

## DELUSIONS OF "COMMON SENSE"

The Editor, *Land & Liberty*.

SIR,—A perusal of utterances by British leaders on the subject of Imperial Preference and similar utterances by American leaders and publicists on the vital principles on which the peace of the world and the continuance of civilization depend, is not encouraging to true Liberals—those who know that Liberty is the soul and inspiration of Liberalism, and that the old liberal parties of our two countries have lost their souls. For these leaders and publicists are filled to overflowing with "common sense," the "wisdom of this world," which is characterized by the Good Book as "foolishness unto God."

Most men are very proud of what they call their "common sense" and regard as wisdom. Voltaire said: "Common sense is like diamonds and rubies—the rarest and most precious thing on earth." He was wrong. As its name indicates, it is the most common and in many ways the most worthless thing on earth. Especially is this true in the matter of human relations, the affairs of men and nations as affecting their well-being and happiness.

The whole educational course of economics or sociology is poisoned by the tacit belief that the interests of men and nations are not merely diverse, but incompatible and antagonistic, a belief that the religious leaders of the world seem to accept, since they make no convincing effort to dissipate it. Probably they do not know how, though it is their business to know, for surely God never made the world on any such diabolical principle.

The delusions of common sense are innumerable, but it is enough to say here that in their times and places all the wrongs and injustices under which humanity has laboured have been cherished and maintained, by force when necessary, by this common sense, the wisdom of this world. I will confine myself to the one wrong whose continuance means a succession of wars until civilization perishes from the earth.

This wrong is the game of "beggar my neighbour" which the nations persist in playing under the delusion that they are "protecting" their industry and their economic interests.

Take a look over the business world and observe that it comprises two classes—employers and employees; the one class buying labour and selling the products thereof, and the other selling labour and buying its products. Common sense tells the world that tariff and other taxes which raise or maintain prices of goods at high levels benefit those who have only labour to sell and must buy the goods, and the workers believe it, for they persist in electing to their legislatures the men who tell them this.

As has often been said, all industry depends on the demands of men for goods which they secure through the channels of trade. Common sense tells them they may augment their industry

and their prosperity by obstructing trade, and they believe this also.

Another commonplace truth is that trade is a two-way traffic, to obstruct which one way obstructs it both ways, but common sense refuses to accept the invincible lesson taught by this truth. Befooled by what may be called a "money economy," common sense tells the nations to beware less by freeing the channels of trade from all barriers, they enable their people to get from abroad too much for their money and so prostrate their own industries. Since every country's money circulates only at home, where it is legal tender, the only real payment for imports is by exports. The "flood of foreign goods," against which Protectionists warn us, could be paid for only by a similar export "flood of domestic goods." It is not easy to see how this would prostrate our industries, as common sense asserts.

Behind these delusions regarding

exchange or trade, lurks another delusion, the parent of all and greatest of all—that the planet upon which we are born and must live out our lives is properly like other property, to be used when and where it is profitable to its "owner" to use it and held idle when profit ceases, as the dog in the manger held the hay. God never made this world for dogs in the manger to play with. Because it is thus played with, access to its resources is made difficult and at times impossible, and out of this difficulty arises the belief in sundry lands not so well supplied with natural resources that their people need "more living room," and inspire them to get it by force of arms.

That the social laws of God, His natural laws, are as harmonious as the physical laws that keep the universe alive and moving will be seen when men raise their common sense, the wisdom of this world, to the level of intelligence that is not foolishness unto God.

Yours, etc.,

New York.

STEPHEN BELL.

## CURRENCY QUACKS

MUNICIPAL AUTHORITIES, says Mr. Oscar R. Hobson, City Editor of the *New Chronicle* (4th September), are being bombarded with copies of a leaflet headed "The Issue of Interest Free Loans for Post-War Municipal Housing." This is a plea for the extension by the Government to municipal authorities of interest-free loans for the financing of municipal houses. It has apparently received some attention, not on its merits, but by reason of the fact that it opens with a reference to a resolution by the Aylesbury Borough Council.

On 4th May, 1944, the Aylesbury Borough Council, Mr. Hobson learns from the leaflet, passed by 13 votes to four a resolution demanding State Control of the Bank of England, and the granting by the Government of interest-free housing loans to municipal authorities.

"Apparently this baker's dozen of Aylesbury councillors," Mr. Hobson goes on to remark, "have taken it upon themselves to support a scheme for the repeal of the Bank Charter Act so that the Bank of England may become State-controlled instead of functioning as a privately owned institution as at present, and the sole rights to issue all currency and credit will then revert to the State, who are the rightful owners of this sovereign power."

"When that has been accomplished money and credits are to be 'newly created' by the Government and handed over to local authorities, who will thus be able to build houses without financial burden on themselves, merely collecting the rents and handing them over to the Government in repayment of the advances."

"The scheme betrays the closest family resemblance to the innumerable plans for getting something for nothing which have constantly seen the light since the dawn of history, and will doubtless go on doing so till

the crack of doom. The sponsors of this one, as of many others, are at pains to make out that 'this scheme is not inflation,' since, in the end, the purchasing power 'newly created' will be cancelled by repayment. But one would like to ask a question or two about this. When the housing credit is created, is anybody deprived of a corresponding amount of purchasing power? The answer is evidently 'No.' But if so, the 'creation' involves an addition to the total volume of purchasing power in existence beyond that which would have existed if the Bank Act had not been repealed and the State assumed its 'sovereign' power of printing new money or writing it in bank ledgers. And if there is more purchasing power and no more things to use it on, must not the price of goods and services (in this case building materials and perhaps building operatives' wages and master builders' profits) go up?

"In the condition of affairs which will exist after the war that dilemma is inescapable. There will be a shortage of building materials and building labour. Interest-free loans will not enable one single extra house to be built. All that they can do is to make houses more expensive, and that is obviously the reverse of what is desired."

Indeed, as Mr. Hobson further showed, if the idea was confined to interest-free credits for housing to be granted within the limitations of present-day banking law "the interest-free quality of the credits would merely have represented an extra State subsidy for housing. That would have been an arguable case. As it is, the proposal is sheer inflation, notwithstanding the provision for repayment in 60 years, for it represents an addition to purchasing power without the slightest prospect of a corresponding addition to the goods and services offering."