

average British tariff and made Britain a highly protectionist country overnight . . . the Government would have done greatly better to put the emphasis the other way round and concentrate mainly on encouraging exports instead."

To read the many criticisms of the Government's action — although they are valid enough — one would imagine that all was right in the trading world prior to Mr. Wilson's panic measures. We have got to get away from the sloppy thinking that characterises those who, while paying lip service to free trade, can offer nothing but negotiated trade agreements in certain fields, in certain conditions, to a certain extent, while maintaining exchange control and other devices that are the anti-thesis of free trade.

What should Mr. Wilson have done? He should have removed all the barriers to production, including tariffs. He should have taken immediate measures to strengthen the pound by putting a stop to monetary inflation and he should then have freed the pound. A quick end to the 15 per cent surcharge, coupled with the above measures, would give an enhanced value to the pound that might well surprise Mr. Wilson and his advisers, for a free pound is always worth more on the world's markets than a controlled pound.

A Big Step In The Wrong Direction

By S. W. ALEXANDER

From the *City Press*, October 30

THE BRITISH PEOPLE now have their first instalment of economic treatment from the new Government. It is bad. It is the complete reverse of what should be done.

The *Daily Mail*, commenting on the proposals, said: "There is nothing fundamentally wrong with the economy." That is not true. There is something fundamentally wrong, and it is the refusal to recognise that fact that is causing Government and people to accept the wrong ideas.

What is wrong with the economy is that Government through various channels has put far too much paper money into circulation to bolster up the internal economy. It is that vast amount of paper that is attracting into the country an excessive volume of imports. It is that excessive volume of paper money that has for a time made for easy living; that has made it more profitable to gamble than to work and to produce; that has created the bingo society, weakened morals and added to crime and juvenile delinquency.

Now what does the Government do? In paragraph eight of its White Paper it says: "An attack must be made on the problems of increasing prices. Not only do they inflict hardship on those least able to bear it, but continually rising prices undermine our competitive power." Despite that statement the Government imposes a 15 per cent surcharge on imports, many of which

already bear a substantial import tax.

The result must be a substantial rise in prices. Obviously, if there is a smaller quantity of goods available to the people the prices must go up. If the Government adds to the bureaucracy to try to stop prices rising, that will be a further step towards the police state.

The Government's determination on these measures is due to a refusal to consider other measures to which it gives the label of "deflation and a return to stop-go." But it is quite certain that the new proposals reduce the real wages of the people and create those tensions around the world that make it unlikely that the so-called export drive will succeed . . .

The answer is not to add to the protective duties, for that is what they are, but to take away the protective duties of all kinds that already exist, to balance the nation's budget and to limit the amount of circulating paper money. Such measures would effectively limit internal spending and the demand for excessive imports.

To accept such measures would be regarded by the Government as deflationary, but the people would have the right to buy from wherever they wished, and if the large imports of machinery or other products were thereby reduced no foreign trader would have any cause for complaint.

It would be an automatic and natural reduction aimed at no particular section of industry in no particular countries.

Labour's Tariff Panic

By RICHARD LAMB

From the *Liberal News*, November 5

WITH the approval of the Tories, ten days after winning the election Labour has delivered a knock out belly punch at our economy by a panic increase in all protective tariffs of 15 per cent.

Our problem is to reduce the gap between soaring imports and limping exports. The new import duties may slow up imports, but they are bound to make our exports more costly, with deadly effects on their volume. Already we have the highest protective duties in Europe, and because of lack of price competition at home our vital industries, both nationalised and privately owned are feather-bedded, inefficient and high priced. Now the Government has put three shillings in the pound extra tax on all imports except food and a few raw materials. Immediately, prices of all foreign manufactured watches, radio sets, clothes, shoes, etc., will jump by more than three shillings in the pound in the shops, because purchase tax automatically increases as well.

Home manufacturers of articles in domestic use will now have even less incentive to reduce their costs and prices than before. The consumer will have to pay higher prices or go without. As foreign goods get scarcer and dearer many manufacturers will bother less about exports because a more profitable and easier market is now on their doorsteps. Labour is scarce and

the profit margin on exports small. In the boardrooms the cry will be "back to the home market."

The genuine exporter is hard hit. Increasingly the really competitive export manufacturers have been relying on buying cheap semi-manufactures and components from abroad so as to be able to sell finished goods at low prices in world export markets. For example, this year enormously increased imports of wire rods, nails, screws and rivets have jumped our tariff barriers for use mainly by exporting industries who have found the fixed prices charged by our own steel industry too high. Now these exporters must either pay 15 per cent duty on their requirements or buy at higher fixed prices from our own monopoly manufacturers.

ICI is happy. Its fixed monopoly prices are so high that imported chemicals surmount a 33 per cent tariff barrier. Now the chemical import duty is 48 per cent, and the British Chemical Traders' Association, which tries to import and export chemicals on competitive terms despite ICI's rigidity, is in despair. Imported timber for houses will cost more, as will chemical fertilisers and machinery for farms. All along the line we face the disaster of higher home prices and dearer exports.

Of course there will be retaliation. There always is. We have turned our back on Europe by breaking our treaty obligations with EFTA and GATT, damaged the economies of the developing countries and made it impossible for us ever to protest again if similar measures are imposed against our exports.

The Government emphasises that the new import duties are temporary until the gap between imports and exports is closed. That is exactly what former Chancellor Neville

Chamberlain told the nation in 1932 when he imposed 10 per cent import duties to correct a similar imbalance between imports and exports. Chamberlain's temporary duties are still with us, as are countless price rings resulting from home industry being protected for so long against foreign competition.

Why was the nation not consulted during the election about these tariff changes? The British electorate does not give a Government a "doctor's mandate" to do what it likes. Labour has no mandate from the country to impose these tariff charges, which are a complete reversal of the economic policy foreshadowed by the party. Yet there can be no Tory opposition in Parliament because the outgoing Chancellor of the Exchequer, Reginald Maudling, calmly announced that they are part of a detailed plan prepared on his instructions to deal with the economic crisis.

George Brown claims that raw materials are exempt from the new duties. This is not so. Traders all over the country are protesting that their raw materials will cost more.

The truth is that our customs tariff headings are hopelessly out of date and do not take into account the changes in the raw materials used by industry since 1932 because of modern advances in technology. If Mr. Maudling had been worth his salt at least he could have asked his civil servants to do some homework on the revision of the customs tariff headings so that genuine raw materials were exempt.

The new tariff duties mean a blanket increase in the cost of living, so the less well off sections of the community are going to suffer.

NEWS AND COMMENT



S.V.R. AND IDLE SITES

Statement by the Rating and Valuation Association

LAST FEBRUARY the Association published its report on a survey of the town of Whitstable. Attached to the report was a valuation list showing assessments based on site-value rating for the whole town, together with the corresponding assessments under the present rating system.

The purpose of the Whitstable Survey was twofold: to ascertain whether or not site-rating valuation was practicable and to afford some indication of its probable effects. The survey has shown that the assessment of site values presents no insuperable difficulties. It has also enabled observers to gauge its effects in a town such as Whitstable where the rateable value per head of population approximates closely to the national average. But it has not been suggested that the Whit-

stable pattern would be reproduced elsewhere. There would obviously be considerable variations, and it is to be hoped that the initial survey undertaken by the Association may provide the stimulus for similar exercises to be undertaken elsewhere.

Since publishing the report the Association has organised several conferences of people of administrative, legal and valuation experience so that the details, the advantages and disadvantages, new problems and the side effects on planning and property could be considered. Additionally, panels of members have studied these questions.

A final conclusion on site-value rating against the present background of controlled land use, complex landlord and tenant relationships and the impact of a site-value rate based on land ownership, compared with an occupation rate under the present system, cannot properly be presented until further researches have been completed at Whitstable. These researches will