

LAND & LIBERTY

Editor: V. H. Blundell

MARCH, 1963

SIXPENCE



EDITORIAL

Back to First Principles

ON ANOTHER page we reprint what was perhaps one of the finest statements ever made in support of the free trade cause — the Petition of the Merchants of the City of London in 1820. Today, we would not alter a word of it, for the basic arguments have not changed. Nor can the charges of being "doctrinaire" (the last refuge of the protectionist who is defeated in arguments on basic principles), shift us from our stand. We are as proud to be doctrinaire on this principle as we are on the question of slavery, equal rights or personal liberty, where moderation, compromise and expediency have no place.

The justice of an objective long fought for does not lessen with the passing of time. Herbert Spencer, writing on the private ownership of land, asked pertinently, "How long does it take for what was originally a wrong to grow into a right? At what rate per annum do invalid claims become valid?" So it is with free trade, and the Merchants' Petition of 1820 is our petition today.

Ever since Britain's entry into the Common Market began to be discussed the number of free-traders in the country has shot up by leaps and bounds—or so one might be led to believe by the speeches of politicians and the writings of the economists who expounded the virtues of the "fresh winds of competition." But whatever the reservations, evasions and compromises, *basic free trade arguments* have been used to justify Britain's joining the E.E.C., and the education has not been wasted. Free-trade is no longer a dirty word. But now that Britain is not to join the E.E.C., will the new "free traders" follow up the logic of their arguments? We must see that they do. Signs of a consistent attitude have already begun to appear. But first let us look back a little.

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In August of last year, at the height of the Common Market negotiations, the Conservative Political Centre published *The New Europe*, a booklet of six lectures by leading experts on the subject, with an introduction by the Rt. Hon. Edward Heath.

The lectures were given in Oxford in July. Leaving aside the national and international political arguments, it is interesting to examine some of the statements made by one of the contributors, Mr. William Rees-Mogg, the economist, in his lecture "Industry and the Common Market." The sentiments expressed may well be regarded as typical of those being made at the time and which are still being made today.

He said "The experience of the countries of the Common Market when it was first formed was that the industries which thought that they were under competitive pressure mostly found that they were able to compete effectively; anxieties which were expressed by individual industries in individual countries proved very largely to be unfounded . . . There will be firms which will find that increased competition is more than they wish to face, which will either have to raise their standards, merge with more efficient firms or eventually, in theory, go out of business . . ."

"After all, this is essentially a selective opportunity. One may use, I hope not too unkindly, the analogy of a selective weedkiller, which operates on the principle of promoting growth. What happens to sturdy weeds is that they grow up into the size of oaks, but spindly weeds shoot up about a foot and then collapse because the effort of growing is too much for them . . ."

Today, sentiment for the lowering of trade barriers continues. *The Spectator*, commenting on the collapse of the E.E.C. negotiations, said "Some things will have to change. We must modernise our industry, cut our agricultural subsidies, lower our tariffs and, in general, expose ourselves to that spirit of competition which was anticipated to be one of the most beneficial effects of entry into the Community."

The Rt. Hon. Reginald Maudling, Chancellor of the Exchequer, in a long and rambling speech full of generalities and platitudes, on February 1, came out with the following: "If we are not to have the challenge of membership of the E.E.C. we must accept the challenge of our own destiny. We must resolve to build together in the United Kingdom, in concert with our friends throughout the world, a modern, highly efficient British economy, competitive, enterprising, forward looking, and dedicated to the principle of expanding trade throughout the world on the most free and liberal system attainable."

But we don't have to *build* for a "free and liberal system" of free trade — we have to *dismantle*. Nonetheless these are, for a Tory, free trade *sentiments* if nothing else. Another trade wind of change blew through the columns of *The Guardian* on January 16 when it reprinted extracts from Professor Meade's pamphlet *The Common Market: Is There an Alternative?* (Institute of Economic Affairs). He suggests the formation of a "huge free trade community by the highly developed industrialised coun-

tries of the free enterprise world." He says this would imply that the North Atlantic countries of North America and of Western Europe (including the U.K.) "would progressively remove their restrictions on imports of products from each other and from other outside sources until they had all adopted a policy of virtually free importation from all sources." This great goal, he says, is no longer a pipe dream.

He then goes on to advocate the unilateral reversal of our policy of protection, allowing adjustments in the rates of exchange. He says further that if we set an example, other countries of the North Atlantic would be greatly encouraged to follow.

Now that the dust has settled, the defeated advocates of Britain's entry into the E.E.C. are searching around for "alternatives" or "substitutes" and there are already signs of virtue being made of a necessity; for whatever the Government may think of the situation that confronts the British people after its abortive attempt to take them into Europe, the people (two thirds of them at least, including the "don't knows"), are looking expectantly to the Government to pull some kind of substitute rabbit out of the hat.

In the House of Commons on February 11, the Prime Minister announced that a meeting of Commonwealth trade ministers will be held, most likely in London, in the early summer. Some form of Empire "free trade" is no doubt being contemplated. Mr. Macmillan said in his speech that he wanted to increase exports by greater competitiveness backed up by export inducements such as credit facilities. A timid and not very exciting approach to the problem. The Opposition were as far in agreement with the Prime Minister as an Opposition could be, although they tried to go one better. Mr. Harold Wilson made it plain that in his opinion trade was the business of the government, by calling for long-term bulk purchase contracts.

The real issue is not, of course, one of seeking a substitute plan for going into the E.E.C. The issue of free trade versus protection, to which so many of our economic troubles are related, existed long before the Common Market was thought of. But things are not quite the same; the damage has been done—to the protectionists; their citadel is in danger of being breached. Members of Parliament no longer have completely closed minds on the subject of free-trade versus protection, however distant they may be from understanding the underlying principles. Conservative Members of Parliament were divided in their views when the importation of oil from Russia was discussed. Some of them maintained that it would introduce a greater element of competition to the benefit of consumers, especially those engaged in manufacturing for the export markets, although the main criterion appeared to be the offer of orders for ships from Russia in exchange for Britain's willingness to accept the oil. This is planned "free trade" indeed, but it at least shows an appreciation of the mutual benefits that can be derived from international trade when monopoly interests are pushed aside.

Freer trade is not free trade, but it could lead to it; for every argument for freer trade is an argument for free trade and should be frankly recognised as such.

We must not, however, underestimate the privileged interests who oppose free trade and who use every opportunity to push their special pleading. We must harness the free trade sentiment and press home our advantage. We have a long way to go but the wind is favourable.

NOTES OF THE MONTH

IF YOU CAN'T BEAT 'EM, JOIN 'EM

THE buying of Dolphin Square recently on behalf of the tenants' association by the Westminster City Council for £4,500,000, is reported to have given tenants elsewhere similar ideas.

The occupiers of flats at Meadway Court, in the Hampstead Garden Suburb, who describe themselves as "simply pawns in a mad financial game" (*Evening Standard*, February 7) hope to enlist Hendon Council's help to beat the property speculators.

During the past five years Meadway Court has changed hands five times and now its present owners are considering reselling.

Repeated take-overs have resulted in rising rents (from £70 a year in 1957 for a one-bedroomed flat to £300) and insecurity of tenure—no lease for longer than three years is given. Also, road repairs and plumbing are no longer carried out.

If the market price is to be paid for this property then the tenants will have to continue to pay market rents, but by becoming the new owners any increases in the market value of the property (largely land value) will accrue to them.

These tenants may solve their own problem in this way. But the mere transference of speculative rights from one section of the community to another leaves untouched the whole festering problem of land monopoly and land speculation.

LAND REFORM IN PERSIA

THE *Daily Telegraph* Special Correspondent in Teheran reported, January 23, on the Persian Government's referendum on social reform. Redistribution of land among the peasants is the main issue. Four to five million voters, in "the first honest and unrigged ballot" are to be asked for their approval. The referendum, says the Correspondent, is in effect a direct appeal by the Shah to the people, by-passing traditional political groupings, especially landowners.

The land reforms (already started) mean an end to the

QUOTE OF THE MONTH

A REPORT has just reached us that landowners around Bangkok, hoping to cash in on their holdings, are raising land prices in anticipation of industrial expansion.

This speculative manoeuvre is hindering programmes of industrial investment. Seizing the opportunity to increase tax revenues for badly needed public works, government officials are said to be in favour of raising the local land-tax.

If this happens, prices of both undeveloped and already developed land in the same locality are likely to even out, thus making speculation obsolete, and encouraging owners to release land for industrial enterprises at prices firms are willing to pay.

Is this not a measure which could be equally well applied to similar problems here, or, for that matter, anywhere else in this unjust world?—*Building Industry News*, January 27.

ancient landlord-serf system. The Shah himself has been distributing his personal estates among the peasants during the last ten years.

The Shah would be wise to institute a land-value tax as soon as practicable on all owners old and new, so as to establish the principle of equal rights, not only for this generation but also for future generations. Unless this is done future development and industrialisation will inevitably give rise to the kind of land problems facing the more developed countries today.

MENACE OF FREER TRADE

RECENT attempts by Russia to export oil to this country could involve Britain in another major dispute with the United States on the whole question of trade with the Russian bloc. There have also been strong reactions from the National Union of Mineworkers against the import of Russian oil.

For some months the Russian Government has been seeking outlets for its surplus oil and has launched a major effort to sell in European markets. In fact, Russia has let Britain know that British shipyards would stand a very much greater chance of being awarded contracts for the building of ships for the Soviet Union if the British Government were to permit the import of Soviet oil. The firm of John Brown has formed a consortium with two other Clydeside shipbuilding firms to tender for fish-meal factory ships that the Russians are about to order.

It appears the United States are likely to be upset on two main grounds if oil imports are allowed. First, Russian oil is likely to be sold here at about 12 per cent. below the international oil price, thereby affecting the "stability" of the world market which all the major inter-