

## AN AMERICAN ON AID TO BRITAIN

DURING the lengthy period in which the productive equipment of Britain is being gradually purchased by the Labour Government, the price of British land (both in the agricultural districts and, even more, in the towns and cities) will be greatly enhanced. The total "market value," indeed, will have ascended to such a height that the ground-owners of England and Scotland will be paid a staggering sum, the interest on which must equal what the ground-owners have been getting as land-rent from "dirt-farmers" in the country and the occupiers of sites in the centres of population. In other words, when the British people buy the island of Britain itself, they will be giving the proprietors an amount which will endow the quondam Landed Aristocracy with a power of "exploitation" corresponding to what they previously exercised as a Landed Elite.

All of these considerations are involved in the matter of American financial assistance to Britain during the post-war epoch. They are not theory, but plain fact; and they are open to anybody who cares to investigate the subject. They are assembled here and stated bluntly, so that the general public in America and Britain will have the data with which to think down into the economic realities of the stark international situation which now confronts us. Financial aid to Britain should, no doubt, be extended in some form, as being of advantage to all concerned. But unless care is taken, the American people, as already intimated, are likely to go into the transaction blindly; while at the same time, the general British public is likely to accept it as a means of escape from analyzing the economic problem. A loan to Britain will assist a nearly bankrupt nation part of the way back toward solvency. It will tend to make the current position more tolerable for a time. But the under-surface

issues now pressing for attention will not be met by any British government composed of Labourites who think like Prime Minister Attlee and Professor Laski; nor by any alternative government consisting of Tories who think as Tories do.

When American credit is loaned to Britain, we have a right to know exactly how it is to be used. The productive machinery of Britain has deteriorated in value; and the Labour Government cannot be permitted to pay the original cost. But on the other hand, if the Government buys out British industry on a depreciated basis, then the Socialist enterprise begins with partly worn-out equipment, far below the efficiency level of American industry. And after the Socialist ownership of machinery is launched, with American aid, we also have a right to know what going-scale of ground rent the American-assisted enterprise of the mother country pays to the Tory Elite, pending the final "nationalization of the land," which Mr. Laski mentions casually as the conclusion of the Labourite programme. And not only so; but how is the ultimate, staggering sum to be raised? The purchase price will, in form, take the ground-owners off the backs of the common people; but it will give the Elite a new claim as interest in exchange for what they now draw as ground rent!

This article does not seek a solution for the British economic problem, but merely suggests that it may be well worth four or six thousand million dollars to ventilate the facts and questions which will inevitably come forward in connection with financial assistance to Britain.

From an article, "Can Britain's Labour Government Succeed," by Louis Wallis in the *American Journal of Economics and Sociology*, Vol. 5, No. 2.

## PITY THE POOR SCHOLARS—Professorial Ineptitude

"Logos," in the *Melbourne Progress*, August, 1947, provides the following review:—

"Professor J. R. Hicks, of Manchester, has written an introduction to Economics, *The Social Framework*, which is set as a text-book for the first year students at Melbourne University. Hicks makes full use of accountancy concepts and book-keeping terms leading to a planned economy.

"Natural resources are given by Nature but not produced by men. Contrari-wise Lord Salisbury said, 'The landlord furnishes the land' and Professor Hicks explains (p. 18) that the owners of these useful resources may thus be able to exact a price for their use. That is to say, people may acquire money which entitles them to purchase other people's products, not by contributing their labour to the productive process but by allowing the use of their property. So the owner (p. 19) of land property contributes to the productive process by allowing others the use of his property for their production; to this extent he has to be reckoned as a producer.

"The factors of production are labour and capital (p. 38). Capital goods may be (a) consumers' goods or (b) producers' goods (p. 73). Apparently these are not passive but animated since producers' goods 'co-operate' with labour to produce further goods—and services! They are of two classes, durable-use goods and single-use goods.

"Durable-use producers' goods are further divided into two classes called (1) Land (agricultural, building

sites, mines) and (2) Fixed Capital (buildings, machines, tools). Nineteenth century economists used to classify Land as a separate factor of production, instead of treating it as a particular species of capital which is the more modern practice followed here (p. 74).

"Producers' goods thus include Land which consists of all those durable-use goods which are given by nature (p. 74). This, however, is contradicted in footnote 2 on the same page, where Professor Hicks tells us that the Land includes some consumers' capital as well as producers' capital. If land is used for gardens, or for parks, or sites for dwelling-houses, it is a consumers' good.

"So this authoritative economist assures us that Capital includes Land just as Land includes Capital.

"However, the 'soil' of England came into existence in the past (p. 75) . . . we may agree that in the economic sense it is 'Land.' The agricultural land of England is presumably, for the most part, a free gift of Nature (p. 74), yet how much does it not 'owe' to improvements, such as 'the clearing away of the primitive forest by the ancient Mercians'?"

"We enquire, how much cash the present English farmer is prepared to pay for the debt which he 'owes' to his ancestors of 1,400 years ago? Seeing that the forest trees could have grown up and been cleared away several times in that long period, our accountant discounts heavily the alleged worth of the work both of the ancient Mercians and of Professor Hicks."