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ECONOMIC PLANNERS RE-THINK OUR FUTURE

Half a century ago Britain was a proud, free and independent nation, the workshop, banker and marketplace of the world, the centre of a great overseas Empire, at peace with her neighbours and confident of her future. Her gold sovereign was respected and trusted at home and throughout the world; her liberal trade policy exercised its pacific and humanising effects on the arts and sciences and on the day-to-day behaviour of her citizens. It was a golden era of expansion and of radical reform. Land monopoly yet blemished her, dividing society into the undeservedly poor and the undeservedly rich, but progress towards the goal of equal rights for all to life, land and liberty was relentless and held rich promise of final victory.

To-day Britain is weak and ailing. Millions of her people are without homes. New houses are built scarcely fast enough to replace those falling into desuetude. Thousands of men and women in Lancashire and the port towns are unemployed. Workers are constantly exhorted to produce more and are punished by taxation if they do. Enterprise and initiative are frustrated and driven abroad in search of opportunity. The tentacles of monopoly sprawl across the country's economy. Large sections of industry are obsolescent and inefficient. Controlled and cossetted by government, endowed with subsidies and privileges, industry and agriculture are directed into uneconomic production. Living standards constantly fall as production figures slowly rise. Ceremonial sacrifices are offered upon the altar of the export market, the dollar is deified and imports are cut to the bone. Land monopoly is more firmly entrenched than ever. Crisis follows crisis. Conscription and rearmament take their further toll. Thus Britain reaps the harvest of more than thirty years of protection; thus she reels from the successive blows dealt her by two world wars, by punitive taxation, inflation, exchange control, planning, welfare statism and post-war adventures into the crazy jungle of Socialism.

Anxious about the present state of the nation's economy, and alarmed by the prospect of its further decline, the British Sunday newspaper, *The Observer*, has recently published a series of articles now available as a pamphlet under the title "Re-thinking Our Future."

The seven post-war years of hard work and austerity which have been designed to put Britain's economy on firm ground are described in these words: "The nation is now sliding into a sullen and semi-motinous mood; it no longer responds to repeated exhortations and alarms and it no longer believes in promises of final victory." Elsewhere it maintains that "Britain's present economy, like a hot-house plant, seems able to keep alive only in a thermostatically controlled temperature, and even in such a temperature it is slowly wilting." Therefore, says *The Observer*, if a breakdown of national morale is to be averted, the leaders of the nation need to make an effort of thought which, one and all, Government and Opposition, politicians and economists, Parliament and Press, they have so far avoided. They have to face the true basic facts which determine our situation and draw the inescapable conclusions from them ruthlessly and fearlessly."

All this is excellently stated. It will be endorsed by all who cherish the concept of economic freedom. Liberally scattered throughout the text are similar truths which may be profitably quoted. For instance: "It is not enough to work harder and to consume less"; "a radical change in our economic and industrial structure is required"; "as a nation we are largely working at a wrong and obsolescent job, and this means that many of us are in the wrong jobs as individuals" and hence "a general redeployment of the national effort, a new and different distribution of capital, talent and manpower is necessary."

A number of fallacies are exploded. Of large-scale emigration the writer says: "it is an illusion to think that, because there would be fewer people here there would be always more jobs than workers to fill them." The optimistic notion which many entertain that "intensified Commonwealth development can save us from a structural change in our home economy" is shown to be without warrant. Neither can Britons hope that "other countries, however friendly to us and whether members of the Commonwealth or not, will give us their products for nothing or take our exports when they have no need of them."

Of particular interest in view of *The Observer's* subsequent prescription for Britain's economic survival is the sage observation about the passing of old industries that it is "always hard to deny the call for protection and 'temporary' subsidy or special aid of one kind or another, particularly so when, as with textiles, the appeal is backed by powerful forces in industry, by strong trade unions and a sizeable group of M.P.s." Bureaucracy is condemned as being seemingly "deliberately designed to hinder and prevent the growth of young industries and enterprises."

So much for the criticism of Britain's economy. Protection in practice has proved disastrous beyond the fears of its strongest opponents. State planning, State control and State ownership have failed dismally to undo the harm caused by State favouritism. The solution stares the reformer in the face. His task is clear. He must denounce all forms of bureaucratic interference and restriction and campaign for the completely free economy.

The Observer rejects this logical and obvious course. It condemns planning—"bad" planning; that is—and

calls for better planning. It denounces the protectionist parrot cry of "Export or Die" and coins a new one, "Import Less and Live." It lists some of the "wasteful anomalies" which result from price-fixing in agriculture and then argues for "realistic imagination in the use of price-fixing." It prattles of freedom for those who wish to emigrate and condemns to the most stringent control those who remain.

"Re-thinking Our Future" claims to be radical and revolutionary. It is, in fact, the very worst kind of reaction. The Authoritarian State is its apparent goal and certain consequence if adopted. Compounded of Malthusianism, Keynesianism, Protectionism and State planning, blended skilfully with self-evident truths, its scholarly detachment and the prestige of its sponsors offer a challenge to the very foundations and fabric of our civilisation.

The underlying purpose of *The Observer's* policy is apparently to enable Britain both to solve the balance of payments problem, so that she may earn her own living, and to insulate her from the effects of booms and slumps in the world markets. The method advocated is not original, but it lacks nothing in audacity—it is simply to reduce imports by one half. Since we have repeatedly failed to balance our trade at roughly £4,000 million and have no prospect of meeting so gigantic an import bill let us strive to make it balance at £2,000.

The first stage would be to endeavour to knock off £1,000 million in the next five years. This should be accompanied by a great campaign to wrest more food from Britain's land, to economise in the use of coal and to produce more, to develop new materials and to foster industrial products which *The Observer* believes the overseas buyer may require. One is surprised that no suggestion is made to fill in the ports and rivers and cover them with wheat and cabbages, to break up the mercantile marine and beat it into ploughshares!

Increased home farming is recommended on the grounds that the days of cheap food from abroad are gone for ever and population is said to be increasing faster than the means of subsistence. Notwithstanding this, one of the duties of the "strong" Minister of Agriculture of Cabinet rank, which *The Observer's* policy requires, should be to resist "any attempt by his colleagues to play ducks and drakes with his long-term development policy for the sake of pleasing foreign buyers and sellers who may have a temporary surplus of this or that product which they are all too pleased to get rid of over here." The great new plan for Britain's farms differs little from present protectionist practice, except in degree. Land monopoly and agricultural de-rating are quietly ignored. It is admitted that Britain cannot be entirely self-sufficient in food and at the same time remain an industrial nation, but nonetheless much more food could be grown. High farming, "although not good farming in terms of strict accountancy" is justified by the "horrifying prospect" of starvation which confronts Britain. Incentives and deterrents, imaginative price-fixing, a practical scheme to settle young men on the land and a central fund able to grant interest-free loans for capital development are the main instruments to be used within the framework of a long-term plan for a flourishing agriculture.

A graduated land tax which would be in part set off against income tax is also suggested.

Coal stands but one step behind food in the grand design to "import less and live." More is needed to provide power for home industry, for export, and for use as a raw material, a base from which other raw materials, now imported, can be produced. *The Observer's* plan is simple and two-fold: increase production and economise in use. Improved planning, "programming" and management at the pit will attend to the former; authoritarian control to limit the inefficient use of coal in the form of thermal electricity, and subsidies and tax remissions to encourage the installation of efficient solid fuel stoves will secure economies. Courage, says the pamphlet, is needed to operate a practical fuel-saving policy, to set up a single authority which will dictate to the consumer the fuel he may use. Yet to ensure that the nation's ablest and best-trained men give their services to the production of coal, ways and means must be found which will not sacrifice personal liberties!

Self-sufficiency in raw materials, it is said, would cut Britain's import bill by nearly one half. World competition for a dwindling supply is forcing up prices and threatens the day when Britain may resemble a blockaded factory-island. National survival dictates the need for emergency measures—a heyday for the planners. *The Observer* does not wish to dogmatise as to how the great campaign should be conducted, but suggests four distinct approaches to the problem—increased prospecting for raw materials at home; their substitution in industry for those at present imported; development of the synthetics industry, and economy.

A new Government Department is needed which, through an annual Materials Budget and a central policy for imports, prospecting, research, substitution and specification, would control the allocation of raw materials and act as the patron and stimulator of prospecting and research. It would back enterprising firms and promising projects, and by its control of allocations it could see that raw materials were not wastefully used.

Since manufacturers cannot be expected to use home-produced materials which are more expensive than imported materials, *The Observer's* own admission, imports must be cut to compel them to do so. "Of course," says *The Observer*, "in so far as the change meant more expensive end-products, it might amount to a temporary reduction in our overall standard of living," but this is better than national bankruptcy. Manufacturers who waste raw materials by deliberately shortening the life-time of their products should be punished; on the other hand materials are often wasted through goods being made too durable.

No doubt every single industrialist will need to consult some central authority as to the exact degree of durability with which he should endow each of his products, a matter which for so long has been determined with a simple and nice exactitude by the consumer in the free market. But the wishes of the consumer, and the readiness of the producer, in a free economy constantly to reduce his costs and to improve his product are ignored in a pamphlet written solely from the standpoint of saving imports.

Economic nationalism abroad of the kind that is advocated for Britain is closing many of her traditional markets. *The Observer's* answer to the challenge is typical. Bring in the State planners. Modernise and develop the engineering industry, plan to have too many engineers rather than too few. Exploit to the utmost the technical skill, the inventive genius and the experience this country enjoys as an old established manufacturing nation. Make capital more easily available to the industry; favour it in taxation. Concentrate on supplying the overseas producer with heavy capital equipment; foster aeronautical engineering, the building of farm tractors and the chemical industry. Plan, plan, plan, control, manage, patronise and protect.

Society must assume one of two forms. Either it is free or it is unfree. The free society secures the equal rights of all its members to share in the bounties of nature. Every citizen enjoys untrammelled opportunity to develop to the full his inherent abilities,

personal responsibility and enterprise are given full rein, and through the machinery of the free market men unknown to one another, at home and abroad, co-operate harmoniously to their mutual advantage and the good of all, achieving the greatest production of wealth with the least effort. In the unfree society the desires and labours of its members are directed and repressed; some men are made poor and dependent that others may be endowed with privilege and power. Whatever may be the alleged reasons for such despotic economic planning, and no matter what form or degree it may assume, its inevitable consequence is to arrest progress, diminish production, engender discontent and sap the moral fibre of the nation. The final destiny of the collectivist society is to disintegrate and dissolve as has everywhere been the fate of slave societies. *The Observer's* recommendations, if adopted, would hasten that calamity; only a return to freedom can avert it.

P. R. S.