

King Canute

In his address to the joint session of the American Congress on November 13, Mr. Attlee after covering the common ground of the ways and means to international settlement dealt at some length with the domestic policies of his Government. The Labour party, he said, believed they must plan the economic activities of the country if they were to assure the common man a fair deal. "We are facing the future with courage and a determination to win through; we have not stood up to our enemies for six years to be beaten by economics." It was a brave and defiant challenge in the true traditions of the mentality which, if it does not doubt the existence of any natural order, looks on natural laws as working harshly to cause disparity and ill-being in human affairs. The State is all-powerful, so it is imagined; it can decree and achieve a new and better dispensation by economic laws of its own making. The only matter is that in this conflict with nature, "beating economics," as was said, these efforts are likely to come to naught. We know the fate of the knight errant who tilted at windmills and, of course, there was also King Canute who was discomfited in somewhat the same fashion.

Nationalisation of Mines

THE Minister of Fuel and Power, Mr. Shinwell, has reiterated that the Government intend to introduce a Bill for the nationalisation of mines. The coal deposits themselves are already national property under legislation which was passed by a Conservative administration, although it would seem that the process of apportioning the global purchase price between the mineral owners is not yet completed. The delay in introducing the Bill for nationalising the collieries indicates that the task of preparing it is not so simple as some Ministers may at first have thought. Difficult questions will arise about delimiting the subject matter to be purchased, and still more difficult questions about fixing an equitable price.

Mr. Shinwell was evidently alluding to this when he said on November 23, at the dinner in the Dorchester Hotel, of the Open Cast Coal Committee of the Federation of Civil Engineer Contractors: "We are about to take over the mining industry. That is not as easy as it looks. I have been talking of nationalisation for forty years, but the complications of the transfer of property had never occurred to me. I wish I could convince you to agree to the principle of confiscation, then my task would be simple. But when you get to the slippery slope of compensation, complications, legal, financial and otherwise, come one after another. I hope my problem will be solved before I introduce the Bill in Parliament."

When the Government committed itself to this policy it evidently had no

regard to the possibilities of utilising atomic energy for industrial purposes. If the forecasts that within ten years this new source of energy may be available on a large scale and at a low price, the whole financial position of the mining industry will be in jeopardy, and any price now fixed for the acquisition of the collieries, as well as the price already paid for the coal deposits, may prove to be woefully excessive.

Apart from this the policy of nationalising the mines can only be successful if it results in a larger production of coal and at a lower price. It will be interesting to know whether there is any solid foundation for such an expectation. So far no convincing reason for expecting this has been put forward.

Bank of England Bill

THIS Bill provides for the acquisition by the Treasury of the capital stock of the Bank of England; for the appointment by the Government of the Governor, Deputy Governor and directors of the Bank; for enabling the Treasury to give directions to the Bank; and for enabling the Bank to request information from and make recommendations to other bankers.

The capital stock of the Bank of England is £14,553,000, which has paid regularly during the last twenty years to its 17,000 shareholders a dividend of 12 per cent. per annum. The shareholders are to receive in exchange for the Bank stock £58,212,000 of Government 3 per cent. stock which will yield them the same annual income. This Government stock is redeemable at the option of the Government at par on or at any time after April 5, 1966.

Much of the discussion in the Second Reading debate was devoted to the question whether the price to be paid was a fair one. Singularly, little was devoted to the purposes for which the Bank should be brought under public ownership. Neither the speech of the Chancellor of the Exchequer, nor that of the Financial Secretary to the Treasury, gave any clear indication of the policy which they expected the Bank to pursue in the future.

It is generally assumed that one object is to secure what is popularly called "cheap money," that is to say, a low rate of interest upon bank loans. One step in this direction is the reduction in the rate on Treasury Bills, which has been followed by a reduction in the deposit rate of the joint stock banks. It does not, of course, follow from this that any lower rates will be charged for the loan of money for ordinary industrial and commercial purposes.

If the Government should for a time succeed in reducing the rate of interest generally upon bank loans, a number of consequences would follow which deserve attention. One is whether the lending of money will be rationed, and

it may be that this is one of the objects of the National Investment Board which it is proposed to establish. If rationing is not established, the result may easily be an undue investment in capital goods, and a further postponement of the time when consumers may expect to get as much consumption goods as they were able to buy before the war—a prospect which will be far from agreeable to the general population who have during the last six years suffered such severe deprivation for the purpose of waging war. If rationing is established the field of favouritism and discrimination by the Government will be widely extended.

Another result of the "cheap money" policy, if it can be firmly established, will be an increase in the rate of capitalisation of rent and a severe increase in the selling price of land. This consequence, which is so generally overlooked, is a most detrimental one.

More Rent Restriction

THE Government have indicated that they do not intend to introduce legislation, such as was proposed recently by a Committee on the subject, for controlling the selling price of existing houses on the ground, among others, that there is not sufficient machinery by which a reasonable price could be determined. They have also intimated that they have no proposal meanwhile for amending the Rent Restriction Acts which control the rents at which most dwelling houses may be let. By the Furnished Houses (Rent Control) Bill they propose to control the letting of furnished accommodation which is outside the scope of those Acts. For this purpose it is intended to set up in the areas where the Minister of Health thinks this necessary a tribunal to which cases in which it is alleged that excessive charges are made may be referred. No principles are laid down to guide the tribunal and the result in any case will apparently depend upon what the Tribunal in that particular area thinks reasonable. The Bill is drawn in such wide terms that it would apparently cover all furnished lettings except those in which board forms a substantial portion of the rent.

Legislation for Security

THE system of rent control introduced during the last war, after extending to a wide range of dwelling houses, had at the outbreak of the recent war been restricted to those of fairly small annual value and was intended to expire within a limited time. It applied only to houses let unfurnished which had been built before a certain date and so placed no limitation upon the rent of new houses.

At the outbreak of the recent war the limitation was reimposed upon all houses then in existence except those above £100 annual rateable value, but houses built after 1939 were again left free.