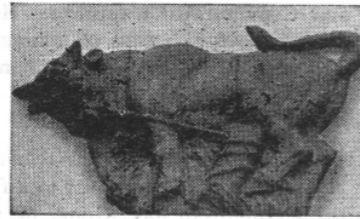


LAND & LIBERTY

Editor: V. H. Blundell

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SIXPENCE



EDITORIAL

Travesty of Free Trade in the E.E.C.

IN our discussions on the pros and cons of joining the E.E.C. we are apt to forget that the situation we have to consider does not permit of a simple choice of economic principles. Political and libertarian questions apart, the concept of the E.E.C. is basically that of the State (or Federal) planned economy and, despite the claims for support for free enterprise and free trade, the E.E.C. policies are essentially an extension and consolidation of those already existing in the European countries concerned. These economic policies are based upon a blind acceptance of the assumptions that underlie the economic *status quo* with its paraphernalia of grants, subsidies, quotas, protective tariffs, location of industry, make-work schemes, currency manipulation and control, crippling taxation and welfare stateism.

The radical reformer (and here the word radical is used in its correct sense, meaning root) is at a great disadvantage. Unless he is prepared to start from "things as they are," he is dismissed as an impractical idealist. Certainly he is not considered to be "with it" and he is regarded as an economic and political "square."

Yet the policies of the E.E.C. must be seen for what they are; and judged not in detail by weighing up the comparative advantages of competing vested interests, but as a whole against the background of the fundamental principles of political economy and equality of rights among men.

The economic and philosophical approach of the administrators of the Common Market is revealed in the way in which they intend to deal, for example, with agriculture.

In the *Daily Telegraph*, June 29, Dr. Sicco Mansholt, Vice-President of the Common Market Commission and in charge of the agricultural market explained to a reporter the effect of the Common Market planning on

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British and Commonwealth farmers. He said that the E.E.C. would achieve by means of a common agricultural policy a *fair* standard of living for Britain and that problems of those working on sub-marginal land in Britain could be dealt with by subsidies.

He went on to make in effect the remarkable statement that the best way to adapt ourselves to a free market is to remove the freedom. It was wrong, he said, to protect British tomato growers with high tariffs — they should be given subsidies. This is probably what is known as “planned free trade.” Dr. Mansholt did say, however, that these subsidies should be transitional — which is of course the familiar protectionist “infant industry” argument.

Socialists would no doubt approve, for they understand the language. Planning to them means a more equitable distribution of wealth and more efficient use of national resources. Planning to the well entrenched recipients of privilege means more entrenchment and more privilege. Antagonistic as these two aims are, harmony is assured by the use of words on which each side is left free to put its own interpretation. Motives are concealed by identifying with the interests of the community as a whole those of special groups. This is done by the misleading use of the word “our” in every possible context when speaking of industries generally and particularly. (Anyone new to political ideas could be forgiven for jumping to the conclusion that all “our” industries are nationalised.)

How far we are from free trade, even within the confines of the E.E.C., can be gauged by the fact that there is to be a “common agricultural market milk policy” and that the “problems” of British pig breeders are to be solved by the Market authorities buying up stocks to maintain prices.

The picture of the countries of the E.E.C. breaking down trade barriers among themselves is an unreal picture. Free trade is not merely a question of tariffs since it is not in tariffs alone that freedom to trade is destroyed. Where anything at all stands in the way of the willing exchange of goods at freely negotiated prices in any place, there is no free trade in that place.

Trade in the E.E.C. is to be highly organised *but not free*. To make sure that those in authority act on “the right information” they have a great number of expert groups — “working groups, study groups — assisted by scientists.” If, as a result of the E.E.C.’s policies, hardship is caused, a working party would be sent from Brussels to the afflicted spot.

Among the more rigid aspects of this European State-planned economy are the arrangements for price fixing. Prices are to be brought to a common level between the member states and “trade will then be as free as if they were one country.” One country, that is, that has abolished freedom to buy and sell at market prices.

Gifts to the landowners are to be made by raising the price of farm products in the low price areas. “Year by year the high price areas will be told to make reductions and the low price areas will be told to make increases

until by 1970 or before, the gap between them will disappear and we shall have the single price scale.”

It could equally be argued that land prices would fall where commodity prices were lowered, but we are told by Dr. Mansholt that the “ultimate single price scale is unlikely to be the average of the existing higher and lower limits.” The price fixed must provide for a “satisfactory income” for farmers and “satisfactory prices” for consumers, a principle to which one can get immediate and complete agreement from both parties — each of course putting its own interpretation upon what is meant by “satisfactory.” Dr. Mansholt admits that the factors governing prices are to be “political” and not mathematical and that it is not excluded that “the future prices will be nearer to the highest than to the lowest” (as though we hadn’t guessed).

To prevent prices falling too low due to factors which are admitted to be beyond physical control, the planners are to counter with “interventionist prices” to buy up the surplus, but how this surplus is to be disposed of is not mentioned. Free Trade in grain is to be achieved at the British frontier by abolishing the customs duties on grain and replacing them with a “levy,” a variable tax calculated to even-up prices from outside with those inside Britain. And this, we are asked to believe, is free trade.

A final picture of the grand scheme of planned *laissez faire* is given by Dr. Mansholt in the following words:

“The daily price control system, which is the essence of the Market, is done on a round-the-clock basis. Thousands of items of information are sent by teleprinter to all over the Market until late into the night from representatives from the six Governments.

“Details of prices paid for wheat and other farm products arriving from the rest of the world pour in from Antwerp, Rotterdam, Bremen and Marseilles. From these are calculated the average world market price. To this we add the levy so as to bring it up to the price level in Britain or in any other part of the Market.

“Having processed the price information from the ports of the Six, we calculate the price changes based on them and teleprint them throughout the Market to be put into force at ports and frontiers.”

We are not against government planning in limited spheres, for governments have responsible and legitimate duties which have to be planned. But State or Federal planning of the economic life of the community is unnecessary and undesirable from every point of view. Above all, it is *not a solution* to our economic and social ills, as so many misguided socialists in all the political parties obstinately think. Rather does planning aggravate the evils. Perhaps it will take Britain’s entry into the gilded cage of the E.E.C. to drive home the lesson.

One conclusion at least can be drawn from our survey. It is this. There are not, as generally assumed, economic as well as political issues in the Common Market controversy. The issues are all political.