: the prospect of buying your house from the council and, without even having to

Council Homes: monuments to breadline economics

call in the removal men, making the transition from deferential council tenant to independent owner-occupier.

From about 2,000 or so a year in the 1950s to some 25,000 a year in the '70s, the number of council house sales has grown dramatically. The Conservative Party has been vigorous in its support of sales. The Labour Party has been equally vehement against.

It is difficult to see why the difference of view between the two parties should have been magnified to the dimensions of a grand emotional controversy. The councils are presumably glad to get shot of landlord responsibilities which have become an unnecessary burden. At the prices asked by some councils the tenant would be a mug indeed if he did not take advantage of their generosity. And he, surely, does not transfer from the proletariat to the capitalist plutocracy on starting to pay a mortgage instead of rent?

Yet the debate continues, and now we have a 50-page booklet* by three Nottingham citizens seeking to prove that Nottingham Council have already thrown away £75m by selling 5,000 houses and that, nationwide, the losses would total £1,200m for every 100,000 houses sold.

The proof of the pudding is in the eating, but the evidence served up in this booklet seems likely to produce mental indigestion in many a non-mathematician reader. Assumptions about the future levels of council rents and costs jostle freely with other assumptions about future mortgage rates, future subsidies, future levels of tax relief and future interest rates. Estimates of money to be received at dates in the future have to be discounted for assumed future levels of inflation. The graphs and the calculations ripple across the pages, swamping the reader's perception as the authors reach their predictable conclusion.

One wonders why it was necessary for them to devote such meticulous effort to proving something that seems obvious. If local authorities sell off their houses at the give-away prices so many of them seem to fix, they can hardly avoid financial losses on those particular buildings.

But this hardly proves that their partial withdrawal from the housing market is against the long-term interests of the ratepayer or the taxpayer. Nor does it throw any light at all on the far more important question of why the economic set-up of the 1980s, after long periods of both Conservative and Labour rule, still produces a class which lacks the means to provide its own roof over its head.

*Where have all the assets gone? Nottingham Alternative Publications, £1.

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and otherwise — are looking for squirrels rather than axes.

People — certainly those in America — scarcely bothered with government until mass unemployment and widespread economic distress aroused them to demand that government do something, as they saw no other way out. Government did indeed "do something", and aggrandized itself en route. One could even raise the question whether "the remedy is worse than the disease."

Whatever the case, people are not going to turn back. Hayek, Friedman and Co. say that unemployment would be solved if only labour would accept lower wages; then industry would hire more labour. They say we must let go of all the props and suffer a depression. Then on the other side of the depression (if we live through it) will be a nice shining free economy.

This is not a convincing case. Might as well say industry should accept lower profits and go on producing anyway, for the sake of the economy. The new conservative answer is not much better than the old. It is perhaps a little more refined — it wants things run the old way except not to say "the people be damned." Have we not been through all that? Allowing land monopoly to stay and turning back the clock would simply be a case of repeating history instead of learning from it.

The case of Proposition 13 bears this out. By and large the reduction of taxes has benefited the larger property owners. People find they still want public services, so sources of revenue other than the property tax have to be found. The "tax revolt" has not swept the country as predicted. Basically, people do know that "there is no free lunch", and this goes for government services, too.

The current swing to conservatism is not a decisive one. It is tentative and cyclical in nature. When "liberal" governments go too far with their taxes and interventions, the electorate tends to go conservative. But when conservative governments fail to deliver economic improvement, back they go to liberal again!

The philosophy espoused by Henry George sees both sides of the problem — the dangers from private monopoly, especially land monopoly — and the dangers from big government and high taxes. If a critic of the current scene can see the dual nature of the situation, and propose to deal with it accordingly, then it doesn't matter if he is called a conservative, a liberal, or no name.

Books Received

Iran: Dictatorship and Development, Fred Halliday. Penguin Books, £1.75.

Where the Grass is Greener, David M. Smith. Penguin Books £2.25.

Euro-Communism: Myth or Reality, edited by Paola Filo della Torre, Edward Martimer and Jonathan Story. Penguin Books £1.95.

Africa Undermined, Greg Lanning with Marti Mueller. Penguin Books £3.50.

Inside the Third World, Paul Harrison. Penguin Books Hardback £12; paperback £2.95.

Viable Democracy, Michael Margolis. Penguin Books £1.25.

Planning Smaller Cities, Herrington J. Bryce. Lexington Books £14.50.

Torrens in the United States, Blair C. Shick and Irving H. Plotkin. Lexington Books £11.50.

Financing Real Estate, James H. Boykin. Lexington Books £17.50.

Land in America, Richard N. L. Andrews. Lexington Books £12.50.

Private Urban Renewal, E. Zeitz. Lexington Books £10.50.

Growing Concern, Nigel Brookes. Weidenfeld & Nicolson £8.50.

The Land Racket — The Real Cost of Property Speculation, Leonie Sandercock. Australian Association of Social Studies Inc. A\$4.50.

Capital and Land — Landownership by Capital in Great Britain, Doreen Massey and Alejandrina Catalano. Edward Arnold: Hardback £9.95, Paperback £3.50.

Property Development, David Cadman and Leslie Austin-Crowe. E & F N Spon Ltd. £4.95.

IN SEVERAL countries there appears to have been a move away from the "left" and toward the "right". In Britain, the Conservative Party's victory last year was a harbinger. And recent elections in other countries have favoured the more conservative parties.

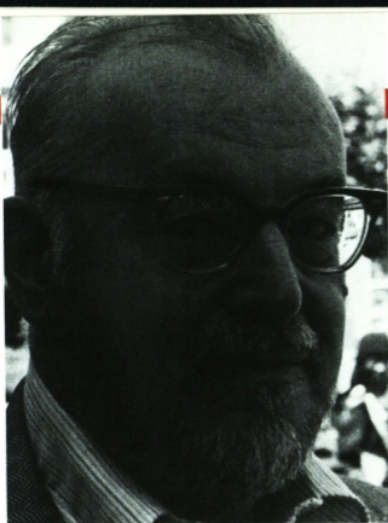
In the U.S., California's 1978 Proposition 13 was said to be a new "shot heard around the world," a taxpayer's revolt against increased government spending. Another factor in the conservative trend is the increasing crime wave which has prompted the public to demand more law enforcement. And perhaps most significant is the failure of Keynesianism to solve the problem of "stagflation" – inflation accompanied by unemployment.

A number of conservatives, both in the political and intellectual domains, are making their influence felt. Many of these "neo-conservatives" are disenchanted ex-liberals. They tend to be more intellectual than the old hard-liners – the racists, reactionaries, superpatriots and anti-intellectuals.

Not just the neo-conservatives but the older conservatives are finding new audiences. Barry Goldwater has written a book, *With No Apologies*, which expresses how he feels about the conservative cause. Howard Jarvis, the "old-timer" who launched Proposition 13, has entered the fray with a book, *I'm Mad As Hell*, more of the same. Milton Friedman, dean of the conservatives, has been running a popular television series, "Free to Choose", championing the free market – a challenge to a previous television series conducted by John K. Galbraith, dean of the liberals.

Even elderly Friedrich Hayek and his decades-old book, *The Road to Serfdom*, are enjoying new prestige. Dr. Hayek argues persuasively for the processes of the marketplace as against government intervention, but concedes that most people today are not convinced.

Numbers of books by more recent conservatives have been appearing. William E. Simon, former U.S. Secretary of the Treasury, in *A Time for Truth*, warns against the increasing load of taxes, government debt and regulation, and says he was not prepared for the amount of drive he found in Washington for more of the same. A book by Peter Steinfels, *The Neo-conservatives*, tells of such leaders as Nathan Glazer, Daniel



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The Squirrel Syndrome

Bell, Irving Kristol, Daniel P. Moynihan, and others who are making conservatism a significant political force.

A recent book, *The Way the World Works* by Jude Wanniski (former *Wall Street Journal* editor) is praised by Irving Kristol as "the best economic primer since Adam Smith." Wanniski speaks of a "world electorate" which is always right in its economic decisions because it represents the total of needs and interests. He gives a perceptive outline of world economy and a convincing survey of how tax rates affect the economy. He makes use of the "Laffer curve", devised by economist Arthur B. Laffer, showing how a high rate of taxes makes production suffer and thus causes public revenue to decline. (A 100% rate of tax on production will cause production to stop and so produce no revenue, just as a zero tax will produce no revenue.)

One of Wanniski's most intriguing arguments is that the stock market crash of 1929 and the ensuing Great Depression was the result of the Smoot-Hawley Tariff. Though it was

not passed until 1930, it was a looming reality in 1929 that threatened the world economy. This argument is well documented.

Less intellectual is the widely publicized book, *Restoring the American Dream*, by Robert J. Ringer (author of books with such captivating titles as *Winning Through Intimidation* and *Looking Out for No. 1*), although it is endorsed by William Simon, Henry Hazlitt, John Hospers and other conservative stalwarts. His arguments are blunt, sometimes obtuse, and he is careless with facts (at times he sounds like a tent preacher or carnival barker) – but he brings out one good point: almost everybody has been sold on the fallacy that the government can "give" benefits and handouts, and all classes of people – rich and poor, high and low – are eager to get in on the "free lunch", which has turned into a "gourmet banquet", with inevitable and disastrous effects on taxes and the economy.

The neo-conservative argument is still basically the argument that "there is no such thing as a free lunch", that people make out much better when there is a private enterprise economy and a free market, and that government intervention, high taxes and the printing of excess money spell increasing trouble for the economy.

These are facts that deserve to be more widely publicized. The conservative thesis is – true – exactly 50% true. It is made to appear to be 100% of the truth by ignoring the other 50%. And the other 50% is that inroads on the economy, exploitation, the discouraging of production and unfair distribution can come – and do come – from private monopoly as well as government.

The ingenious Wanniski argument about the Smoot-Hawley tariff causing the depression implies that if only the government did not so impede trade there would be no depression. Interestingly, Henry George mentions tariffs as one proximate cause of depressions (also currency defects, interlocking economy, etc.), but pointed out that the speculative advance in land values is the basic and ever-present cause. He compared the proximate causes to a squirrel jumping from branch to branch, which might "cause" a tree to fall that had almost been cut through. Too many arguments – conservative

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