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SHALL VAIN WORDS HAVE AN END?

It has long been a device of those who would destroy freedom and establish tyranny to follow the ceremonial burning of books with which the new regime is usually inaugurated with a deliberate distortion of language until words assume a new and contrary meaning. Alternatively, contempt is heaped on those words whose meanings cannot be readily obscured. This technique, employed with such infamous success by Hitler and Goebbels, has now been so perfected by Communist propagandists that Peace, Democracy, Freedom and similar words when used one side of the "Iron Curtain" are suspect among the peoples living the other side. The Moscow radio commentator uses the word "liberal," which has long stood for freedom, generosity and nobility, as a derogatory term comparable to Hitler's "degenerate democracy"; a term hardly less scornful than "capitalist." Thus it is strange and sad to find some Liberal writers misunderstanding and distorting words whose meanings have not previously been doubted and contemptuously renouncing others which their forebears proudly uttered.

Perhaps no better example of the deliberate misuse of words exists than the way the word "Planning" is being bandied about. Mr. Bernard Dann, under the title "No Architect of Chaos" (*Liberal News*, December 8), writes: "In some circles it is fashionable to sneer at planning. The planner is the source of all our ills, an ignorant meddler, the creator of shortages, a pillar of bureaucracy and the herald of dictatorship. One is told that planning and Socialism are synonymous (just as in the speeches of the opposite extreme, capitalism necessarily entails chaos). Yet the truth is that without planning, life itself is impossible. Ninety per cent. of our existence is governed by the plans we make for ourselves or which others make for us. The most determined advocate of free enterprise runs his day according to plans that begin when his alarm awakes him at a predetermined time until he winds and sets it on going to bed at night. As far as community life is concerned, only by laws and plans can it be maintained at all. . . . In the rather futile ragings about the desirability or otherwise of planning, the important questions are overlooked. Planning there will always be. What matters is the plan. Is it sound? What is its object?"

The architect and the housewife, the company director and the gardener, the clerk and the farmer all work according to plans which they evolve to regulate their daily lives. Their "planning" is simply the manifestation of their desire to attain their objects with the least necessary exertion. To exploit the popular sentiment

for this kind of personal "planning" to plead support for Government planning is to invite the reader to engage in mental gymnastics. It is as misleading and dishonest as the misapplication of the word "protection" to describe the policy of robbery at the ports and cruel exploitation by tariffs. When the tariff system is honestly labelled "The Protection of Vested Interests," or something similar, and Government planning is generally referred to by its advocates as "State Regimentation" (which, in fact, it is) so that there is no possibility of confusing it with the "personal planning" which leads to increased production, prosperity and leisure, the electorate will clamour for the repeal of all such mischievous legislation. Then not only the soundness and the objects of all plans will be subjected to careful scrutiny, but more fundamental questions will be asked. Who is the planner, who is being planned? Is liberty increased or curtailed? Is the plan just, will it apply to every member of the community? Only plans and laws which comply with these requirements can be espoused by liberal-minded people; very few, if any, State plans will be found to do so.

Lady Megan Lloyd George (*Picture Post*, December 22) also favours that interference with the rights and liberty of the individual involved in planning. After stating that the Radicals in the Liberal Party "wish to ensure that the individual should have freedom of action as well as freedom of choice," she continues: "It does not follow that Liberals are against State intervention. In a modern community it is inevitable that the State should intervene. Liberals have a past in this matter which they cannot ignore and of which the vast majority are justly proud. They were, after all, the first to bring the State to the assistance of the individual in a big way under the Old Age Pensions and Insurance Acts. They carried the first nationalisation measure which brought the Port of London under public control. With the exception of Steel and Road Transport, they voted for all the nationalisation Bills in the last Parliament. . . . We believe that what matters is not so much that enterprise should be private or public, but that it should be enterprising. The business of the State should be to stimulate and encourage. . . . We do not believe in planning for planning's sake. . . . but we have turned our backs for ever on *laissez-faire*. Ever since the Liberal Party adopted the policy of 'Britain's Industrial future' and Beveridge's 'Full Employment in a Free Society' the Party has accepted the permanent necessity of certain controls and a planned economy."

The true and only just way to encourage industry is to abolish all taxes on production and barriers to trade, and to transfer rates from buildings to land values. As Lady Megan mentions neither land value taxation nor free trade, what kind of "encouragement" has she in mind, saving that which is said to come from protective tariffs and Government subsidies, grants and loans at the expense of the consumer and taxpayer? It is a misnomer to label this re-hash of blighting Tory-Socialist economic policies "Radical." The policy of *laissez-faire* was originally advocated by those economists known as Physiocrats, led in France by Quesnay and Turgot, and in England influencing Adam Smith, Bentham and John Stuart Mill. The principle of economic liberty was firmly grasped and these men expressed this principle in their maxim *laissez-allez, laissez-faire*, a maxim which has since been emasculated and misrepresented because its first two words have been ignored. Literally it may be translated

"give way and let things be done," or colloquially, "a fair field and no favour," or "an equal chance for all and no favour to any." It is the State's duty to clear the way (*laissez-aller*) by repealing laws that restrict or penalise production or maintain privilege; and then respect "the natural order of liberty" (*laissez-faire*) by preventing future interference with the equal right of all men to work for their living. Lady Megan's scornful dismissal of *laissez-faire* is typical of a section of the Liberal Party. It reveals either ignorance of the true meaning of the term, or a denial of liberal principles.

"Apart from such words as democracy and bourgeoisie, there are no more ambiguous words in any language than freedom and liberty," writes Colin Bruce (*Liberal News*, December 22, "Liberty—Not licence.") To Communists, Fascists and extreme Tories, he says, freedom means a limited freedom to impose their ideologies on the rest of mankind, while to Socialists it means mainly freedom from unemployment, to secure which they are prepared to subordinate the nation to the tyranny of bureaucracy. "To the majority of Tories and the extreme Right Wing of our (Liberal) party, freedom takes the form of extreme individualism, of a *laissez-faire* system of economics, politics and sociology—in fact, a state of licence or anarchy . . . (These) individualists do not realise that if they are to be consistent they must also disagree with, for example, all forms of taxation and the use of a police force, for each involves interference by the Government . . . In the minds of would-be Liberal supporters from the Labour Party, however, the absolute use of freedom by the individualists in the

Liberal Party, identifies us with the Tories; and so we lose many votes."

We reject the claim made by Mr. Bruce and others that freedom and liberty are ambiguous and conditional words. The authors of dictionaries who have no political axe to grind, or false economics to sell, have no difficulty in defining liberty and freedom. They are simply "the state of being free in any sense." Unlike the Anarchists who, as Henry George pointed out in *The Condition of Labour*, ignore the social nature of man and who "seem to us like men who would try to get along without heads," we assert that liberty, once established, will not be abused, neither will it degenerate into licence and chaos. Those who fear it will clearly fail to appreciate that liberty and justice are the reverse sides of the same medallion, and that justice is not merely a matter of ethics but also the highest form of expediency.

When freedom and the Just State is established by restoring equally free access to the bounties of nature, and abolishing all existing barriers to production and trade, all men being free to produce, to consume and to save, to buy in the cheapest and sell in the dearest markets they can find, whether at home or abroad, who will wish to rob his neighbour, or who will be able to exploit his fellows? In such a society the man who talks of "planning an ordered freedom" and who attempts to advocate or justify State Control of industry and investment, and other socialistic devices because advocates of free enterprise are awakened by alarm clocks will be regarded by the electorate with amused contempt.

P. R. S.

THE MIRAGE OF INFLATION—By Henry Hazlitt

*Extracted with the Publishers' permission from Chapter XXII of Mr. Hazlitt's book "Economics in One Lesson."**

Inflation may indeed bring benefits for a short time to favoured groups, but only at the expense of others. And in the long run it brings disastrous consequences to the whole community. Even a relatively mild inflation distorts the structure of production. It leads to the over-expansion of some industries at the expense of others. This involves a misapplication and waste of capital. When the inflation collapses, or is brought to a halt, the misdirected capital investment—whether in the form of machines, factories or office buildings—cannot yield an adequate return and loses the greater part of its value.

Nor is it possible to bring inflation to a smooth and gentle stop, and so avert a subsequent depression. It is not even possible to halt an inflation, once embarked upon, at some preconceived point, or when prices have achieved a previously-agreed-upon level; for both political and economic forces will have got out of hand. You cannot make an argument for a 25 per cent. advance in prices by inflation without someone's contending that the argument is twice as good for an advance of 50 per cent., and someone else's adding that it is four times as good for an advance of 100 per cent. The political pressure groups that have benefited from the inflation will insist upon its continuance.

It is impossible, moreover, to control the value of money under inflation. For the causation is never a merely mechanical one. You cannot, for example, say in advance that a 100 per cent. increase in the quantity of money will

mean a 50 per cent. fall in the value of the monetary unit. The value of money depends upon the subjective valuations of the people who hold it. And those valuations do not depend solely on the quantity of it that each person holds. They depend also on the *quality* of the money. In wartime the value of a nation's monetary unit, not on the gold standard, will rise on the foreign exchanges with victory and fall with defeat, regardless of changes in its quantity. The present valuation will often depend upon what people expect the *future* quantity of money to be. And, as with commodities on the speculative exchanges, each person's valuation of money is affected not only by what *he* thinks its value is but by what *he* thinks is going to be *everybody else's* valuation of money.

All this explains why, when super-inflation has once set in, the value of the monetary unit drops at a far faster rate than the quantity of money either is or can be increased. When this stage is reached, the disaster is nearly complete; and the scheme is bankrupt.

Yet the ardour for inflation never dies. It would almost seem as if no country is capable of profiting from the experience of another and no generation of learning from the sufferings of its forbears. Each generation and country follows the same mirage. Each grasps for the same Dead Sea fruit that turns to dust and ashes in its mouth. For it is the nature of inflation to give birth to a thousand illusions.

In our own day the most persistent argument put forward for inflation is that it will "get the wheels of industry turning," that it will save us from the irretrievable losses of stagnation and idleness and bring "full

* "Economics in One Lesson" by Henry Hazlitt. Published by Ernest Benn, Ltd., London. Price 6s. 0d. net. Copies available from our offices.