

profits from selling land contribute to the prevailing high interest rates.

5. Elections to be held so as to give the Justice Party a new chance to influence political development.

The party is agreed that the proposed purchase tax is obnoxious. It will punish small incomes, raise the general cost of production and lead to a substantial expansion of public administration.

On the second important issue, Denmark and the Common Market, there is a variety of opinion. Examples:

\* The voters must be given the opportunity to express their opinion in this matter. Otherwise, what is democracy worth?

\* Denmark's membership will mean an irrevocable abandonment of Denmark's possibilities for conducting an independent policy.

\* 80 per cent., of the Danish farm product export goes to Britain and the Common Market. If Denmark does

not join, Danish industry will have to make up for lost farm income. This is impossible. Economically as well as socially it would be catastrophic to remain outside the Market.

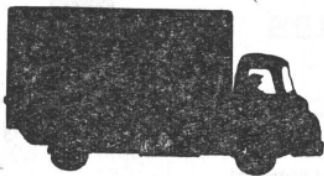
\* The Rome Treaty (the basis of the Common Market) is the worst planned-economy mess ever invented.

\* There is only one way for Denmark. It is thorny and perilous, but the only one: The Common Market.

\* We'll lose our souls (if we join the Common Market) . . . Meanwhile, why don't we show the world the advantages of unilateral liquidation of duties and physical restrictions on the economy?

\* Let us have a clear answer (in the Common Market debate). What is the position of the Justice Party?

\* The choice (whether to make a clear stand on the C.M. issue or to remain disagreed) is not between having a party in agreement and a party divided. The choice is between having a party divided or no party at all!



## THE EVILS OF LICENSED ROAD HAULAGE

By E. P. MIDDLETON

**T**HERE was an interesting controversy recently in *Crossbow*, quarterly organ of the Bow Group of Conservatives, on the subject of the road haulage industry.

Patrick Jenkin argued the case for the elimination of all licenses, other than those relating to driving, condition of the vehicle, overloading, etc., the title of his contribution being "Set the Haulier Free."

In reply to his thorough-going plea for free enterprise conditions in the industry, Richard Yorke opposed the wiping out of the licensing system and advocated the programme of reform aimed at achieving a more efficient transport industry, eliminating some of the evils that Patrick Jenkin alleged and avoiding injustices which he saw in Jenkin's proposals.

There can be no doubt in the mind of anybody familiar with the situation that the road haulage industry, as it exists at present, is inefficient and reeking with injustices and bad practices. Jenkin and Yorke agree on this. Here is a list of the main points made by Jenkin in criticism of the present system:

1. The Act of 1933 (consolidated by the Labour Government's [Nationalisation] Transport Act of 1947) responsible for the licensing system was designed to "coordinate rail and road haulage" — a conception no longer valid today, especially in the light of the latest moves to free the railways from existing restrictions on their operation. The relevant part of the Road Traffic Act of 1960 leaves this situation virtually unchanged.

2. The licensing system operates to make it as difficult

as possible for new applicants to obtain licenses, except those for 'C' licenses, viz., those who desire to carry only their own goods.

3. The system has, of necessity, created a huge and costly bureaucracy to control it (11 Licensing Authorities; public enquiries; appeals, etc.).

4. The worst effect of the system is the elimination of competition in road haulage rates.

5. A great deal of existing road haulage is wasteful and uneconomic, in that too many vehicles (especially under 'C' licenses) run empty or half-empty on "back loading." Jenkin estimates that this is costing operators between £40 million and £50 million a year.

6. One effect of the system has been the inordinate increase in the number of 'C' licenses with its consequence of increased congestion on the roads. This is a result of the inefficiency of the public haulage section of the industry, itself a consequence of the restrictions inherent in the licensing system.

7. As is common to all licensing systems, there is every inducement provided to traffic in licenses ('A' licenses changing hands at £1,000 apiece) and to all kinds of activities designed to circumvent the law; Jenkin mentions "bogus contracts, forged licenses, fictitious sales and the like, representing a real black market in road haulage." (22,000 convictions for offences under the Act in 1960).

8. The licensing system operates, in effect, to protect the hauliers as against the public (consumer) interest.

Jenkin begins his article with this quotation: "My primary duty is to protect those in the Haulage Industry." (G. W. Duncan, Deputy Licensing Authority, Northern Traffic Area, October 27, 1961).

Mr. Jenkin sums up his case in these words:

"Putting it at its highest, the purpose of the system of control is to hold the balance between different classes of transport provider, and between provider and user — in other words, between supply and demand. This is the problem that faces every industry in a free country and which experience teaches can be best solved by allowing the freest possible play of market forces. Why is the road haulage industry considered so different that, instead of freedom, we must have controls, and in place of the market, the R.H.A. Rates Committee? The nation is told 'we must be competitive or we shall starve' and, under this spur, manufacturing industry is girding itself to face the intensifying competition which lies ahead. With protective tariffs tumbling down, with restrictive practices banned by law, and in a world where only the efficient can hope to survive for long, is the road haulage industry alone to remain cosily protected by law, the creature of a statutory restrictive practice, stagnating and inefficient? This cannot be. British industry will demand efficient service at home if it is to succeed overseas. The Transport Bill, 1961, sets fair to provide the railways with the chance to give that sort of service. Let the Government be bold, practise what it preaches, and repeal the whole of Part IV of the Road Traffic Act, 1960."

Richard Yorke opens his attack thus:

"What sort of road haulage industry does Patrick Jenkin want? An efficient, economic industry, short on costs and long on service, or a raggle-taggle of two-bit operators with worn out scrap wagons? We certainly haven't got the former; we could have the latter tomorrow, just by abolishing the licensing system."

His first main point is that you have to take account of the present inadequate road system of Britain which, he says, is likely to continue for many years at the present rate of road construction. Any increase in the number of vehicles resulting from the elimination of the licensing system would worsen the present congestion to the point of eventual breakdown.

Why does he assume there would be an increase in the number of vehicles? Because, he claims, private carriers (the present 'C' licensees) would seek return loading at cut rates, making it uneconomic for the public hauliers to operate. The effect of this would be to make every trader and industrialist his own carrier who would jam the roads with half-empty vehicles.

The argument seems wide open to doubt. It is very unlikely that owners of vehicles for the carriage of their own goods would, except in a minimum of cases, actively

seek "back-loading." They are far more likely, under a truly competitive (non-license) system, to prefer to use the public hauliers and save themselves the expense, time and responsibility involved in owning and running vehicles themselves. After all, it can be reasonably assumed that these owner-carriers have invested in the vehicles in the first place only because of the unsatisfactory features of the licensing system, e.g., its unreliability, inefficiency and high rates.

Mr. Yorke agrees that the present system is bad. He admits most of the evils outlined by Mr. Jenkin; that, for instance, the present Act is out of touch with present-day reality, that the public hauliers are inefficient, that there are loopholes in the system of granting licenses through which the unscrupulous (or the desperate) can drive their vehicles, that the law, as it exists, grants privileges to the more powerful elements in the industry. His remedy, however, is not the abolition of licenses, but reform by which the granting of licenses would be more equitable, more realistic and, while encouraging competition, would retain an "essential minimum" of control, producing ultimately a more efficient industry.

His proposed revised licensing plan is based on his own premise that the abolition of licensing would cause chaos resulting from the vastly increased numbers of 'C' type of private carrier chasing "back-loading." If you do not accept the premise, the proposed limited system of licensing is illogical. The evils of the present system on the existence of which both he and Jenkin agree, can be seen to be the direct result of the licensing system itself, for the main reason that it interferes with the fundamental economic law that demand will regulate supply under conditions of free competition. An example of the failure of Mr. Yorke to follow the logic of a truly free system is his proposal that 'C' licenses shall be granted "as of right to anyone who shows that his vehicles will either be engaged on delivery services within a declared and limited radius of base, or will be running more than 75 per cent loaded for more than 75 per cent of their mileage. The Licensing Authority should have discretion to modify this latter condition only if it is proved that the vehicles are of such a type that empty running is inevitable (oil tankers, etc.) or reasonable (e.g., refrigerated vans). These grants would be made administratively unless the Licensing Authority decided to order the applicant to prove his case in public."

Mr. Yorke is going to force the 'C' licensee either to engage in "back-loading" — the very thing he says will ruin the public hauliers — or fail in his application for permission to carry his own goods. Where is either the common sense or the justice in this? If, however, he considers that, as a consequence of this, those denied 'C' licenses will make greater use of the public hauliers, what advantage will this have over the elimination of all licenses and the operation of free competition? Surely none; and, on the debit side, you retain the bureaucracy,

*(continued on back inside cover)*

## THE EVILS OF LICENSED ROAD HAULAGE

(continued from page 117)

the controls, the inducements to breach the law and the interference with the free play of supply and demand.

Mr. Yorke says "There would be no real hardship in this (his 'C' license proposals); they are merely precluded from exercising a private right to the public disadvantage." What he proposes amounts to private disadvantage in the interests of an alleged public "right" — a "right" to be declared arbitrarily by a "licensing authority," a "right" to tell a trader where, how and when he shall operate a vehicle his own business common sense has told him he needs. No trader in his right mind contemplates the purchase, running and maintenance of a vehicle unless it is going to save him money. Would Mr. Yorke deny the trader the right to follow his own business instinct? It follows from this that no trader would be likely to sink his capital in such a proposition if a satisfactory haulage service is available to him at a competitive rate.

As for the argument that account must be taken of the present and prospective state of British roads, that, surely, has nothing to do with economic principle. Restrictions of some kind may be temporarily necessary so long as the bad conditions exist, but let it be clear that they are emergency measures only, intended to be abrogated the moment the conditions are removed. No one would seriously suggest that, because of an earthquake or a tidal wave which destroyed certain roads, all traffic throughout the country should be permanently subjected to emergency controls.

There can be only one certain way of safeguarding the ideal of private freedom of action and choice without damaging the public interest; that is to remove all obstacles to that freedom and leave the matter of infringement of rights to the courts of justice.

## COMMON MARKET CONTROVERSY

(continued from page 123)

Hamilton argued that it was "a wild, speculative paradox" to suppose that trade could regulate itself. So this was an early version of the E.E.C. except that Hamilton was quite frank in his intention of using it to reduce the political independence of the contracting parties. After 175 years, the U.S.A. appears to be no nearer to Free Trade. That Common Market proved a cul-de-sac for the idea.

The British movement towards Free Trade operated on the contrary principle. Deliberately refraining from political efforts to influence other nations British governments from the 1820's onwards reduced tariffs progressively and unilaterally. The benefits became so obvious that almost all European governments began to follow Britain's example. The movement was arrested only by the repercussions of commercial depressions which, as Henry George demonstrated, derive from checks to production at its source, not from the secondary factor of exchange.

This surely suggests the angle where free traders can exert their influence most effectively.

We delude ourselves if we think there is any alternative to arousing an informed public opinion on the true nature of trade. Conferences innumerable of politicians and experts, all professing devotion to freer trade, have achieved nothing. This is the method of the E.E.C. and almost certainly, as hitherto, the interests of monopolists, not consumers, will prevail. The Common Market offers such obvious facilities to the big combines that some method of Britain's entry will probably be devised. But frictions will not be removed and provided Free Traders have not compromised their principles the difficulties of collectivist trading will present opportunities for pressing home the simple straight-forward method of overcoming man-made obstructions arising from fallacies widely accepted. Meanwhile we might usefully endeavour to devise new methods of putting our case to the changing elements of modern society.

Yours faithfully,  
FRANK DUPUIS.

Cheshire.

## THE INDIVIDUAL AND THE STATE

(continued from page 126)

conglomeration of slum properties, or a dozen other things — but that is not because of any lack of planning. Here again, when people talk of a "planned" economy they have in mind a benevolent and far-seeing State stepping in to put right what (apparently) the competition of individuals has put wrong. They are substituting in fact, one sort of *public* action for another and not necessarily one that will make the situation better. We have made clear, I hope, that the business magnate and his assistants are just as "public" as say a county architect and his assistants. All that I wish to do here is to show the fallacy on which the theory of planning is based in the world today. There is a plan in nature and in every subsection of nature including the human, if we care to look for it, but it will not be found in a government department, nor in the pigeon-hole of bureaucracy. Expressed in other terms the real distinction is between *ministerial* planning, which by its very nature must be political, and the planning of an *entrepreneur* in the old sense, which was purely "on the market." The former involves regulation from some person or persons outside the market, the latter nothing but the intelligent co-operation of individuals. If the plans of the world have gone amiss these last few years it may be we shall trace the ruin eventually to its real source.

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