

THE SPIRIT OF ENTERPRISE

A correspondent calls attention to the address by Lord McGowan, Chairman of I.C.I., at Birmingham, November 10, who referred to the "obvious lessening of effort . . . partly as a result of our vast burden of taxation" and called for a "wage policy of incentives and sanctions which will encourage the industrious and penalise the lazy." He inferred that by such a policy and a halt to nationalisation, "the spirit of enterprise and adventure which has served us so well in the past would bring us again to economic health and prosperity." He mentioned that he was speaking as an industrialist, not a politician—that so often used repudiation worthy of Bastiat's candle-makers—and he described the suitable wages policy as "an increasing use of work measurement and piece rates as a method of payment." Overfull employment "was another factor tending to limit incentive.

Most people will recognise much truth in his assertions, especially as applied to the immediate situation. But will such speeches really encourage the general worker in a huge factory? Will he not sum them up as more subordination to the foreman and works manager and more fear of dismissal? Will he feel much more "spirit of enterprise and adventure?"

We have had many speeches by vote-catchers and those called industrialists; we would like to hear more by people professing to be only good citizens and lovers of justice. With all personal respect to Lord McGowan, is the Chairman of a huge combine, owning land and natural resources and enjoying much tariff and other forms of legal privilege, an industrialist in the strict sense of the word? His position is surely different in kind as well as degree from that of a small-scale lorry repairer in leased premises, and the latter lives by no other means than by assisting industry. Can Lord McGowan believe it entirely natural that the enterprise of tens of thousands of his operatives and others should be subject to his own idea of how their activities should be exerted?

Chemical substances are drawn from the earth. If one person can buy the legal power to reserve to himself minerals, in their natural state, he can prevent others, however able they may be as technicians, from applying their skill except in his service. And the mineral owner will not do so unless he can, merely as owner, draw a toll on the product. Whether he owns the machinery or allows the technician to use his own machinery on the mineral owner's property the result is the same. But the mineral owner will be able to save money to buy machinery much more easily than the technician and in this way will, even as capitalist, enjoy a degree of monopoly. *This is not free enterprise.*

Moreover, when the technician and those working under him are subjected to taxes and rates levied upon the things they produce and need, or obtain by exchange, and upon their earnings, after all these other taxes are paid, have they much left to buy either the new machinery they must have or the ownership of natural resources, the most valuable of which the monopolist already possesses? Furthermore, when a government imposes tariff protection on any commodity, *unless* the producers form a combine, competition among themselves will bring their margin of profit down to the normal return on capital. So they form a combine, and in such combinations it is always the largest component which enjoys most influence and tends to absorb the smaller units. The huge industrial unit is commonly

supposed to be inevitable, though regrettable. It is a remarkable tribute to the power of human nature and its urge for independence and personal enterprise—with the superior efficiency which comes from these qualities—that any small units should still exist.

The narrow lives, the frustration, monotony and habits of subordination of those condemned to work in huge factories in squalid industrial districts are undoubtedly among the main reasons why the masses turn to Socialism, which in such circumstances can be pictured as a state of freedom as well as prosperity. Further to strengthen the industrialist monopolist's control over the activities of his operatives is more likely by stirring their resentment to assist the spread of Socialist or Communist feeling than lead to the revival of a spirit of adventure and enterprise.

But measures towards enabling all to have equal access to natural resources and equal opportunity to work and save would lead to the disintegration of the huge combine and by multiplying the opportunities for small enterprise would arrest the spread of that defeatism which is expressed by the desire for State direction and protection.

F. D. P.

LIBERAL LIBERTY LEAGUE

Mr. Stephen Martin, writing as hon. secretary of the Liberal Liberty League, had the following letter in the *Manchester Guardian* of January 13:—

"The disappointment about the absence of 'specific proposals,' expressed in your leading article on the recently published report of the Liberal party on the economic crisis, is much appreciated by those Liberals who believe that the transference of taxation from production and the rewards of labour to the site value of land is fundamental to any question affecting the economic wellbeing of the people and the nation.

"Although a proposal to this effect was carried unanimously and specifically included in a resolution on economic affairs at the 1948 Blackpool assembly of the party, it has been omitted from this report. The specific nature of this proposition and its far-reaching effect on economic affairs cannot be denied when it is realised that production cannot begin without the use of land.

"By shifting the burden of taxation to the site value of land, landholders would be compelled to put their land to its best uses, expansion of production would be relieved from the high speculative costs of land purchase, the greatest possible facility would be provided for new enterprises, and the restrictive and inflationary effects of taxation on industry would be avoided.

"The potency of this proposal is fully appreciated by the Socialist party, who realise the threat it contains to their desires for absolute economic power, and by the Tories, who have frustrated every attempt by the Liberals to obtain the required legislation.

Therefore we can only deplore the short-sightedness—or is it lack of political courage—on the part of the leaders of the Liberal party in omitting this prerequisite of national and individual prosperity from their report."

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