

## CORRESPONDENCE

## IMPERIAL FISCAL WAR

The Editor, *Land & Liberty*.

SIR,—I have just been reading in the May and June number of *Land & Liberty* the debate in the House of Commons, on 20th April, on Imperial preference as well as the editorial comments thereon, and I have been shocked to find how rampant is fiscal heresy, notwithstanding all we have heard about the New Order and the Atlantic Charter. Judging by the references to Imperial preference, one would think that the colonies were enthusiastic about it. No one mentioned the fact that a large proportion of their revenue is raised by customs duties on British goods, and that a fiscal war is continually being waged as between themselves. For example, more than sixty years ago a Conservative Government in this country imposed a wheat and flour duty, which has continued in force ever since, and of late years has been supported by the Labour Party.

New Zealand grows more wheat to the acre than does Australia, but Australian wheat is incomparably better for breadmaking, indeed, a certain proportion of it has to be imported to be mixed with New Zealand grain. I believe the finest bread-making wheat in the world is grown in Canada, but the duty makes it impossible for it to reach New Zealand. In the result the people of this country are paying a fictitious price for inferior bread, and yet our politicians talk about Imperial preference as if it meant inter-Empire Free Trade. It certainly means nothing of the kind. In fact, nothing could be more implacable than the tariff-mongering spirit in this country and in Australia.

In 1926 we had an International Exhibition in the City of Dunedin. As a result of that Exhibition footwear got a foothold in this country, but our protected boot manufacturers saw to it that in 1931 the duty on imported boots was increased, with the result that Canadian competition lasts no longer. In connection with the building industry, the Douglas fir which grows in Canada and the United States became very popular in this country, but our sawmillers raised such a howl of protest that a duty practically prohibiting it was imposed!

Free Traders in this country were heartened when they read the Atlantic Charter. Since then, however, we have seen it hedged with reservations, the latest being that of your Prime Minister in the House of Commons, which in effect amounts to saying that the Charter means nothing but the maintenance of the *status quo*!

As I read your Prime Minister's latest profession of faith, I recollected that in 1905 he denounced Joseph Chamberlain as a quack, that he wrote to a constituent—the letter was published—acclaiming Britain's fiscal policy and stressing the importance of keeping alive her "lamp of economic truth." I remember also that he was one of the speakers at the Cobden

centenary in 1904, and later, when he declared that the door was barred and bolted against the taxation of food! Alas, what a falling off is there!

Yours, etc.,

Wellington.

NEW ZEALANDER.

## "CURRENCY QUACKS"

The Editor, *Land & Liberty*.

SIR,—In your October issue you have a reproduction of an article in the *Daily Chronicle*, by Oscar R. Hobson, pouring contempt on the Aylesbury Borough Council's resolution for interest-free money for housing.

Surely, if you want your readers to understand the subject, the first thing to do is to state the resolution. Being the mover of that motion, I request you to do so, then your readers will know what we are talking about. Here it is:—

"This Council being desirous of proceeding at the earliest opportunity with its post-war housing scheme, and wanting to be able to let these new houses at a rent comparable with its existing estate and within the amount its rate-payers will be able to afford, request the Government to lend them the necessary capital free of interest.

"The Council desires to suggest that the Government could do this by issuing housing notes, in the same way that they issued Bradbury Notes, free of debt and interest, or by taking such steps as are necessary to restore to Parliament the sovereign authority over the monetary system which was taken from it in 1694.

"The Council calls upon the local representative in the House of Commons to press for the introduction of such measures as are necessary to secure the aforementioned objective, and to support His Majesty's Government in the matter of any relative legislation."

Hobson says we want something for nothing, which is what most of his Stock Exchange readers, mostly gamblers, are after. We do nothing of the sort. We are only asking that we shall not be forced to pay interest to a private company for doing what the Government can do themselves, without charging interest.

Hobson calls it inflation. We know the Government have no spare money. They have to borrow from the banks now; so if they are going to lend Councils money for housing, they will have to borrow it at interest from the bank, if they do not create it themselves. In either case, Aylesbury would have the money and build the houses, so there cannot be any more inflation in one case than in the other.

But the great difference would be, if the Government created the credit and saved Aylesbury, say, 3 per cent. interest, Aylesbury would be able to let a £1,000 house at, roughly, 12s. a week less rent. Now tell me, is it a just, moral and Christian thing to endeavour to provide a house for a returning member of the Forces at 12s. a week less rent; or should we force him to pay 12s. a week extra rent for

interest to the money lords who have been enslaving the nation in debt while he has been away fighting?

Yours, etc.,

W. A. NARBETH.

[The comment on this matter in our October issue, although in a vein of sarcasm, does not on reflection appear to be inappropriate. In the ordinary course of business a borrower expects to pay interest upon the amount borrowed, and to repay the capital either by instalments or in a lump sum as may be agreed. The Aylesbury resolution suggests that the Government should obtain loans "free of debt and interest." Clearly a loan free of debt and of interest is nothing more than a gift. The financial problems of local authorities would undoubtedly be much simplified if they could obtain all the capital they need as a gift. But why confine this proposal to local authorities? Why should not every citizen receive all the capital he wants as a free gift? The question, of course, is where can the Government obtain the capital in order to make a present of it to Aylesbury or anyone else? The resolution suggests that the thing can be done by the Government issuing paper money which will be debt and interest free, and this money will be used to purchase the land, bricks and mortar which Aylesbury requires. No one doubts the ability of a Government to issue paper money up to a certain point. What is assumed in the Aylesbury resolution is that this paper money, however much of it is issued, will retain its value or purchasing power. If argument is incapable of demonstrating the falsity of this, one would think that universal experience might have demonstrated it. The ultimate question is, if Aylesbury or anyone else is placed in the possession of land and houses by means of a device of this kind, at whose expense is that achieved? The answer, of course, is at the expense of those whose cost of living is increased by the fall in the purchasing power of money. They get less real wealth, and the share to which they were entitled is taken away from them by devious means and placed at the disposal of someone else. To think that people generally can become wealthier, instead of some being enriched at the expense of others, by the issuing of paper money, is to assume that wealth can be created without working. No one has yet devised a means of creating wealth without work, and until then those who work will expect to be paid for their work. When they see that they are being robbed of the results of their work by money which continually decreases in value, they simply refuse to accept such money, and no power on earth can compel them to do so. It is in this way that the unlimited issue of paper money is brought to an end by becoming worth less than the paper on which it is printed.—EDITOR, *L. & L.*]

3d. THE TRUE NATIONAL DIVIDEND. Pro's and Cons of Social Credit. By W. R. Lester, M.A.