

THE CHANCELLOR'S POLICY FOR THE POUND STERLING

To the Editor, LAND & LIBERTY.

Sir,

A few weeks ago I had a short conversation with the Chancellor of the Exchequer, Mr. R. A. Butler, my political opponent at Saffron Walden, at the General Elections, 1950 and 1951. He told me that it would be some time before the pound sterling was strong enough for him to think about restoring convertibility. I replied that only by restoring convertibility could the pound be made strong. That is the difference, the tremendous difference, between us. I am more positive than ever that I am right and he is wrong.

Mr. Butler believes in the "planned economy"—It appears that he is now trying to "plan" the Sterling Area. There is only one way to save sterling and that is to abandon all thoughts of maintaining the Sterling Area.

Sterling has to be a currency that knows no boundaries to the area of its circulation or it will not survive. Sterling is the currency of our country—what the Governments of other countries may, or may not, do is outside the control of our Government, whether they are Sterling Area countries or not.

In fact Sterling does not circulate at all freely within the Sterling Area. There are currency barriers between every separate part of the Sterling Area as any banker or businessman will know.

It is true that there are fixed parities between Australian pounds, South African pounds, Indian rupees, Pakistan rupees and Ceylon rupees, for instance, but they are parities that cannot, and will not, be maintained just to satisfy Mr. Butler's plan of what things should be.

The demand now is that the various members of the Sterling Area family should deliberately impose cuts in their imports, and hence in their exports, so as to hold the Area together—in the same statement the ultimate object of complete convertibility is referred to more than once together with the wholly irreconcilable idea of at all costs maintaining the unity of the Sterling Area. It just cannot be done.

The Sterling Area is an extension of the Imperial Preference concept, the ring fence round the Empire,

"what I have I hold" idea. It will fail. The Sterling Area will disintegrate. The pound will become worthless in this country and everywhere else.

The only policies by which our people may be saved are the following:—

1. Agree upon a settlement of our so-called sterling balances. It is in the interest of our creditors that they should receive good pounds at some future date with interest on the outstanding balance in the meantime, rather than bad pounds in dribs and drabs.

2. Free the pound by making it convertible into any other currency in the world. Freedom alone will enhance its value.

3. Give the pound body by reductions in Government expenditure and corresponding reductions in taxation, at the same time freeing our ports for all the imports of food, feeding stuffs, raw materials and manufactures we can persuade other people to send us in exchange for our fortified pounds.

4. Finally, when the pound has proved its value, by trial and error, against other currencies and against gold in the market places of the world, it should be tied once more to gold at its new parity and thereafter should be made freely convertible also into gold. Gold is the best monetary material anyone has ever discovered. Then, and not before, will the pound be good as gold once more.

In this way alone can the pound be saved. It cannot be done by planning from the centre. It cannot be done by restricting imports and cultivating exports. That way lies unemployment, starvation and defeat for our island people. It is up to the Radicals amongst us to ensure that our own children and grand-children are spared such a fate.

Yours truly,

OLIVER SMEDLEY.

Saffron Walden.

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