

Morality and Exchange Control

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THERE is one aspect of exchange control that has not yet been examined; that is its moral significance. It has been shown that exchange controls are inexpedient; can it also be shown that they are unjust and immoral?

We have seen that during Sir Stafford Cripps' reign at the Treasury our exporters were robbed of millions of pounds worth of overseas exchange, and that entirely inadequate compensation was paid. Is robbery inherent in exchange control?

Suppose a British author sells an article, the product of his own brain and industry, to a New York paper. He is paid in dollars. To whom do those dollars belong? Are they his or are they the property of the state in which he lives? We must remember that the very basis of civilisation is the right of the individual to own the wealth he produces. Has the state any more right to seize the overseas earnings of its people than to seize the wages of its workers?

The essence of a worker's freedom is that, subject to essential taxation, he has a perfect right to spend his wages as he likes. If he loses that right he loses all control over his destiny and his mode of living. Is there any fundamental difference between the author's right to the dollars he earns and the worker's right to his wages?

Until the advent of socialism upset old-established moral laws, the earnings of a British exporter of goods or services were his to do with whatever he liked. He invariably sold his earnings of foreign currency in the free market. This had very important consequences on the community as a whole. It meant, to begin with, that there was an automatic guide to decide whether it was more profitable for people to be employed in export industries or directly employed in supplying the home market. It enabled the economy, in fact, to be planned by the price mechanism, which has so far proved itself to be the most efficient form of economic planning known to man.

When governments began to expropriate the overseas exchange of their citizens they lost this one efficient means of planning an economy, and this has been the chief cause of the economic crises we have suffered since the war ended. The confiscation of overseas exchange has given the state powers that enable it to effect economic changes almost without the public being aware of what is taking place. For example, if it were desirable to protect wheat growing in Great Britain, this is surely a matter for a tariff duty decided by Parliament, but under a system of exchange control wheat importers could be refused the necessary overseas currency and the importation of wheat could thus be checked more effectively than by any tariff. Exchange control can turn itself very easily into an instrument of protection without popular discussion. It places around a country a curtain through which goods and money can pass only with the consent of an official or by black market methods.

All these consequences and many others arise from the power of the state to seize the overseas earnings of its people. Let us look at just one example of this robbery that actually took place during Sir Stafford Cripps' period of office in the Treasury. Among the many businessmen applying for the privilege of purchasing dollars, which were then greatly underpriced, was a very well-known British retailer. His application truthfully said that he required so many hundreds of thousands of dollars to open up a retail shop in New York. Although it was alleged that the dollar shortage was actually keeping us short of food, this businessman's request was granted by Sir Stafford Cripps.

At that time every importer in England was begging for dollars at 4.03 dollars to the pound. They were, at that price, as I have already shown, virtually a gift. Sir Stafford's decision was worth many thousands of pounds to this fortunate man. It is quite possible, of course, that it was made by some clerk in the Treasury, but Sir Stafford as Minister must take the responsibility. How did Sir Stafford obtain the dollars he sold so cheaply? Simply by forcibly taking them from other British businessmen, who had earned them honestly.

Sir Stafford, of course, was completely within his legal rights in doing this; he had full authority from the Government to use his discretion without limitation of any kind, but the real question is, *what moral right has any government to take dollars from one British businessman and sell them below their value to another?*

The first charge against the morality of exchange control is that it robs the earner of overseas exchange of what is rightly his. The second charge, which we shall now consider, is even more serious, for it robs every British citizen of something even more valuable than money and does him a very great moral injury in consequence.

It is an unfortunate fact that money, of even the richest of us, is limited. If we spend too much of it on one commodity we have less to spend on another. In a free country the people decide for themselves how they shall

distribute their money among the goods and services offered them, and consequently what they shall have in abundance and what they shall do without. This choice is part of the individual citizen's essential freedom. It is part of his God-given attribute of free will.

Free will may have its dangers, but the man who has been deprived of it is a slave. Free will implies responsibility. It means that if a man spends too much on beer and tobacco he must not complain if he lacks the wherewithal to buy food and clothing. In a free country a citizen has the right to buy overseas exchange freely. This means that if he wishes he can send money to New Zealand for a leg of lamb or a box of butter, or to Australia or the Argentine for a shoulder of beef, or he can buy wheat from Canada or tobacco from Virginia.

Of course, in practice, he will probably not bother to exercise this right directly, for merchants anticipate his import requirements and order such goods beforehand and place them in shops so that he can buy exactly what he wants. Thus, when exchange transactions are free, a British citizen can enter a shop and choose which goods he shall buy from any part of the world. It is this choice of the citizen that decides for the merchant just how he will spend the overseas exchange he purchases from his bank. This means that those who decide how overseas exchange shall be spent are not bankers or businessmen but housewives and the ordinary British citizen. We are inclined to think that the buying and selling of exchange has nothing to do with the ordinary man in the street, but in actual fact there is not one of us who does not use his right to buy overseas exchange almost every day. We are the real buyers of overseas exchange; not the banks and the merchant; they are merely our agents who buy according to the directions we give when we spend our money in the shops. Thus when overseas exchange is controlled it is not banks and businessmen only who are controlled but we ourselves. Exchange control deprives every one of us of part of our freedom of choice.

Many people, of course, believe that the citizen should be controlled by the state because they think that the state has much more wisdom than the people who compose it. They believe that the state can spend our money for us better than we can ourselves. They believe, for example, that the state would use our money to buy all the food we required before it spent it on such non-essentials as tobacco.

But experience has shown that this is not so. Under the post-war Labour Government, although it was claimed that there were not enough dollars to buy our essential food, the state kept spending more and more overseas

exchange on tobacco. Although any sum of money spent on animal feeding-stuffs can produce probably three times its value in home-produced eggs and pork, the Labour Government in 1949 found that it could afford only £12,255,000 worth of overseas exchange for animal feeding-stuffs, yet in that year it spent £52,491,000 worth for tobacco.

It will be pointed out that the Government had to choose in this way between food and tobacco, for otherwise it would have lost the support of the voter who smoked. Precisely, but has any government the right to make such a choice? Is not this to appropriate for the state that right of free will which belongs to each one of us as individuals? Does not this deprivation of his right of choice emasculate the citizen, reducing him to something less than a free man? There are literally millions of people today who do not realise that this question of free or controlled exchange is a moral issue affecting their very freedom.

People have a right to earn overseas exchange and hold it as their own property and to sell it freely to the highest bidder. To deprive them of this right is to rob them of both their freedom and property. It is also to rob all men of their power of choice and to reduce them to something less than men.

Exchange control is part of the war economy that has outlived its time. It survives because of that mean and malicious spirit of restraint that characterises the economic planner. Fundamentally there is little difference between those who believe in exchange control in principle and

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those who support the theories of Communism.

If we were wise we would look upon exchange control as an enclave of Communist practice interposed into the economy of the Western world; an enclave from which may be launched further attacks upon human freedom. The right of every man and woman to buy and sell overseas exchange, and thus to freely choose for themselves what goods they shall buy from abroad, is essential to human freedom and dignity. It is a right that the bureaucrats and the politicians must restore to those from whom they have stolen it.

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