

in judgment, and the necessity of making day to day adjustments stimulates the decision making faculty. This is an aspect that does not receive nearly enough attention these days. Next, the company has developed all its resources—it is exploring its land concessions for minerals and re-building its shipping side. The latest gondola type ore carrying trucks and rail track maintenance machinery have been introduced, and the new vessels have such features as bow steering propellers and self unloading gear, all designed to economise on labour.

On the matter of land concessions generally, it is my belief that it is wrong for governments to sell, or otherwise alienate land, whether to mining, finance houses, railway companies or otherwise, even if this land has never been explored. Nor should it be leased in such a way that if mineral wealth is discovered later the rent cannot be raised. If the economic rent does rise, then the government encourages the owners of capital to exploit such wealth as soon as it is discovered, or make way for others who will.

The shares of par value of Canadian \$2 are quoted on the London Stock Exchange at about £4 16s. each. The dividend is 32 cents per common share out of earnings of 56 cents per share, but the cash flow is as high as \$1.49 per share, which indicates the prudent management of the company. The Chairman is Sir Denys Lawson, and the London end is managed from No. 56 Gresham Street. In due course we will see that all companies operating from this address regularly turn in excellent results.

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Lastly I mention *The Rugby Portland Cement Company Ltd.* Sir Halford Reddish never misses a counter-punch, and his statement makes splendid reading, but while I do not disagree with anything he says about the need for leadership and personal freedom, I am not convinced that Sir Halford yet understands the free trade argument.

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"Very few politicians appreciate the immense amount of unnecessary paperwork with which business is saddled . . . it is significant that the Government's bill for printing now exceeds £35 million year."—Sir John Benn, in his report on The United Kingdom Provident Institution, referring to the eight National Insurance Acts produced in the last ten years.

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"Most of these so-called national or world problems are of similar origin and nature—each of us is trying to manage everyone's business but his own."—Leonard E. Read, President, The Foundation for Economic Education, Inc., New York.

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Addresses

The Registrar, Ashanti Goldfields Corporation Ltd., 6 Greencoat Place, London, S.W.1.

The Registrar, Algoma Central Railway, 56 Gresham Street, London, E.C.2.

The Registrar, The Rugby Portland Cement Co., Ltd., 103 Cannon Street London E.C.4.

Money Supply the Root of Inflation

PAUL KNIGHT

A COMPREHENSIVE programme to deal with growing inflation, the increasing balance-of-payments deficits, and the continued attack on the dollar has been offered by the Research and Policy Committee of the Committee for Economic Development (CED). In a statement entitled *The National Economy and the Vietnam War*, the Committee said that since the middle of 1965, the start of the substantial military build-up for Vietnam, the nation has faltered in dealing with the economic impact of the rapid increase in government spending. The statement also considers the economic problems to be faced when the war ends, including transition problems for industries and localities.

For 1968, the CED statement declares the main goal of economic policy must be to eliminate inflation which is the basis of the excessive growth of total demand. Because total demand for goods and services has been fed for so long by budget deficits and a growing money supply there is imperative need now for a combination of fiscal and monetary measures to "slow down the inflation and bring it to a halt . . . To achieve this, a combination of three instruments must be used—further restraint in the growth of the money supply, a reduction in the increase in government expenditures, and the imposition of higher taxes on a temporary basis."

Economic policy for 1968 must start with a determination to stop inflation, says the statement. "For almost three years policy has been based on the hope that inflation would not come, or if it did come would go away by itself, or could be stopped by policy measures that would be painless or invisible. These hopes have proved in vain. The country cannot count on inflation ending unless the country is determined to stop it."

"One of the first areas in which the consequences of inflation appears is economic relations with the rest of the world," the CED report contends. "The accelerated inflation of the past few years, and fear of future American inflation, have been important contributors to the persistent U.S. balance-of-payments deficit and weakness of the U.S. dollar. These in turn have led to limitations on the conduct of U.S. foreign policy and restrictions on the activities of American citizens, culminating in mandatory restraint of foreign investment and the suggestion of repressive taxation on foreign travel. Thus the strongest economy in history, and presumably the one most devoted to economic freedom, is paying a high price for shortcomings in its basic economic policies. That the nation should have come to this point is evidence of the powerful effect of an economic mismanagement that has led to acceptance of inflation."

In the absence of appropriate fiscal actions there is now danger of extension of direct controls to other sectors

of the economy, including wages and prices, the report adds.

But maybe before the U.S. Government begins to adopt such Canute-like measures, events in Britain will have proved how futile it is to legislate against economic laws.

The Committee for Economic Development is a non-profit research and education organisation of two hundred business executives and educators who study major national and international economic problems with the purpose of promoting high employment with stable economic growth.

Creeping U.S. Inflation

HARLAN TROTT

NEXT to the war in Asia and how to get out of it with all speed and honour, people today are worried about inflation. True, they don't call it that. Beyond the name, it is this intimate, personal crisis that every housewife, every mother, every breadwinner calls the high cost of living.

To assess the mounting menace of inflation—the creeping decline of the U.S. dollar in terms of what it buy—you have to relate it to the growing concentration of federal power on responsibilities and duties that rightly belong to the states. By looking to Washington for hand-outs, we are inviting a political climate here just like that which brought the young Weimar Republic down in ruins. The inflation that wrecked the German republic must not be allowed to ignite here.

In barely twenty-five years, our monetary managers have succeeded in changing the dollar into four copper-based *dimes*. True, this is nothing like the ruinous inflations that have hit other currencies; but it is bad enough for a country that has the responsibility of maintaining a key currency that presumes to provide the free world with a stable monetary unit.

For some time prior to the German Republic's collapse the Berlin government lavished funds on public works, and subsidies to privilege of many kinds. Behind the facade of outward prosperity, the pillars of the Republic were eaten away. The parallel was fairly close with Rome, where, Ferrer tells us, little by little the state let itself be persuaded to do for each of its cities what it had done for Rome. For one thing, it took public works in hand in every direction, regardless of the utility. The intensification of the trouble was met by an increase in the dose of the very remedy that aggravated it—useless expenditure in the cities, ruinous taxes.

Much of the same fears are expressed here today about President Johnson's desire to keep up domestic spending, namely that the social ills we would like to exterminate are only being met by an increase in the dose of the very remedy that aggravates it.

Some of the largest companies in post-war Germany benefited by the fall of the Weimar Republic. Those who borrowed vast sums simply paid it all back with worth-

less marks. The term became synonymous with wallpaper. At the same time, the German people by and large did not recognise inflation for what it was. They did not complain that the mark was getting cheaper and cheaper. They only complained that prices kept going ever higher.

It is wrong-headed to assume that a powerful centralized government can *tax and spend the government into prosperity*. This is not the way our free enterprise system has grown. The Tax Foundation recently calculated that the average man pays more than a third of his income in taxes today, most of which are hidden in the cost of things he buys. Without some straight thinking on this question of public integrity in fiscal policy there can be no correct action. But where there is right thinking, right action will follow.

OBJECTIVE BIAS

A NEWLY PUBLISHED booklet, *The British Banking System*, produced by the Central Office of Information, has "all the virtues I mistrust, and none of the vices I admire."

As a Central Office of Information publication it is written with an air of grand historical inevitability, as if the full evolution and the finest flowering of the system is now at hand, but if one considers exchange control, post office giro, the relationship between the Treasury and the Bank of England, one sees this is just not true.

It is particularly instructive to see that when it comes to the business of this relationship, the report of the Radcliffe Committee is quoted as an authority. Now many people just do not accept their findings. One of the most important works published by the Institute of Economic Affairs was their *Not Unanimous*, giving the views of some six commentators who disagreed with Radcliffe. Even the previous report (MacMillan Committee of 1931) was roundly condemned by one member (Bradbury) and another submitted a written note of dissent.

By being official and uncontroversial, important problems are glossed over as if everything was in perfect working order. In the same way that a pamphlet on the National Health Service would not give much about the actual mumbo-jumbo of the healing process, so this pamphlet, while describing the blasted heath and the weird sisters, does not say much about the technical witchcraft of banking.

M.D.K.T.

BACK NUMBERS REQUIRED

WE are anxious to obtain copies of certain back numbers of LAND & LIBERTY which are required for making into bound volumes.

The issues required are May 1964, November 1964 and December, 1964.

If any reader still has any of these issues, we would be most grateful if he would let us have them.

—The Publishers