

In addition to this, Great Britain possessed a great entrepôt trade in which she acted as a wholesale house for the world.

But perhaps the greatest service that the free exchange of currencies performed was to enable the slow development of a world market in which all nations and all races mutually exchanged their goods and services. The people of the West have never understood this world market, which was steadily being developed before 1914, and, although impaired, still existed between the two wars, and which it must be our object to restore today.

A warning against delay is necessary here. Inflation at the present time is still steadily lowering the value of the British pound. Unless this trend is checked, another devaluation such as that of 1949 will be inevitable. It is possible that the British Government may wait for this devaluation to be forced upon it, and then instead of fixing a new and lower price for the pound, it may simply set it free. The subsequent fall in its price, registered in the exchange rates, will then be associated in people's minds, not with the inflation that caused the pound to depreciate, but with the freedom that revealed its true worth.

It is by such errors as these that the people's ignorance of monetary and economic science can be turned, by the malicious, into prejudice against freedom itself.

## Outlook for the Fall

By PETER TRACEY

**E**ITHER businesses must raise their prices, or go bust and lay people off, or the pound must be devalued.

This is the prospect that faces Britain in the autumn "as the leaves of illusion turn first yellow, then brown, and a lot of our 'public faces' turn very red," says Graham Kutton, writing in *The Daily Telegraph*.

Mr. Hutton is very critical of the policies being pursued by the present Government, especially the high corporation and capital gains taxes and the discrimination against overseas investment. He does not see how we are going to "knock hell" out of the Americans when the people who are going to do it — the private businessmen — are having hell knocked out of them by their own government.

While the Americans bask in the longest boom on record, with lower taxes all round, and prices relatively stable, the British businessman is faced with higher taxes, higher rates, higher insurance contributions, higher postal charges, and an official exchange rate that is weighted heavily against him.

It's a wonder the poor chap does as well as he does.

Also writing in the *Telegraph*, Alfred Sherman reviews a new book by Lionel Needleman called *The Economics of Housing*.

Mr. Needleman believes that the present rate of slum clearance (60,000 to 70,000 houses a year) is lower than the rate at which fresh houses are becoming slums — and I am sure that he is right.

Private enterprise, he says, cannot solve the problem — and here I am sure that he is wrong — but he does not give a good reason as to why it cannot. Could rent control have anything to do with it? Mr. Needleham says: "Like all other forms of price control, rent control by itself only masks some of the symptoms of shortage . . . and may actually prolong the shortage by discouraging private enterprise from building new houses." He also makes the interesting point that rent control increases the rate at which houses need to be replaced because the owners cannot afford to maintain them properly. "A few years of neglect may mean that houses have to be replaced twenty or more years before they would otherwise have been."

Mr. T. V. Prosser, head of the National Building Agency (an organisation, I would imagine, of extremely doubtful value), writing in the *Evening News*, advocates some revision of existing planning procedures, particularly the five year plans. In his view the solution to the housing problem is to build large new towns on agricultural land and to give the farmers an equivalent area in reclaimed industrial wasteland and common land.



While I agree with him about the planning, why not use the re-claimed land for housing and leave the agricultural land as it is?

A tax on land values would soon put some life into this land that "has been considered not worth while regenerating" and stimulate sufficient building within existing urban boundaries to obviate the need for any more highly expensive and generally unsuccessful new towns.

### THE BEST OF TITLES

It is obvious that the bare land with its contents and the waters that flow through and about it constitute the nature-provided environment of human beings and are rightly the subject of their equal claims. Also that the value-for-use of these natural resources is conditioned on population. It follows population as its shadow. It appears with the people and disappears when they go. This value, therefore, should, by the best of titles, be retained by the community as its most excellent source of public revenue. The more the community draws upon this vast, community-conditioned fund the less will be the forced contribution from labour and capital. This means that the greater and better distributed will be the purchasing power of the people. — H. J. Davenport, Professor of Economics, Cornell University.