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THE SCHUMAN PLAN

On May 9, M. Schuman, French Foreign Minister, issued his proposal for pooling the West German and French steel industries under a single authority in association with the United Nations. Germany has two million unemployed and is anxious to expand its markets. France is not self-supporting in steel. The French export price of Lorraine iron ore is about double the domestic price, and the export price of German coking coal is about 50 per cent. above the domestic price. Here is room for bargaining, and for France especially it opens an opportunity for controlling Germany's industrial competition as well as its war potential.

As the negotiations developed, however, they took wider scope. "What we seek," said M. Schuman, "is one large European market, without Customs or other obstacles. Its aim would be to increase production and assure the flow of goods." The governments of France, Italy, Belgium, Luxembourg and West Germany are committed in principle to the plan and have begun negotiations. The British government has given much verbal encouragement but refuses to commit itself to accept the principle of a supra-national authority before entering the conference. A statement issued by the Labour Party on June 13 says the Party "could never accept any commitments which limited its own or other's freedom to pursue democratic socialism, and to apply the economic controls necessary to achieve it." The following day the British government issued a White Paper recapitulating its negotiations with the French government and in effect censuring M. Schuman for acting too hastily. The British Government's attitude has been criticised abroad. At home, Opposition leaders denounce the Labour Party's statements while they avoid committing themselves too deeply to the Plan. It is to be remembered that the British steel industry was tariff-protected and cartellised under a previous "national" government and steel is much cheaper in America than in Great Britain.

One significant point is that on July 1 the Italian government is to impose a system of *ad valorem* duties at an average rate of 28 per cent. This was agreed at the General Agreement on Tariffs and Trade which was supposed to aim at liberalisation. A new German tariff is due to come into force this summer. Just as the British Dominions, before the Ottawa Conference of 1932, raised their tariffs in order to "have something to bargain with," so, it appears, the nations of the Schuman Plan are adopting similar expedients.

On examination, therefore, the Schuman Plan has already realised a harvest of ill will behind all the pious

assurances, and it is quite evident that any agreement reached will be only after much hard bargaining by governments influenced and perhaps dependent upon strongly entrenched pressure groups whose privileges will be at stake. And these groups depend for their strength as much on the feelings of wage earners as on the owners of the industries concerned.

The Schuman Plan requires the West European steel industry to function as a single unit, directed by a single authority ensuring no section will compete against another. Hence there must be uniformity of production costs and prices. This would be possible, in theory, if there were some vast pool from which subsidies could be drawn to produce this uniformity. Must the taxpayers of all the countries provide this pool, or is it to be provided by monopoly profits secured by raising the outer ring of tariffs so high that consumers must provide it? Or are the uneconomic sections of the industry to be closed down? Even the National Coal Board finds this latter expedient almost impossible. Such an attempt by a British "National" government produced the notorious situation in Jarrow. To suppose that a supra-national authority could create Jarrow's throughout Europe is fantastic. Faced with such a situation the politicians who now support the Schuman Plan would be obliged to repudiate it or cease to hold office.

The fact that such an absurd suggestion as this can be entertained, however, is evidence of the growing feeling that the present regime of national restrictions cannot be maintained. It is significant that freedom of trade is seldom directly challenged. The imposers of restrictions prefer to challenge freedom by calling it *laissez faire*, having first distorted the meaning of that phrase. The lip service given to the sentiment of trade freedom indicates that millions in all countries are dimly aware that it is as absurd, logically, for one European country to produce within its borders steel which it could obtain more easily by exchange, as it would be to produce by artificial heat the products it now imports from tropical countries.

The liberation of trade is a grand conception, and it has been proved by experience. To allow people to buy and sell freely with each other unites all the peoples of the earth by bonds of common interest. It enlarges their horizons, allays prejudice, purifies government and facilitates international action in those things for which international action is properly adapted. Even in a material sense only it strengthens the resources of the peace-loving and enlightened nations. But the fear and ignorance which at present keep the masses in all countries in bondage to the pressure groups will not be dispersed by such false, futile and timid methods as the Schuman Plan—methods which start by guarding against too much freedom rather than asserting the principle boldly. At present the fear of freedom is so deeply rooted that any attempt to restore Free Trade in the sense previously understood must begin by attacking this fear at its roots.

Where these roots lie was indicated by the statement on European unity issued by the Labour Party. This statement says, "An uncontrolled capitalist economy can function only at the cost of conflicts between nations and classes. Equality of opportunity . . . can be satisfied only if the people . . . control the operation of economic forces . . . Full employment cannot be maintained in a free market economy unless the state deliberately intervenes to correct the harmful tendencies . . . without such

intervention adjustments are made at the expense of the working population."

This statement is no more an expression of Socialism than of Protectionism. It was as a safeguard against unemployment that Protectionism, once discredited in Western Europe, was revived in the 'eighties; and it was the same fear which enabled Conservative governments in Great Britain to re-impose a Protective system and organise the British steel industry as a sheltered corporation. The persistence, under free imports, of poverty and the fear of unemployment is a phenomenon which orthodox Free Traders never adequately explained. But the Socialists realised its supreme importance and proposed a definite remedy. To point out that the creation of artificial and useless employment is no true remedy serves no purpose unless it can be shown that enforced idleness is not the natural law of freedom, but its violation. "We could not afford to have one out of ten workers idle, like Belgium, Germany and Italy," declares the Labour Party's statement on *European Unity*. Our population would not tolerate a free market economy in which workers live in squalor yet see the shops bulging with goods beyond their reach." This shows whence Protectionism as well as Socialism draws its strength. To answer this charge orthodox Free Traders must go deeper into economic factors than the stratum they usually explore.

The steel producers need iron ore from the deposits in Lorraine and Luxembourg, and coal from the Saar. Any hindrance to exchanging one for the other hinders steel production. But if miners were prevented from digging coal or ore no steel could be produced even if all exchange restrictions were removed. It is recognised that mining, agriculture and stock raising, etc., are primary industries, on which all others depend; but the importance of this dependence as applied to the question of employment is overlooked. Prevent the primary industry worker from employing himself and no worker in the secondary industries can employ himself. But all industries are

primary industries in the sense that they need working place, and that place must be on primary material—the earth. The laws governing land use therefore govern all employment, and laws governing exchange must always be secondary to laws governing land use.

It is not an economic but a man-made law that in modern society men are empowered to call the earth's surface their own and to charge producers for using it. This enables a landowner to live without producing, which is contrary to natural law as well as the principle of justice, even although landowners may have no malign intent. It is legislation which is wrong, and for this society as a whole is responsible.

The malaise in Western Europe induces men to turn their eyes to any well advertised project which their common sense would otherwise lead them to condemn as absurd. They would do better to turn their eyes for a moment from the international field to the vacant spaces in and around their towns and villages and ponder the fact that landowners inevitably demand the highest rent they can obtain, sometimes even holding land out of use in the process of bargaining. Thus there is a continual pressure of disemployment at the base of all employment. As each country makes its own land laws no international conference is necessary for any one country to enact legislation to collect the value (or rent) of land for public revenue. As value accrues whether the land is used or not no holder of land would be able to keep it out of its best use. The pressure of disemployment would then be removed, and with it the unnatural competition among workers for jobs, which keeps wages low and the masses frightened of freedom. In this atmosphere men would be as one ready to deal with the question of exchange restrictions in the only logical, common sense and practical, manner, viz., by liberating themselves from the restrictions their own government lays upon them.

F. D. P.

IN THE INTERNATIONAL FIELD

FRANCE

It is gratifying to learn that the French periodical *Terre et Liberté* has been re-established in printed form and will appear regularly in quarterly numbers. In recent years publication has been irregular and economy has compelled the poor substitute of typewriter and duplicator. The future of *Terre et Liberté* had been discussed at the Swanwick Conference and the International Union had been prepared to guarantee financial assistance for one year so that the journal could be set on its feet. Supporters in France have now been able to secure sufficient pledges to meet expenses for two years ahead, taking into account the anticipated revenue from readers' subscriptions. Joining in this guarantee fund are M. Daudé Bancel, the editor, Madame Sam Meyer, M.M. Simonet, Loste-Lachaume, Toubeau and others. They deserve the co-operation of all who understand how important it is that the journal shall exercise its influence for the advancement of the cause. It seeks supporters in Canada and Switzerland, as well as in France and Belgium and cordially we invite our readers everywhere who are acquainted with the French language to give M. Daudé Bancel and his colleagues the benefit of their goodwill. The annual subscription is 130 francs, which should be sent to M. Daudé Bancel at his address: 3B, Rue Pasteur,

Mesnil-Esnard (Seine, Inf.). If, because of exchange controls, there is difficulty in transmitting money, arrangements can be made for submissions of invoices justifying the necessary application.

Mons. J. A. Simonet, Mulhouse, writes that recently he was happy to make the acquaintance of the Protestant pastor Marc Boegner, president of the Union of Protestant Churches of France. The Rev. Boegner is long familiar with *Progress and Poverty* and intends to promote a movement in all churches belonging to his denomination in order to create a public opinion. M. Simonet handed him the publications of the International Conference and expects to help him further in his endeavours, with respect to which the French translation of the Conference Declarations should play a considerable part. M. Simonet adds: "Up till now I have been but a lonely campaigner in Alsace, although I am using every free moment for active publicity in order to diffuse Henry George's teachings. Our poor world needs them really."

NORWAY

Mr. Halfdan Hansen, of Bergen, a Vice-President of the International Union, honourably fills that office with continuous and effective literary activity. As reported earlier in these columns, he translated and has himself published in pamphlet form the translation into