

## Free Enterprise On a Lead

**M**ORE than enough has been written about the recent German decision to allow the mark to float; and the technicalities involved in trying to control artificial exchange rates have been well explored and expounded.

If all countries would decide once and for all to let their currencies float, *i.e.* respond to the push and pull of the market place, the economics text-books that could be scrapped would make a heart-warming bonfire.

Is the German decision to free its currency a sign of a change of heart or head? Hardly. It has all happened before and any illusions one may have had on first hearing the news that this was the case, would have been speedily dispelled by a few sentences in the reports which appeared in the Press on that Monday morning.

"... when these measures have been put into operation the mark will again be pegged ..."

"The Germans have given no firm date for the period in which the mark will remain unpegged ..."

"West Germany hopes to return to the old parity when the present period of floating ends."

So much for a floating currency which is only to be floated out on a retractable line as it were. Then there is talk of the limits within which the mark will be permitted to move "freely." Clearly this is no conversion to free exchange rates.

Advocates of real and permanent free exchange rates are of course told that they oversimplify the situation; and recourse to this "oversimplifying" argument is usually a sign that there are no other arguments left.

The professional economist will tell you that he is a dedicated free trader—in theory. He will pontificate about the virtues of free trade, explain how trade, when free, automatically balances itself and with much erudition explain the mysteries of the theory of comparative costs (which no student would need to learn if free trade were accepted and practised as a natural economic phenomenon.)

And then he will add "... but of course that's all right in theory but in normal circumstances ..."—as though he had not been talking about circumstances far nearer normal than our own dream world of a planned economy.

Free enterprise, we have had drummed into us, is all right in theory but no good in practise—as though any theory that did not work out in practice was any good. Even the conservatives, with a few notable exceptions have fallen for this one; so much so, that they want to hustle us into the EEC which is nothing more and nothing less than a gigantic planned economy in which vested interests, particularly those of the agricultural and land owning fraternity, have become enshrined as a specialised branch of economics where any attempt to question the rights and wrongs of established monopolies is dismissed as a value judgement.

The cliché that "we are all socialists now" has been repeated so often that now almost no one is immune. The young generation *think* socialism even if they don't vote socialist and the old generation have all but lost faith in first principles. Joining the EEC would be the final betrayal.

The hullabaloo about the German mark, as about trade figures, tariff barriers and trade "concessions" is so much economic hot air generated by protectionist mentalities and aided and abetted by economic journalists. The problems are unreal—unreal that is in the sense of their being manufactured first and then worshipped as acts of the gods. The prayers and incarnations to these false idols are couched in economic language that is intended to conceal thought rather than to reveal it. And of course we can no longer speak of land reform since there is no such thing as land—only "bundles of rights."