

THE COMMON MARKET AND FREE TRADE

By LYNDON H. JONES

I — FREE TRADE PROSPECTS

IN many respects it would seem that the outlook for a return to Free Trade is brighter today than for many a long year. A number of factors may be said to account for this, and the more important may be briefly identified.

First, one finds that the gap between the level of efficiency in American industry and that in other industrial nations has narrowed following a levelling upwards. This has resulted in the removal of many controls over trade, particularly quantitative restrictions.

Concurrent with this improvement in industrial efficiency, there has been a strengthening of the currency reserves of most European countries, and this trend may shortly be given a further fillip from an upward revaluation of the price of gold, and should this occur, incidentally, it may produce an increase in trade between the Soviet bloc and the West because the former's currency shortage appears to have hamstrung trade hitherto in some degree.

Yet another important factor to be noted when reviewing the contemporary scene has been the discussions for the establishment of a Common Market in Europe and a Free Trade Area. Whatever else these discussions have done, they have certainly brought the subject of Free Trade once more to the forefront of the political stage, and there it is undoubtedly going to stay for some time yet.

So much for the more obvious points. But before leaving this, two other aspects making for the creation of a climate more favourably disposed to Free Trade merit attention.

There is now a growing recognition that the industrial pattern of this country has been undergoing a profound change. What is being witnessed is the culmination of a trend discernible since the first world war, whereby fewer persons are engaged in manufacturing industry and more people are engaged in the tertiary trades — distribution, banking, the professions and the like — trades which afford greater stability of employment. The resultant emergence of a 'service' economy has removed, in no

small part, one factor influencing the level of unemployment and henceforth, when demand declines, machines will be stopped and relatively few persons will be thrown on to the labour market. Whether a firm runs at a profit or loss, the accounts still require to be audited, machines maintained, security enforced, and the marketing staff may even be increased in an effort to stimulate sales. Consequently, the sophism that the removal of tariffs may cause widespread unemployment is declining, and this reduces one of the more difficult political obstacles.

It is also increasingly apparent in certain political circles that issues should not be viewed exclusively from the producer's standpoint. The viewpoint of the consumer is coming to the forefront. And the consumer is the prime beneficiary from Free Trade.

On the other hand, however, powerful forces are militating against a return to Free Trade. The prolonged retention of controls over trade has led many businessmen to abandon hope of ever again being allowed to move their goods freely and they have grown accustomed to moving capital. If it has been difficult to export goods from country "X" to country "Y", then manufacturers from the former would establish subsidiary factories in the latter state. This practice, meanwhile, will not readily be abandoned.

A second factor which is going to influence increasingly the pattern of world trade is the growing role of governments in industry. According to some estimates which have been put forward, private enterprise now accounts for less than 70 per cent. of the volume, and a little below this in value, of the intra-west European trade. The state-owned or controlled undertakings handling the remainder of the trade can sustain financial losses for prolonged periods if it is desired and the resultant charge of dumping may stimulate the imposition of trade restrictions.

More extensive use of anti-dumping duties is also arising because of the growing capitalisation of many firms. In such companies their break-even point tends to be high and, during a spell in which supply exceeds demand, in order to ensure a high level of production firms may sell abroad at prices which only cover their marginal costs provided their home market sales bring in a satisfactory return.

Any discernible trend towards multilateralism has also been confined, in the main, to the West European states and America although the election of Kennedy as President may herald a return to Protectionist tendencies by

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the U.S. Trade with the Communist bloc remains at a very low level relatively because of the restrictions on exports from the West imposed under Cocom and Chincom*. And quota restrictions on imports have been enforced because there has been a fear of the possible impact of Communist exports on Western markets. These have been justified on the grounds that Russian exports, in the absence of a market economy in that country, bear no resemblance to cost and astute Russian selling, if permitted, could be developed to disrupt western economies. Indeed, has not Krushchev stated that he intends to wage economic warfare against his enemies?

This is far from being an exhaustive list of the forces operating against Free Trade, and even where it is generally believed that trade is free, or steps are being taken to free it, closer scrutiny often reveals this not to be so. Witness the United States. Historically, this is a nation-

* "Cocom" is the NATO Communist Trade Committee which formulates the rules under which trade with the Soviet bloc is conducted. "Chincom" is the body responsible for compiling the list of goods which may be traded with China. It is a Consultative Group in Paris, comprising the 15 NATO countries together with Japan. Australia and New Zealand are represented by observers.

wide free market. In recent years, though, barriers have begun to develop which are restricting inter-state trading. Such barriers take a variety of forms, but the most objectionable are those imposed supposedly for federal tax purposes but which protect in-state industries.

In Europe, from which the Free Trade impetus reputedly springs, the plans for the dismantling of tariff barriers are markedly complicating the picture. The U.K.'s tariff structure, for example, now has three distinct levels for goods enjoying Imperial Preference, those coming from the Seven and a different range of duties for the remainder of the world.

This in itself would make life difficult for importers and exporters, but the tariff rates of the various European countries are being changed with such rapidity that only a customs specialist can hope to have any indication of what the likely position will be in a year hence. By way of illustration of the complex position, the following table, first published in *Prospects*, may be studied, bearing in mind that in all probability additional changes may be expected.

CUMULATED RATES OF REDUCTION FOR WESTERN EUROPE CUSTOMS TARIFFS

DATE	European Free Trade Association			European Economic Community					
	Reductions in favour of all seven members			Measures in virtue of the Rome Treaty		Modifications proposed by the EEC Commission:		Modifications approved by EEC Council of Ministers	
	by the 6 industrial countries	by Portugal	non-members	between member countries	in favour of non-members	between member countries	in favour non-members	between member countries	in favour non-members
1 Jan. '59	—	—	—	10%	—	Hallstein Plan		—	10% ⁵
1 July '60	20%	20%	(20%) ¹	20%	—	30%	Introduction of common tariff (phase 1) ² reduced by 20% ⁴	20%	20% ⁵
1 Jan. '61	—	—	—	—	—	—		30%	Introduction of common tariff (phase 1) ² reduced by 20% ⁶
1 Jan. '62 (end of 1st stage)	30%	—	—	30%	Introduction of common tariff (phase 1) ²	50%	—	(40%-50%)	
1 July '63	40%	—	—	40%		—	Footnotes		
1 Jan. '65	50%	30%	—	50%	—	1. Provided EEC countries observe reciprocity.			
1 Jan. '66 (end of 2nd stage)	60%	—	—	60%	(phase 2) ³	2. a) For all national duties differing by less than 15% from those of the common tariff. b) For the other positions reduction of 30% of the difference between the rates applied on 1st Jan. '57 and those of the common tariff.			
1 Jan. '67	70%	40%	—	(art. 14 par c) ⁷	(art. 23 par. 3)	3. Second reduction of 30% of the difference defined under 2 (b).			
1 Jan. '68	80%	—	—	,,	,,	4. Provided negotiations with GATT members are satisfactory.			
1 Jan. '69	90%	—	—	,,	,,	5. Only on national duties exceeding those of the common tariff.			
1 Jan. '70 (end of 3rd stage)	100%	50%	—	100%	Complete application on common tariff	6. Provisional reduction to become definitive in whole or in part only after GATT negotiations at the beginning of 1961.			
1 Jan. '80	—	100%	—	—	—	7. According to decisions of Council of Ministers.			

II — CUSTOMS UNIONS AND FREE TRADE

IN the minds of many people, perhaps the majority of those aware of the Common Market developments in Europe, the move is regarded as one to free trade. Before this view point is considered at length though, it is first necessary to examine the economic principles underlying a customs union.

As Professor Jacob Viner has pointed out, a customs union is a strange phenomenon in that it may attract support from both the Free Trader and the Protectionist. But in view of the fact that in their reasoning about international trade, they start from different premises, their support for a customs union must arise because they see in it different advantages.

A customs union may simply be trade-diverting. Assume for example, that there are three countries—A, B and C. Country A purchases a certain type of article, X, from country C. Country A then joins country B in a customs union, and they have a common external tariff. Country A now buys article X from country B, because the price of article X from country B is now cheaper than the same article purchased from country C. This shift in the locus of production, from a low-cost to a higher-cost point, has resulted from a subtle protectionist device, whereby a tariff is reduced but additional protection results.

Alternatively, a customs union may be trade-creating. In this case the shift in the locus of production is a shift from a high-cost to a lower-cost point. Such a move should be welcomed by the Free Trader, even if the adoption of universal Free Trade would have led to the diversion of production to sources with still lower costs. There has at least been a step in the right direction.

Assuming that the nations of western Europe which formerly comprised the O.E.E.C. countries had been able to reach agreement on a customs union, and their external tariff had been low, this would have been one in which, in the main, the economies of the different member states would have been competitive and not complementary. And the greater the differences in unit-costs between the same industries in different member states, the greater the potential economies there would have been from free trade in those commodities.

As things have developed, however, far from there having been a swing forwards free trade, multilateralism has been dealt a heavy blow. Western Europe, for the first time since the war, is now divided into two blocks and the respective policies of the two are drawing them apart. The losses from this will more than offset any gains occurring to this country from having joined with six others — Sweden, Portugal, Austria, Switzerland, Denmark and Norway — in the formation of a Free Trade Area.

The Six, meanwhile, have made it patently clear that it is political, not economic, considerations which are the driving force behind their policies. In retrospect, it is

now clear that this would be the case, because the forerunner to the Common Market was the European Coal and Steel Community, and this was basically political. But what could not be foreseen was the degree to which these political motives would be allowed to ride rough shod over economic liberalism.

The common policy for agriculture which the Six has formulated embodies every protectionist feature in the book — price-fixing, subsidies, stock-piling, bulk-buying, tariffs and quantitative controls. Similarly, the adoption of a common external tariff by the Six has meant a reduction in tariffs by France and Italy but the low tariff areas, notably, Germany and Belgium, have had to sharply increase their rates on many goods. Furthermore, outside the general schedules there is a list of specified tariffs which are inordinately high.

Up to this juncture attention has been directed to the developments in Europe. Yet, what must not be forgotten, is the fact that what has happened in this area has been closely studied by people all over the world. One result has been the outbreak of a rash of common markets. What the outcome of the emergence of powerful regional clubs will be is still in the balance, but one suspects that they will impede, rather than promote, the economic integration of the world economy.

III — BRITAIN AND THE COMMON MARKET

THE Conservative and Labour Parties have no policy in respect of Britain's role vis-à-vis the Common Market. They have been swept forward and aside by the course of events and at no stage have they given the country a modicum of leadership. In contrast, the Liberal Party has stated unequivocally that it would support an approach by this country for admission. The implications of such a move may be briefly considered.

In the first place, the entry of this country into the Common Market would involve some curtailment of national sovereignty. The two most important aspects of this economically would be in respect of the loss of control over the currency and the customs tariff.

As regards the former, the degree of loss of control and its implications cannot yet be foreseen in full. But it is already apparent that the Six are moving towards the goal of a common currency. If the U.K. were to agree to such a step the repercussions for her would be far reaching for London has developed as the primary banking centre of the world and upwards of fifty per cent. of the trade of the world is financed in sterling. This apart, due regard must also be had for the nation's role in international insurance and transport and investment. Yet how Britain's role here could remain unchallenged in the event of currency control being lost has never been explained by the Common Market advocates in this country.

Similarly, the research undertaken in respect of the tariff implications of the proposed change has been

sparse. In debate, what has been most frequently heard has been the argument that this country has higher industrial tariffs than the Common Market, hence the U.K.'s entry would necessitate some tariff reduction by the U.K., and that would be a step in the right direction. If it is then pointed out that the external tariff of the Common Market is high and the U.K.'s acceptance of that would still leave her far from being a free trade country, a remarkable answer is given. "Ah, yes," comes the assurance, "but if Britain joined we should have a liberalising effect." How such a view is reached is beyond one's ken. One can scarcely envisage a Conservative Government, which is by tradition wedded to protection, pressing for lower tariffs. And, in any event, the external tariff of the Six has been determined by the arithmetic mean of its member states, therefore it would have been higher if the U.K. had been in from the inception.

Possibly what has led most Common Market advocates to accept with so little thought the idea that it would be advantageous on balance for this country to join has been the argument that the resultant competition in a free market embracing over 250 million people would be a tremendous stimulant to competition. Ultimately, everyone would materially benefit. That national governments may still be able and tempted to pursue discriminative policies, in a manner comparable with some state governments in the U.S., does not appear to have been foreseen, however. Nor has sufficient consideration been given to the probable growth of cartels, price fixing arrangements and the like. On this point, though, it is worth noting what the United Nations Economic Commission for Europe had to say in a recent report.

"There is, however, a clear risk that the unpleasant effects for industries within the area of reductions in tariffs and quotas may be avoided by means of *ad hoc* agreements between industrialists or other interested bodies, with a consequent lessening of prospective benefits for the economies of the area from a more competitive environment.

"Moreover, there is also a danger that the splitting of Western Europe into two preferential areas — rather than the establishment of a single larger economic area — may itself have an inhibiting effect for some time to come on national policies of economic expansion, based on a fear of a worsening of the international competitive position of the country, or even area, concerned."

The number of briefs being received by patent lawyers and the upsurge in the number of pleasant little dinner parties attended by foreign and British industrialists strengthens the fear that efforts will be made to stifle at birth any upswing in competition.

The second bull point made by those who argue in favour of the U.K.'s entry into the Common Market is that British exports would suffer tremendously if the Six were discriminating against them. Agreed the prospect is not a pleasant one, but it is far less terrifying than it

is made out to be. The U.S.A., for example, is a larger customs union than the Six and with a higher prospective tariff, but this has not prevented our exporters from selling there. And if this country opened her ports, export prices could be reduced substantially for manufacturers would be able to buy in the cheapest markets, thereby reducing their costs.

There remains the question of basic raw materials and foodstuffs. Currently, 90 per cent. of the U.K.'s imports of £1,745 million which comes from the Commonwealth comprise raw materials and foodstuffs and, almost without exception, they enter duty free. Under the Rome Treaty many of these basic raw materials will enter the Common Market countries duty free but others will be subject to duties, including lead, zinc, aluminium, wood-pulp, timber, sisal and vegetable oils. What would happen in respect of food is not clear, other than that prices would rise. As yet the Common Market countries have not formulated their final plans on this score, although it is clear that they intend to insulate this sector of their economies from world market trends.

At this point what may be done is to contrast the type of protectionism envisaged for the Common Market farmers with that afforded to British agriculturalists. Principally, the European is safeguarded by tariffs, whereas his British counterpart, horticulturalists apart, receives extensive subsidies. To join the Common Market therefore, would necessitate standing on end that system of help granted to British farmers and, in consequence, a further sharp twist would be given to the price spiral.

In passing, it should be noted that in expressing a preference for the subsidisation of agriculture rather than tariff safeguards, this does not indicate any support for the former except in so far as it is the lesser of the two protectionist evils. Meanwhile, some indication of how food prices would soar if a switch to tariff protection was made may be gauged from the following examples. At present there is no duty on imports of beef, pork, mutton and lamb, but the Common Market tariff is 20 per cent. Likewise, such a duty would be charged on imported wheat of which the U.K. bought £109 million worth in 1959. On bacon the duty would be 25 per cent., which contrasts with the duty free imports of 81 per cent. of the £87 million for this in 1959. As regards butter, instead of 58 per cent. of the £134 million worth of imports coming in free, the whole would be subject to a 24 per cent. duty. And in the case of tea, of which 95 per cent. of the £112 million worth imported were duty free in 1959, duty would be borne at 35 per cent. Other items of food which would become subject to tariffs would include poultry, 18 per cent., barley, 16 per cent., oranges, 15-20 per cent., pepper, 29-32 per cent., and sugar, 80 per cent.

One additional point merits reference. It must not be forgotten that the U.K. has entered into long term agreements with New Zealand and Australia whereby, for certain items, they shall have free access to the U.K.

market. Unless these agreements are to be abrogated, it is difficult to foresee how the U.K. could reconcile her food policy with that of the Common Market.

IV — THE COMMON MARKET AND UNDERDEVELOPED COUNTRIES

THE evolution of capitalism destroyed the Marxist doctrine of the increasing misery of the proletariat for, in terms of real income, it is a great equaliser. The difference between an owner of a Cadillac and a Ford is far less than the difference between the Ford owner and the man with an ox-wagon. Nevertheless, there is a very real danger that the tariffs of the richer nations may result in the development of the Marxist thesis between these nations and undeveloped countries. By way of an aside, it should be made clear that the term "underdeveloped countries" used in this context is intended to denote a country with a low living standard. Whether one feels that it is a suitable term or not when one considers the vast untapped potential of a country such as Canada, which by dint of this definition is one of the few developed countries, is another matter.

Slow expansion in agriculture will not stimulate an expansion in other sections of the economy sufficient for a poor country to make its economic take-off. Yet this situation may be transformed by the growth of international trade, for this trade can be much easier than internal trade, especially where there is an outlet to the sea. In fact history clearly demonstrates that the fast economic expansions of the past have been based on the export trade, usually of one or two primary commodities. In turn, the primary boom stimulates industrialisation via the consumer goods industries.

The formation of the Common Market will stunt the growth of many underdeveloped countries. A number of reasons why this should be so may readily be seen. First, the Six have created a preferential structure in respect of tropical foodstuffs which favours the producers in their associated overseas territories. Exports from these overseas areas, many of which, notably bananas, coffee and ground nuts are about 20 per cent. above those ruling in the world markets, will enter duty free and the outcome of this trade diversion will adversely affect other suppliers. The evidence appears to indicate that a substantial proportion of the existing export trade of these latter areas will be endangered. Concurrent with this, it must be borne in mind that the Six have declared their intention to levy very high revenue duties on certain tropical beverages, such as coffee, and the outcome of this may be serious. Those exporting countries most likely to be hit by this — Brazil is a case in point — are disproportionately dependent on the export of such items for their foreign currency earnings.

In some quarters, it has been argued that the U.K.'s entry into the Common Market would not markedly

aggravate the hurt which the producers of tropical foodstuffs in the Commonwealth may suffer because of the aforementioned policies. Tariff free quotas, it is argued, could be negotiated. Even assuming this was done, the fact is that a number of countries, again Brazil may be instanced, would not benefit and, indeed, would be harder hit than ever.

Due regard must also be had to Britain's role in world trade as a food importing nation. Currently, the U.K. imports about 60 per cent. of all the meat which enters the world markets, 80 per cent. of the butter, 33½ per cent. of the cheese, 20 per cent. of the wheat, and 18 per cent. of the coarse grain for livestock food. In view of this dominant position, the role of agriculture in this country is of great importance to overseas producers, for a small increase in home production reduces demand from overseas and prices are disproportionately affected because supply is relatively inelastic.

Reference has already been made to the general changes which would have to be made in British agricultural policy which entry into the Common Market would necessitate and a specific case may be cited now to illustrate the more detailed consideration which this subject merits.

The hardest hit country would be New Zealand, because the Six's managed market for agriculture envisages, as far as can be ascertained, the maintenance of high internal prices for dairy produce, the limitation of imports, and the charging of import levies which will go to a fund to subsidise home producers when butter is in oversupply. The impact of this on New Zealand would be such as almost to destroy her dairy industry. Whereas at present she enjoys a 15s. a cwt. preference on her butter exports to the U.K. and no limits are imposed on the quantities which she may send, under the Common Market tariff, in contrast, there would be a 25 per cent. discrimination against her while Dutch butter would enter duty free.

One final point of a general nature in respect of agricultural products and raw materials should be noted. The nature of the tariff structure of the Common Market will give further impetus to the trend towards the development of synthetic products as substitutes for imported raw materials.

The policies of the Common Market countries will also inhibit progress in underdeveloped regions of the world by their tariffs on imported manufactured goods. This could occur directly or indirectly. In the case of the latter, it may arise from the fact that the U.S. balance of payments will not be sufficiently strong, because of discrimination against her exports to Europe, to allow her to continue providing financial aid on the present scale.

More directly, there is the problem of the direct restrictions on imports of manufactured goods. Areas such as Hong Kong, India, Pakistan and other Far Eastern

countries could be hard hit because much of their industrialisation up to this juncture has only been possible because they could dispose of a large percentage of their limited range of manufactures in the West. Quotas and high duties are now proposed.

V — CONCLUSION

THE apparent move towards free trade via the Common Market is limited to capital and management, and it will not result in the internationalisation of labour or consumption. If for no reason than this, therefore, the U.K. cannot join the Common Market.



A Seed Took Root

By JOHN R. FUCHS

A Circuit Judge of New Braunfels, Texas, our contributor was recently elected President of the Henry George Foundation of America. Author of *Liberation from Taxation* and *Constructive Taxation for Free Enterprise*, he is petitioning the Texas State Legislature to appoint a special committee to study Land Value Taxation and to investigate the possibility of amending the State's Constitution so as to authorise land values to be taxed and personal property and improvements to be exempted.

WE ALL EXPERIENCE events that we never forget. Vividly, I recall such an occurrence in my life. Go back with me to the very end of the nineteenth century. I was in my thirteenth year — a mere lad. With my father and mother I was visiting in a community settled by my mother's relatives in the early days of Texas. They had come to America seeking liberty. They stemmed from the educated class and the older ones had received their education in Europe. These were often referred to as the Latin Farmers.

One evening as the whole clan had congregated at the home of an uncle a very animated conversation took place among the elders. Current events and the latest books were discussed. Of these I remember only one: "Progress and Poverty" by Henry George. I then understood little of the conversation. It was rather the fervour with which my uncle Bernard Romberg advocated the Henry George philosophy that made the lasting impression on my immature mind. Yet all this might soon have been forgotten by one who was at the time more interested in stories like Robinson Crusoe and Tom Sawyer if it had not been for a remark made by one of my cousins a littler older than I. The conversation had assumed a running debate between my uncle and my father. The latter, although later himself a convert, took the negative side, mostly in the form of questions. Just as the discussion waxed the liveliest

As regards the future economic policy of this country the way ahead is clear. It is increasingly apparent that the country is in danger of being outstripped by its rivals. In this race the danger is not that the country will suddenly sink, but that it flounder like a water-logged raft. The deep structural defects within the economy, which are responsible for this threat, must be remedied and the forces of competition alone will ensure this.

Hence a return to free trade is imperative. And whether this can come through a multilateral approach, such as working through the G.A.T.T., or whether it means going it alone, is of secondary importance.

PERSONALLY SPEAKING — 19

I heard one of my cousins whisper to one of his brothers, "the Old Man," referring to my father, "owns too much land." This was the cut—though long since forgiven—which left a deep wound. It was then and there that I resolved that someday I would find out just what my elders had really been talking about.

It is true that my father did own a fairly large ranch, but as compared to Texas ranches of that day a place of 5,000 acres was not considered large. As illustrative and proof of George's thesis, I can point to the facts that my father paid from fifty cents to one dollar per acre for this land. In recent years it has sold for as much as \$75 to \$100 per acre, the largest increase coming in the last two decades.

As a boy a public career was my ambition, and I thought to attain this I had to become a lawyer. So in 1905 I found myself in the Law School of the University of Texas. Through two of my Romberg cousins who were attending other departments of the University, I there became acquainted with Louis Post's, *The Public*, which I read as long as it lasted. Nothing interested me more than the debates on Land Value Taxation, which took place in Great Britain during 1909 and 1910. These were given at length in *The Public*.

However, one of the greatest thrills I experienced was when I read Blackstone, which was one of the required

courses during the first semester in the Law School. Here to my great surprise and satisfaction I found the great Blackstone in his Commentaries on "The Rights of Things" saying "there is no foundation in nature or in natural law, why a set of words upon parchment should convey the dominion of land." In the language of the campus, I got a big "kick" out of this. And I made good use of it in the so-called "Bull Sessions" with my fellow students. Many of them felt, as I had originally, that land value taxation would destroy the attachment to the land. I soon was convinced of my mistake. Just the contrary is true. When you exempt from taxation the products of labour all the improvements on the land and all the livestock on it, possession for use becomes more secure.

Upon completion of my college days, I entered the practice of law. While the duties of my profession kept me busy I always found time to keep up my study of political science and economics. The first books I bought were not law books, but a complete set of the Works of Henry George. During all the years I have kept up with the Henry George Movement.

For the first two decades after 1908 the activities of the Georgeists were rather local, but not without excitement. In Cleveland, Ohio, Tom Johnson kept the pot boiling and in Houston, Texas, Tax Commissioner Jos Pastoriza, later Mayor, was scaring the life out of the land speculators. When Pastoriza lowered the rates on personal property and improvements he was threatened with an injunction. The constitutional question of equality in rating was raised. Then Pastoriza came back with his trump card, "If that is what you want you shall have it." "No! NO!" cried the objectors, "that would ruin us," and they gave him full reign.

Locally, while I was city attorney of our little city, I was instrumental in securing separate assessments for Land and the Improvements, and a lower value on the latter. Subsequent administration abolished this, but there is a movement to reinstate it.

Now and then I am asked why I give my efforts to a "forlorn cause." I point out the fact that in recent years the movement has made real strides and it is not forlorn. It is very much alive. The Robert Schalkenbach Foundation is effectively functioning in New York; the Henry George Schools are in operation in the United States, in Great Britain and other parts of the Free World; and the Henry George Foundation of America is not idle.

One of the richest rewards that one receives in working with others for a common cause is the staunch friends one makes. I have attended a number of the conferences of the Henry George School of Social Science. Each has been worthwhile. In 1929 I attended the Conference of the International Union for Land Value Taxation and Free Trade in Edinburgh, Scotland. I cannot mention all the fine people I met, but one stands out predominantly. I refer to the late lamented

A. W. Madsen. Many of his letters I have in my possession and preserve as treasures.

A letter I just recently wrote a friend was published in our local paper. As it expresses my sentiments, I can do no better than give the letter in substance; it is written in response to his question:—

"Why do you exert yourself with a problem which can cause you nothing but work, worry and trouble, when you could take it easy, and enjoy the rest of your years in peace?"

I replied: "As to the cause I espouse, let me tell you my dear friend, that for me to quit now, would be the rankest kind of treason. I would be untrue to my deepest convictions entertained for over fifty years. To stop now is impossible; it would make me miserable. Surely you expect no retreat from me.

"If it were a mere matter of fiscal reform—just another tax—then I would not lift my hand nor raise my voice. But it is far more than that. Basic moral and even philosophical principles are involved. It is a matter of right and wrong—a matter of justice. It involves the question of what is 'public' and what is 'private' property; what is 'Mine' and 'Thine' and 'What is Ours?'

"The solutions of these questions will determine the future course of our Nation. Will it be Socialism or Individualism? It involves the very life of our Nation. If this country ever commits suicide—God forbid—taxation will be the dagger.

"But listen, my friend, it is not all black—every now and then people come and tell me, 'we are convinced you are right.' I did not convert them; they did that.

"You say, but it is still a 'cry in the wilderness.' You are correct, but only partly. However, some day the people will see the way out of our present tax jungle, and when they do they will take the right road. Until then we must not give up fighting for he who gives up is lost. Ultimately the Truth will prevail.

"Quitting now would give no peace. I must go on. I am reminded of the words of one of the greatest Reformers of all time: 'I can not do otherwise.' He meant, of course, that he had to be intellectually honest."

MR. CHARLES W. J. MORLEY

With sorrow we have to report the passing of Mr. Charles Morley. Aged 71, he succumbed to a sudden heart attack on December 3. For more than 47 years he served the United Committee loyally and efficiently, at first as office boy and from 1919 until his retirement in December, 1957, as office manager. Strongly individualistic, he was held in great esteem for his brisk industry and kindness: his encyclopaedic knowledge of the history of the international Henry George movement and of its leading personalities made him an interesting companion. He will be sadly missed by his colleagues and his many Georgeist friends at home and abroad on whose behalf we tender sincere condolences to his widow, son and daughter, adding our own.