

speculative excesses in check. Of course, large fortunes are still made from real estate; only land-value taxation would curb it. By way of contrast, tariff lobbies have grown up over the decades into a major industry, giving rise to cartels, price-fixing and a host of other commercial malpractices. With the moral and ethical climate it has produced, it is no wonder that the Mafia, and other well-organised groups of crooks and business miscreants have flourished, using their ill-gotten gains to bribe politicians, government officials and the police in pursuit of riches. This unsavoury trend gathered momentum following the Civil War. The protectionist mania which grips America from time to time has brought in its train powerful countervailing forces in the shape of organised labour who are more concerned in sharing out the loot than in fighting the entrenched privilege the ensuing commercial bonanza produces. Is it surprising that these well-organised labour monopolies are riddled with hard-nosed crooks clamouring for the very protection from which their legions are the principal victims. The result is that America, like Britain, is moving more and more down the road which leads to the socialist corporate state.

In the concluding chapter of *Progress and Poverty*, Henry George prophesies that should land reform and free trade not be introduced in his native land, the ultimate clamour of the "mob" could well lead to a dictatorship. The political follies which have characterised the politics since George's day have seen the growth of the welfare state and social

security financed by large government deficits. In his own country it has reduced cities like New York to bankruptcy, unbelievable corruption and crime of mind-boggling dimensions. Further south in Chile, Uruguay and Argentina, democracy is dead, having been replaced by brutal and repressive dictatorships; in Cuba, the only difference is that the repressive regime is a Marxist dictatorship. So alarming has the situation grown in Britain, that the normally imperturbable Professor Milton Friedman has recently questioned as to how much longer can it be before freedom and parliamentary government are brought to an end here. Was he being unduly alarmist? All the symptoms are there which would give credence to such a prophesy with public expenditure out of control; inflation at historically high levels not seen here since Tudor times; taxation levels not experienced since the time of the Napoleonic era; public sector employment growing at an alarming rate, with an organisation comparable with any industrial trade union; crime, corruption, nepotism and patronage on a scale not seen since the days of the rotten boroughs of Walpole's premiership. I think the Professor was right in expressing anxiety for a country he holds in affection, and for which he has the highest regard and respect.

To echo again the wise words of Burke: "But what is liberty without wisdom, and without virtue? It is the greatest of all possible evils; for it is folly, vice and madness, without tuition or restraint."

Expansion—A Means of Survival

The following is extracted from an article issued by the Freedom of Information Campaign over the signatures of three Labour M.Ps (Arthur Lewis, Tom Litterick and Sydney Bidwell). We follow it with a comment from our contributor T. O. Evans.

THERE seems to be general agreement that the solution to our economic difficulties lies in the direction of increasing production.

If our observation is correct that expansion is the route to survival, then we have a yard-stick by which to evaluate theories and suggestions which are put forward as a means of increasing production. Any move at all which goes in the direction of increased unemployment must entail contraction. Creating unemployment in order to streamline production is a form of contraction. To fully utilise the labour force and then to recruit more workers to back up the rising production is true expansion. To ration work as though it were a scarce commodity is a form of contraction. Production should be streamlined to

economise in capacity for work only when the work resources are fully stretched. When we have full employment and further expansion of production is needed, then we move forward to automation in order to expand beyond the full capacity of the work force. It does not aid survival to use automation if it contracts the work force. . . .

By the same token an over-emphasis on investment in industrial equipment can lead to a scarcity of work. Likewise controls and restraint in any form are liable to impede survival by impeding expansion. Growth comes from nurture rather than from protection. Healthy vigorous growth requires a minimum of protection. Competition, to the vigorous, can act as a stimulus. If the reasoning

advanced up to this point is based upon correct observation then certain specific conclusions can be reached concerning the optimum manner in which production should be increased.

In the first instance, the purpose of increasing production must be understood. The purpose is to increase earnings to obviate the need for cuts. Rising production must therefore lead to increased earnings. Goods and services must be aligned to what can be exchanged on the world market

Given a market for goods and services, a means must be found to increase production so that it expands into that market. The most certain method of creating and increasing production is to provide those who produce with an incentive to produce. Rewarding production is far more effective than punishing a failure to produce. The ideal system would combine rewards and penalties. But penalties are more difficult to devise and to administer justly than the simple action of aligning earnings with production so that

earnings operate as an effective incentive. Contrary to what the cynics would have us believe, people do enjoy the action of producing. When that action is rewarded fairly and in such a way as to validate the contribution made, then people can derive a great deal of pleasure from work even though the task is laborious. With these human attributes operating as a natural tendency towards rising production it is necessary to examine what system operates to impede production.

If we examine the system under which we operate today we can see at once that the action of producing is unfairly rewarded and the contribution made is not validated. The producer of goods and services is penalised for his efforts by punitive taxation on his earnings. The contribution he makes by working can be invalidated by the tendency of the tax on his earnings to place him in a better financial position if he stays at home and does not spend time and money travelling to work. His efforts are also invalidated by the knowledge that the system tends to give the greatest rewards to those who do not produce goods or services and contribute nothing to replace the wealth they misappropriate.

The misappropriation of wealth has given the word profit a bad name. Profit has come to mean ill-gotten gains. Honest men and women tend to disparage the concept of making a profit from working and fall into the trap of accepting a system which expects them to work with no financial incentive. Work without profit can become tedious in the extreme. But in truth, earnings are very different from ill-gotten gains. The ill-gotten gains of those who speculate with money and by financial killings misappropriate rewards of wealth for which they have contributed nothing, sour the whole concept of profit. The idea is born that profit is dishonest and production should profit no-one.

The society does not differentiate between an honest profit and ill-gotten gains. The loss of a right to an incentive to work is accepted in a confusion concerning the role of money as a means of exchange.

People talk about going to work to make money and making money

becomes a legitimate profession. The only legitimate manufacture of money occurs at the Royal Mint. There is no other honest way to make money if one does not work in the Royal Mint, apart from earning money by the production of goods and services for which a demand can be created. Only productive work produces value. . . .

There is a simple remedy for the worker who sees his own standard of living falling, who sees cuts in Government spending threatening his survival and at the same time is aware of enormous wealth passing into the hands of those who themselves contribute nothing.

The remedy is not to place these people against a wall and shoot them. The remedy is cleaner and more effective, it is to restore the right to know the truth concerning the management and control of money. Economics has been contrived to appear highly complex and beyond the comprehension of the worker for a very good reason. It enables certain people to exploit him. Restore the basic simplicity of economics by the right to know the truth and exploitation becomes impossible. The resulting honesty in economics will benefit everyone, because even those who profit from exploitation will be relieved of the temptation to harm their fellow men.

The way to restore our right to know is to persuade the Government to keep its manifesto promise concerning secrecy. The Treasury is very secretive and if we persuade the Government to introduce a Freedom of Information Act to replace the Official Secrets Act, we shall acquire a precision tool with which the economy can be straightened, the right to an incentive to produce restored, and then, with a rising gross national product, Government cuts will become a bad dream soon to be forgotten.

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T. O. EVANS COMMENTS

I was reminded of the old game of 'hunt the slipper' when reading the above manifesto. I wanted to cry "warmer! warmer!" as the writers got closer and closer to the right solutions. They know what is largely required but not how to accomplish it. But the call

for freedom of information with which the article ends is an anticlimax—a let-down. Not that I am against freedom of information—indeed it is a highly important part of a free society, and I applaud and support efforts to pursue the abolition of Government secrecy.

I am wondering whether the call for freedom of information was a peg on which to hang some good economic horse sense or whether it was the other way round. No matter, it is good to read from Labour Members of Parliament such phrases as "controls and restraint in any form are liable to impede survival by impeding expansion." "Growth comes from nurture rather than protection." "Competition to the vigorous, can act as a stimulus." "The most certain method of creating and increasing production is . . . an incentive to produce."

Welcome also are references to punitive taxation as a disincentive to produce; to the demoralising effect of welfare payments that in selected instances, kill the incentive to work; to the defence of profit—properly defined to exclude unearned incomes or "ill-gotten gains" and to the fact that economics has been contrived to appear highly complex which enables the worker to be exploited.

I would gladly append my signature to the document (for whatever good that would do) if I were allowed to delete the occasional red herring as for instance, the suggestion that automation *can* create a scarcity of work; in the long run it will not, given a flexible economy as partly envisaged by the writers. And to substitute for "speculation with money," "speculation with land."

I would include in ill-gotten gains the rent of land, the profits of monopolies and cartels, and subsidies and grants to industries of whatever nature.

I would also delete the unfortunate phrase that the only legitimate manufacture of money occurs at the Royal Mint!

But I see what is meant and indeed it is expressed in the sentence that follows: "Only productive work produces value." Governments abuse their power and conceal many abuses with the Official Secrets Act. Let's have less secrecy—and less power too!