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MR HERBERT MORRISON'S SPEECHES

A SERIES OF five speeches on post-war subjects made recently by the Home Secretary, Mr Herbert Morrison, has been recently published as a pamphlet under the title *Prospects and Policies* (Cambridge University Press. Price 6d.). Whatever may be thought about the details of the policy adumbrated, these statements deserve attention as a constructive effort to bring into a true perspective the political and economic problems with which we are confronted.

The dominant note which appears to run through them is that we must establish economic conditions which will ensure the maximum production and the fairest distribution of wealth, that we must abandon all restrictive and monopolistic policies, and that this is essential not only for the well-being of our own country, but also for establishing harmonious relations between all countries.

Referring to the Beveridge Report, Mr Morrison says: "For myself I have no doubt that it is the duty of this, or any other Government, to make provision for a minimum standard of life that will keep our population, without exception, decently fed and properly looked after in illness, misfortune and old age." But he adds: "Don't let us get it out of focus. At best it is nothing more than ambulance and salvage work: rescuing and patching up our social casualties: making good so far as we can the results of our failures in self-government. These things must be done; but the right basis to start from is that there shouldn't be any standing army of unemployed, any sick of preventable disease, any elderly people sick and infirm before the allotted span. In our true policy for the future social security can play but a part and, if we succeed, it will and should be an ever-lessening part."

On the main question Mr Morrison said: "Our economic life must be organized directly to achieve its object, a right standard of public well-being. That means turning our backs for ever on schemes of restriction, whether of goods or labour." And again: "The ever-rising need is to secure an expanding volume of production . . . within each nation, and trade between them. The problem is to take the necessary measures to bring this about and to remove the obstacles in the way of it." "After the war we shall have to solve the problem in all its three parts, how to get full employment, how to increase the productive efficiency of industry, and how to spread the increased product widely and fairly. . . . There is one crucial matter which affects all the three parts of the problem I have referred to—the matter of monopolies, their place in society, and the way in which society must deal with them."

"One group of these monopolies are

the so-called 'natural' monopolies, like Gas, Electricity and (in effect) Transport, which are also, like Coal, common service industries, and like it, are ripe—or over-ripe—for public ownership and management. Another group consists of fully-fledged trusts, of most of which the same thing might be said."

On this we may observe that the classification is not entirely accurate. Gas, water, electricity and railway (or tramway) transport are, it is true, naturally and in their essence monopolies. The reason why they are so is a simple one: they all depend upon the acquisition of rights of way, upon the exclusive use of narrow strips of land, over or under ground, for the purpose of running rails, pipes or conduits. Such rights can usually only be obtained by the grant of special powers of compulsory acquisition. They are in fact monopolies which the State has in this manner created, and competition is by the nature of the undertaking excluded. The necessity of public control of such enterprises has long been admitted, and indeed, in a tentative and not very effective way, exercised. A large body of public opinion has come to the conclusion that this control can only be effectively exercised by public ownership and operation. It is, however, a matter for consideration whether, with the development of modern systems of costing and accounting, it would not be possible for a strong government department, equipped with a staff of able and impartial officers having the necessary training, and endowed with the necessary statutory powers, to exercise a control over such enterprises which would give almost as much protection to the community as would public ownership. In that event the public would be saved the expense of expropriating such undertakings and of paying compensation upon the basis of a level of profits which should never have been allowed.

In the case of road transport the same circumstances do not exist. The roads are open to all. The monopoly which has grown up in this industry is due to two causes. The one is when Parliament allowed the railway companies to acquire large interests in such undertakings. The other is when Parliament instituted a system of licensing those engaged in the conveyance of goods and passengers by road, thereby preventing competition and placing those who were able to get licenses in a privileged position. The problem in this case is, therefore, of an entirely different nature to that of the "natural monopolies" properly so-called.

Coal also is in a somewhat different position, for by Coal Mr Morrison probably means the working of coal seams and not the ownership of the coal deposits—the latter question having been dealt with

in the operation by which the State acquired the ownership of coal in the seam and it is now impossible to re-open the terms upon which that was done. The State will now have it in its power to determine the conditions upon which coal shall be worked, and it can put an end to the system under which coal deposits were held out of use in the hope of greater future royalties.

What Mr Morrison had in his mind when he referred to "fully-fledged trusts" does not appear, but the question which ought to be examined here is what were the circumstances and by what means did these trusts arise. It is that which should determine the remedy.

He then refers to "monopolies of another and very important kind, presenting all the characteristic dangers and evils without necessarily being in an appropriate state for full public ownership in the early post-war period. I refer to the great assortment of cartels, price rings, federations, price-fixing combines and so forth. Monopolies they are in the sense that they have monopolized the control of their industry, and its market and are in a position to impose their terms of trade on their customers and the community." Mr Morrison mentions one factor which enabled such cartels to come into existence, protective tariffs, and it is clear that in the case of one of our largest basic industries, the steel industry, the policy of cartelization was pursued with the advice and assistance of the Import Duties Advisory Board and the approval of the Government.

One of the most dangerous aspects of monopoly, referred to by Mr Morrison in this pamphlet and also in a later speech at Birmingham (8th May), is the endeavour to enlist the support of workers in such industries by the granting to them of somewhat better wages or conditions of work and by creating the outlook that monopoly means high wages—the argument in fact by which protectionists have always tried to achieve their objects. In his Birmingham speech he says: "Who suffers most when plants are put on part-time or partially closed down, when whole towns are put out of action and industries half throttled? It is the working people, the Trade Union membership. Certainly the philosophy of monopoly may offer to a limited number of workpeople some relative stability of employment at a relatively satisfactory wage. But at what cost? At the cost of unemployment for the rest, of insecurity for the rest, of keeping down the national income as a whole by producing less than we could produce, at prices higher than we need; at the cost of installing in the seat of power and action a philosophy which, whatever attractive baits it may hold out to some

fraction of the working class, is bound to mean in the end the defeat and destruction of the whole labour movement and everything for which it stands. A people's movement which became the hireling ally of a restrictive monopoly capitalism would end as the tool of economic fascism." It is a warning which deserves to be pondered over.

The precise steps which Mr Morrison would propose, apart from nationalization in certain cases, do not appear clearly from these speeches. He makes some reference to social controls over production. It may be remarked here that the "controls"

which have been operated during the war do not necessarily provide a pattern for peace-time policies. They have in a large measure been brought into existence for the purpose of rationing things which are in short supply, just as in a lifeboat, shipwrecked sailors ration the supply of food and water. Such a procedure is dictated by exceptional conditions, and not by normal needs. We want to establish conditions in which such measures are unnecessary.

We may presume from his allusions to tariffs, that Mr Morrison would seek to abolish tariffs, quotas and similar restric-

tions upon production and trade. The land question is not alluded to in these speeches. From the leading part which he played in relation to the London County Council Bill for the rating of site values, we cannot think that he is unaware of the importance of this matter, not only in its general aspects but particularly as affecting the reconstruction and replanning of our cities—a task which will assume pressing importance immediately after the war and towards which steps must be taken even before hostilities end. We invite his attention to it.

RECURRING UNEMPLOYMENT

SPECULATION is rife as to the fate of those who will be looking for work when peace returns, and in many responsible quarters opinions are being offered as to the measures that must be taken and the conditions that must be satisfied if they are to find it. The Press is full of the question, and journals of weight like *The Times* and *The Economist* have reproduced in pamphlet form their articles on the subject, while the great firm of Lever Bros. and Unilever Ltd. has prepared an exhaustive report, expressing their considered view as to why depressions occur, and how they should be dealt with. These writers say that in the past the world has been faced with the disturbing problem that during certain periods it did not seem able to consume what it was able and willing to produce. According to them, we have to find out "How it is that human beings who are in need of products that can be made do not dispose of the purchasing power to acquire those products?" Or inverting the problem, we have to find out "How it is that human beings who are able and willing to produce or to work are not able to sell their products or to work?"

Such are some of the questions submitted for consideration by these writers, and the replies they give are numerous and various, though on one thing they all seem to agree, viz., that irregularity of the extension of capital equipment, or, in the jargon of the day, irregularity of capital investment, is a chief cause of the trouble. In their opinion employment is irregular because of irregularity in extension of capital equipment, and they claim that if this were kept regular the problem of unemployment would be shorn of much of its difficulty. It is, they say, the steadiness of productive activity, rather than its intensity that bears on employment and, with it, on the whole social question. But though so much importance is attached to this matter, we cannot find that any of these writers offer any explanation as to why the provision of capital equipment to industry should take place spasmodically, though surely this is the first thing that should be settled, for before we can prescribe a cure we must know the cause. We feel that their failure to deal with this question is due to their apparently studied refusal to have any truck with the question of man's relationship to land, with which it is closely bound up. If they could be induced to give thought to the matter from that point of view, they would find that in a progressive community the value

of land, unlike that of goods, is constantly increasing, which is a perfectly natural and beneficent result of progress, provided that the fund thus arising is devoted to the benefit of the whole community. But when this fund is privately appropriated, as to-day it is, it assumes the form of a tribute which grows till a point is reached where industry is unable to proceed further with profit and begins to slacken down. This is the point at which depression begins and continues until (a) those exacting tribute modify their demands (which is to say land falls in price) or else (b) advancing powers of production enable industry out of its greater efficiency to pay what is demanded. When either of these things happen the depression is over, and industry resumes its forward march only in due course to be held up once more to face a recurrent depression.

This fluctuation in land prices is, we submit, the prime cause of alternate depressions and booms in industry, and it should not be hard to see how irregularity in production of capital equipment to which these writers attach such importance as a main cause of unemployment is but one of the many evils that flow from it.

The age-old and long since exploded doctrine that employment in the aggregate is promoted when money is spent on (or in the jargon of the day "invested in") capital construction runs through these pages from cover to cover. Thus to attain maximum and steady employment we are told there must be maximum expenditure on capital equipment, the Government taking such share in that expenditure as may be necessary to eliminate present fluctuations in the labour market. Thus if on the one hand unemployment of a prolonged character or other signs of an economic nature begin to show that slump conditions are on the way, capital expenditure by government should be embarked on or increased. If, on the other hand, a marked diminution in the number of unemployed and other economic phenomena indicate that a boom is on the way, capital expenditure by government should be slowed down, all of which implies acceptance of the fallacy that capital employs labour, though not a word is said to prove it. In any case, it should be pointed out that no increase in the sum total of employment can result from government expenditure since the government has to get its money out of the taxpayer's pocket, whether by taxes or by borrowing. The increased spending power on the part of the government "giving employment" is thus offset by the diminished spending

power of the taxpayer. There is no alternative. The juggle with money is an illusion.

The truth is that outlay on capital construction determines only the nature of the work on which labour shall be employed, but does not affect the sum total of that labour over the whole field of industry. The man or the government in possession of capital can take it out of one industry and put it into another, and thus determine that fewer workers shall be employed in one industry and more in another, but the number employed in the two industries combined remains unchanged. For the capital placed in any industry had not been lying idle. Before investment it had not been buried in a hole or tied up in a stocking but was already being made use of in some enterprise or had been placed in some bank or building society and by them loaned to industry as required. So no additional employment has resulted from the new investment. If that is what we are seeking, measures of quite another nature from those advocated by these writers must be resorted to, and that brings us against the elemental simplicities that must be faced if our search for a full employment policy is to bear fruit. All great truths are simple truths and among them is the simple though profound truth too often overlooked that all wealth and all employment involved in producing wealth come, directly or indirectly, from the application of labour to the raw materials of the earth—land.

If therefore our aim is maximum employment along with maximum production, we must see to it that no obstacles or impediments are placed in the way of access to land. The keynote of our policy must be a free earth, for without that there cannot exist free men. But to-day most formidable obstacles stand in the way of access to land and therefore to full employment. For not a spade may be dug into the earth nor one brick placed on another without tribute or toll being paid to those who claim it as their exclusive property. Let this power of taboo be swept away: establish the equal right of all to use the earth, and so limitless would be the natural opportunities for employment thrown open, that it is hard to see how any willing worker could stand idle no matter how complex our Society, and our aim of full employment would be realized. It is because we cannot find anything in any of the policies advocated by these pamphlets that would make even a distant approach towards this ideal that we venture to make this criticism.

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