

CONSERVATIVE LOGIC AND CONSISTENCY

The 36-page pamphlet entitled "Britain, Strong and Free" was issued in October, 1951, by the Conservative and Unionist Central Office. It is a statement of policy "to help the electors to make up their minds on the vital issues of the day" (p. 2). It is signed by no less a person than Winston S. Churchill. The most noteworthy criticism which may be made of this document is that it is self-contradictory. It is not necessary to attack the pamphlet politically, or to be anti-Conservative in approach. In its own right, it reveals how unschooled in logic and common sense are the minds which conceived it. Add to this a lack of policy *really distinct* from Socialism, the attempt to moralise their own Party, the petty digs at Socialists, a series of truisms, and the whole must stand, *in the eyes of those who have read it*, as an utter condemnation of the Conservative Party.

Foreign Policy. The pamphlet states initially that Persia, Egypt and other countries are treating "our rights" (p. 4) with contempt because of a loss of prestige following Socialist mismanagement of our foreign affairs. Later it agrees that "allowance must be made for the tide of Nationalism which is sweeping the countries of the Middle East" (p. 8). It suggests that the Socialists' "weak and vacillating" policy (p. 9) should be replaced by "moderation and the closest possible working with the United States", but that there should be "no surrender of our legitimate interests" (p. 9). A statement of our legitimate interests, or the rights of ourselves *and* the Persians is characteristically absent. Real Conservatism, however, does rear its head in the last paragraph on this matter. Foreign policy must be "based on sufficient strength and capable of inducing in others a respect for our position as a major world power" (p. 9). In other words, this is the "big stick" policy. Many who were in the Middle East in 1945, at the height of Britain's military prestige, know that this prestige was not proof against the upsurge of National feeling.

Nationalisation. To commence, it is stated that "Nationalisation, their (the Socialists') cure-all, has proved a costly failure" (p. 4). Ten pages later, "Nationalisation must be halted and public and private monopoly controlled" (p. 14). On the following page the problem of nationalisation is simply a matter of re-organisation (p. 15). Next, the principle is accepted as "We shall secure their (Standards of the Workers' Charter) adoption in Government undertakings and in the nationalised industries" (p. 17). Finally, the wheel completes its turn and "Nationalisation has only added to our difficulties" (p. 20). The only consistency is shown by the proposal to denationalise the Iron and Steel Industry and modify(?) the mileage limit imposed on privately owned road transport (p. 21). The coal industry will not be denationalised (p. 21), but re-organised to give District Boards freedom "from day-to-day interference from functional officials higher up" (p. 22). Thus, the power given to the Central Board with one hand is taken away with the other.

Civil aviation is to be a "combination of public and private enterprise" (p. 22). In fact, the operation of public industry alongside private industry is clearly advocated throughout the pamphlet. "Private and public capital have each a part to play in this great task" (p. 11). Since both private and public capital come from the same source, public capital can only be gained at the

loss of private capital, and public and private industry can hardly be said to be competing on fair terms.

Subsidies. No comment could adequately describe the appalling contradiction (or admission?) contained in the section dealing with subsidies (p. 20). The pamphlet states "The present way in which subsidies designed to peg the cost of living are paid is becoming more and more vulnerable to criticism." "Our economy is being faked and distorted." These are two of the most forthright statements in the whole document, but they are followed nine lines later by "while we are engaged in a full scale attack on the cost of living it would clearly not only be unwise but impossible to make any radical change"!

Free Enterprise. This should be encouraged, according to the pamphlet, and "no longer be suspect" (p. 15). Unfortunately, the pamphlet proceeds to equivocate on the harm done by controls to free enterprise. "They (the controls) should hamper initiative as little as possible" (p. 15). Sensing that this last is a contradiction in itself, the author of the pamphlet proceeds on the next page to coin the phrase "freest competition" (p. 16). This is a happier choice of wording for what follows, as it allows of degrees of freedom, and brings the original principle into the realms of day-to-day expediency.

The "freest enterprise" is to be helped as follows: (i) "A taxation policy to reward extra initiative" (p. 16). The policy is not outlined. Presumably it proposes to drop tax on earned income, since any tax, however small, on the rewards of labour is a disincentive. (ii) Excess Profits Tax to spread the load of re-armament will be introduced (p. 15). The argument runs like this—arms cannot be obtained except by offering the profit motive to the manufacturer (American system)—Government spending on arms will create inflation (but not so, presumably, spending on other public projects!)—thus the unfair profits (excess profits, or as Marx called it, "surplus values") must be drawn back by taxation. (iii) Subsidies which fake and distort the economy will not be removed. (iv) "Public contracts will be given only to firms adopting certain standards contained in the (Workers') Charter" (p. 17). (v) "Guaranteed prices" (p. 23). (vi) "Assured markets" (p. 23).

When the "freest" enterpriser has struggled through all these, and combated with public and private monopoly, he has still to obtain import or export licenses. The bestowal of these licences rests at the discretion of the Government. Jungle Law could hardly be more exacting!

State buying is said to have "fostered recrimination between nations" (p. 23). Therefore, "Except where obligations to allies, or long-term guarantees to Empire countries necessitate other means, we shall strive to restore private trading in food and raw materials." The proviso of the first half of the sentence renders valueless the sentiment of the second half. It makes a mockery of the final statement on this matter—"Free enterprise must be released to comb the world for greater supplies" (p. 23). Furthermore, *if* there is such a great shortage of supplies in the world, that it must be "combed," to find them, *then* it is not logical to maintain that British horticulture (p. 23) and fishing (p. 24), or any other industry needs protection from "foreign dumping."

The pamphlet talks glibly about the "rights of the individual" (p. 6). Yet, to the section on encouraging emigration (p. 12), there is a proviso, which can only

mean that certain people would be discouraged from emigrating. The Conservatives believe that the "closed shop" principle is iniquitous (p. 18), but give no indication that legislation to remove this wrong will be supported. Indeed, in their next sentence they seek to place a stigma on those people who do not voluntarily join a Trade Union (p. 18).

It is impossible to consider every aspect of the manifesto in a short article. The major contradictions, equivocations, and incompatible ideas have been mentioned, but many others can be found in the pamphlet. Truisms such as "The halting of inflation will check rising prices" (p. 15) must make the intelligent reader embarrassed, and certainly do little to convince him that a sense of logic pervades the document. The last example of crooked thinking is almost anecdotal. It is shown (p. 34) that the House of Commons is so constituted that Acts can be passed against the majority will of the people. Only the delaying action of the House of Lords, which "commands the respect and assent of the nation," gives time for the people to express themselves. This is followed by a proposal to reform not the House of Commons, but the House of Lords!

Politically there is also much to criticise in this pamphlet, but one thing emerges clearly, after careful study. The Conservative policy varies only in words from that of the Socialists. No radical alterations will be made to existing economic policies. In fact, the recipe of the pamphlet is—same cake as the Socialists, same knife to cut it up, but trust the Conservatives to do it better. It is the economic principles pursued by the Government that determines the price of our "daily bread," not the name of the party. Thus, on October 25, when the country divided itself for the second time into two so-called opposition camps, some few people heard the mocking bird sing.

N. R. MARTIN.

THE FALLING POUND

INFLATION AND THE PUBLIC DEBT

Those who assert that faults in the monetary system are responsible for our economic decline appear to overlook the real causes.

The first in order is surely our physical inability to sustain our wasteful Welfare State and concurrently discharge the burdens of our overseas commitments on the basis of what is now no more than an average working week of 35 hours (allowing for extended holidays, stoppages from various causes, and voluntary absenteeism).

This decline persists in spite of American and Canadian loans, shortly falling due for repayment, and of generous Marshall Aid, now suspended. It manifests itself in the progressive deterioration in the purchasing power of our currency, in spite of confiscatory taxation at war-time levels, which, nevertheless, has failed to meet government requirements even before the additional re-armament burdens are taken up.

To fill the gap, borrowing through ways-and-means facilities is resorted to, which has resulted in an increase in the total bank deposits of £1,262,000,000 during the past five years. Our national debt, instead of having been reduced, was increased during the year ending March 31st last by £634,676,746 to a total of £25,802,287,349. Furthermore, the White Paper published on October 19th last showed that our external sterling debt had also risen

by £594,523,932 to £2,189,869,278, partly by the accumulation of external trade deficits.

The secondary factors of our inflationary spiral include the following:—

Permissible currency note circulation is expanded *pari passu* with the inflation of bank credit; hence the last Christmas season's note circulation, stated to have been an all-time record. The public, previously induced to postpone spending and to save in anticipation of lower future prices, have been dis-hoarding and spending in anticipation of higher future prices. In this process, over £100,000,000 was dis-hoarded during 1950. As sterling depreciates at a higher rate than 3 per cent. per annum, it may be said that bond-holders furnish their own interest, measured in terms of real wealth.

Members of pressure groups demand and are conceded continuous wage-rate increases, which not merely insulate their members from the effects of inflation but in most cases provide substantial, if temporary, bonuses. The effect is to boost the inflationary spiral and to throw added burdens upon the unprivileged members of society. The above include the pressure groups operating nationalised industries at a loss to be met out of national taxes—for example, British Railways and Transport, and the coal industry, the latter now on the border-line.

Increased industrial productivity is doing nothing to restore equilibrium, since the bulk of the extra goods produced are required for export to close the trading gap, and substantially increased quantities will be required in future.

Concerning the claim now made that the overseas trading gap has in fact been temporarily closed, our satisfaction at the performance is discounted by the knowledge that it has been accomplished by allowing our stocks of vital imported materials to run down, and that we shall have to replace these by purchases at much higher prices, meanwhile enduring inconveniences and dislocation in our industries through lack of them or through short supplies.

Furthermore, no debit is included to cover releases of sterling balances and grants for colonial development schemes and the like, which liquidate themselves in the form of unrequited British exports and consequently play no part in closing the overseas trade gap.

From a letter by Ernest M. Ginders in "Rural Economy."

VOLUNTARY LAND REFORM

Vinoba Bhave, a disciple of Gandhi, arrived in Delhi to-day on a tour of Northern India in which he is appealing to landlords to give some of their land to the poor. Since his journey began in Central India two months ago he and a dozen followers have visited 300 villages and handed over gifts of 18,000 acres.

At a press conference held in a thatched hut near the spot where Gandhi was cremated Bhave said the idea of his mission came to him when he realised that the land problem was at the root of any Communist successes. His mission was an attempt to solve this countrywide problem.

Acharya Bhave said his aim was to transfer fifty million acres of land—about one-sixth of the total arable land in India. If every landowner parted with one-sixth of his land the problem could be solved without legislation. If only one-twentieth of his aim was achieved the right atmosphere for legislation would have been created. Otherwise the only solution to the land problem was "bloody revolution." Acharya Bhave said he had been invited to Delhi by Mr. Nehru, to explain his ideas to the Indian Planning Commission.—*Manchester Guardian*, November 14.

(The "News Chronicle," November 14, reported that Vinoba Bhave had already received gifts of "the better part of a million acres" of land for redistribution.)