

was that the value of a piece of land was created by the community round it.

*The Scotsman* thought there might be objection on political grounds to the taxation of site values, seeming to imply that the other two alternatives were either not political or were politically acceptable, a curious view quite unfounded. Be that as it may, we echo its view that "the healthy development of local democracy demands a more efficient and fairer method of raising local revenue" and that "financial reform may be the answer to the problem of how to stimulate increased interest in local democracy".

## Dogs Eat Dogs

**D**OG DOES eat dog — when both are state owned. Two instances were reported on October 7. First was British Railways' opposition to British European Airways' proposal for 3 guinea single fares on night flights between London and Glasgow, Edinburgh and Belfast. Mr. Stanley Raymond, traffic adviser to the Transport Commission said it was "unfair competition" and not in the public interest. The second class single rail fares from London to these centres were £3 12s., £3 11s. and £3 9s. 6d respectively. The Commission was spending a lot of money on modernising various routes. "We feel that in each sphere of public transport there is a case for a differential in fares. The quicker service by air justifies a higher rate, just as the quicker service we provide justifies a higher rate than the long distance road service," Mr. Raymond told the Air Transport Licensing Board. He could see no justification for upsetting the balance between air, rail and road fares. Mr. H. Marking, BEA secretary, opposed flight limitation. He argued that the Licensing Board's discretionary powers could be exercised only to further the development of aviation. "I don't think rocking British Railways' boat is something that the Board should have to regard."

"Relations between the Gas Council and the National Coal Board have, at their best, been wintry," says the Commons Select Committee on the Nationalised Industries. There is disagreement on the Gas Council's proposed national gas grid and its plan to import methane gas. Other bones of contention are the NCB's Lurgi process of total gassification of coal and the price of coal to the gas industry. Lord Robens, NCB chairman, fears that once methane was imported there would be no incentive to make gas, only to increase the amount of natural gas imported. He said: "It is up to us to prove whether we can produce gas as cheaply as imported gas. It is then for the Government to decide on strategic, political and balance of payments grounds, whether our project or the importation should go ahead."

These two instances, by no means unprecedented, are strangely at variance with Socialist predictions of fifteen

years ago. Then the story was that harmonious co-operation under the umbrella of a national plan would replace ruthless "cut-throat" competition. Socialist concern for the safety of capitalists' throats, as touching as it is surprising, should now give way to similar anxiety for those of state board chairmen. A thought for the pockets of taxpayers and consumers would also be in order.

## Sweeps' Death Kiss

**S**INCE soot is a by-product of state-mined coal what could be more logical and administratively tidy than for the National Coal Board to set up its own chimney-sweeping service? Apparently someone in the N.W. Division has been thinking on those lines. One N.C.B. sweep started operating from Farnworth, Lancs., early this year and now has a second starting to probe the chimneys to the South and West of Manchester. This development, never envisaged by even the most ardent Socialist, may spread like wild fire until N.C.B. sweeps' vans are as common as those of the G.P.O. unless it is nipped in the bud now. That is where Mrs. Lilian Roberts comes in. This sweep's wife who studies law for a hobby, fears that the N.C.B. may put her husband and his colleagues out of business. "Most people think that the Government can do anything it likes" she said, "but I am out to prove that it can't." She believes that the Board is violating Common law and is seeking an injunction to stop it from running the service. She has our good wishes for otherwise it may be only a matter of time before the Board sets up a laundry service, a window cleaning service and heaven knows what else. Other state industries would be tempted to extend their trading activities.

## Sound Evidence To Plowden Committee

**T**HE Council for the Reduction of Taxation has released the text of evidence it submitted in July to the Plowden Committee which is enquiring into Parliamentary control over Government spending. Eighteen months earlier the Council had submitted that Government expenditure was one of the main causes of inflation and had pointed out that there was now no effective quantitative control over the volume of money the Government could spend into circulation. A "remarkably frank" passage in Mr. Selwyn Lloyd's Budget Speech in April (noted in our June issue) is quoted as illustrating the circumstances the Council had in mind and interpreted as follows:

"Total Government expenditure has exceeded revenue. The balance has been met by borrowing from the Bank of England that proportion of their customers' money amounting to £145 million, we required the Joint Stock Banks to lodge there; by

borrowing at low rates of interest and on short term £275 million from small-savers; in the ordinary way both these sums will sooner or later have to be repaid. What we did not raise in any other way we printed, to the extent of £115 million. This we are under no obligation to repay to anyone as we own the Bank of Issue and can require it to print as many notes as we need."

The Council regrets that the Plowden Committee's Inquiry has apparently been restricted to narrow departmental questions, such as the form and typography of the Estimates. It believes there is need for a broader, public enquiry to be made by a Committee drawn from the best brains in industry, finance, banking and accountancy. The Committee should report to the taxpayers' representatives in Parliament, not privately to the Treasury. The Council considers a "counsel of despair" the Treasury's submission that no new considerations have emerged since the 1950 Crick Committee gave its qualified endorsement of the cash system. The Treasury Memorandum stated that a "great legislative and administrative operation would be required to make a change."

In rebuttal the Council for the Reduction of Taxation cites as examples three tremendously important new considerations:

(a) Total Government Expenditure has increased from £3,804m. in 1950/51 to an estimated £7,091m. in 1961/62 or by 86.4 per cent;

(b) The cost of living (consumer/price index) has risen from 83.8 in 1950 to 115.4 in 1961 or by 37.7 per cent;

(c) Enormous strides have been made in the application of machines and computers to problems of accountancy and classification.

The Council believes that if the *ultimate collapse* of the pound sterling is to be prevented a far more radical approach to the whole question of the control of Government Expenditure is vitally necessary. In their view such spending should not exceed 25 per cent of the net national product. "Before the existing proportion can be reduced the rise in expenditure must first be halted. It is the duty of Parliament to exercise control over Government. It is the task of the Treasury to ensure that Parliament is provided with the necessary instruments."

At a meeting in London called by the Council of representatives of responsible sections of the community it was agreed that economic crises will continue while the present large proportion of the net national product is taken in taxes, rates and national insurance. Those present agreed that entry into the Common Market before we set our national house in order could make matters worse.

### Three Letters

**T**HREE outstandingly forthright letters—from a retired member of the Foreign Service, a leading businessman and the patron of a Conservative Party association — appeared in the pro-Government *Daily Tele-*

*graph* last month. They are of such exceptional interest and importance that we are pleased to reprint them here slightly condensed.

#### WHY PARLIAMENT IS IN DECAY

*From Sir John Lomax, October 3*

The most telling point against the House of Commons is that it is in atrophy by the decay of its prime function of financial control, the root element of which is not "budgetary" but monetary management.

Last year £100 million was watered into our currency, thereby reducing the value of everybody's money by five per cent. To disapprove, approve, or even notice, the House of Commons did not utter. Next year the debasement of our currency, may be twice as much or half as much; nobody knows.

The result is a chain reaction. Irresistible wage claims put the workers (and now teachers and civil servants) under the thumb of the unions. Successive Governments, not daring to bring this vote-losing issue to Westminster, "pass the buck" to Whitehall where the officials "make two ends meet" by printing more "money". The results include government by officials in the back-room deal with union magnates, ever-rising taxation (and now taxation by decree), a balance of payments deficit, a foreign exchange shortage, waning exports, sterling weakness, foreign borrowing, and dependence upon foreign goodwill to keep the pressure off sterling in the international money markets.

The most ominous consequence as we face the perils of an international dispute is that our voice in foreign affairs—even where our vital interests lie—is muted to a nervous whisper lest we should offend foreign countries with gold reserves enough to land us in another sterling crisis. Stripped of cant, face-saving and pretence, that is the basic prognosis of Parliament's decay.

#### PLANNING CAUSES BUSINESS FRUSTRATION

*From Mr. J. Gibson Jarvie, Chairman of United Dominions Trust, Ltd., October 9*

Planning stemmed from the Government's failure to admit that through its subservience to the Civil Service inflation has its beginning in unproductive Government spending. That means that the real producers in the country, the business men—and let it not be forgotten that British business men have been successful through the centuries before planning became almost a major operation by Governments—are now being threatened by a new overlordship of civil servants and their tools.

Whatever planning committee is formed by the Government, and whatever its composition, its hand has already been tied; inevitably its control will rest with permanent civil servants. It will bring with it still more unproductive Government spending but it will also mean that the political aims of the Government will enjoy one more, and a very large, step towards Socialist dictatorship.