

Letters

FAIR FREE TRADE?

SIR, — I am sorry to see that you and some of your friends are lining up with the Russians and Americans in their anti-Common Market attitude which they are adopting because they are not allowed to run it.

I do not fully agree with the Rome Treaty, but the only way to make it acceptable is to be in the Common Market and to work for amending those parts that are not fair to all.

There is no bigger Free Trade area than the Common Market : not only are the nine E.E.C. countries concerned but there are favoured agreements with Norway and Sweden and there is the Rome Convention between the E.E.C. and the African, Caribbean and Pacific States of forty six further countries all developing.

According to *Peking Review* 14 February 1975 the main points are as follows:-

Access (duty & quota free & without reciprocal treatment) to the West European Common Market (9) for all A.C.P. (46) industrial products and 96 per cent of their farm products: establishment of a stabilisation fund by the E.E.C. to compensate the A.C.P. countries for any fall in the market prices of a dozen basic products exported to the Common Market; aid amounting to more than 4,000 million dollars for financial and industrial co-operation to be given by the E.E.C. to A.C.P. in the next five years.

How different is this Free Trading to what has been in the past, pure exploitation, as Russia does today who obtained oil from Egypt dirt cheap and sells to West Germany at great profit, also sells to East Germany, one of her puppets, at a still higher price.

What we want is Free Trade under fair conditions and we are all the better for it, us morally, and the usually exploited economically.

Yours faithfully,

FRANK DOCHERTY

London S.W.19.

COMMON MARKET— IN WHOSE INTERESTS?

SIR, — Some leaders of big business make no secret of the fact that they support Common Market membership because they see a decline in home demand. They believe they can offset the consequences of over-expansion of plant capacity by seeking larger markets for their mass-produced, standardised products, in part of Europe.

These men live in blinkers. They have little regard for the interests of the British people as a whole.

Many of these monopoly industrialists have achieved their power to influence governments as a result of economic policies thrust upon the British people by successive governments over the past fifty years.

The consequences of special privileges granted to sections of industry has been that hundreds of thousands of smaller traders and producers have been driven out of business. Thus the variety and quality of British productions have been greatly reduced.

Many big businesses have come to be regarded as of national importance. Such claims are seriously open to doubt.

In former times, when there were vast numbers of smaller producers, some failed but the majority succeeded. The failures were not matters of national importance. Today, when the giants make errors they are gigantic errors. They seek to maintain their inefficiencies with help from other taxpayers and from debasement of the currency. It is a trend which leads on to the totalitarian state.

This concentration of power in the hands of a few people is an important element in the Common Market campaign. Widespread ownership makes for political stability. The most valuable form of ownership consists of a large number of units of industry controlled by independent, responsible men and women.

Businesses should be allowed to grow as big as the men in them can make them - subject always to the principle that they are granted no special privileges by government at the expense of the rest of the community - taxpayers and

consumers. Membership of the Common Market buttresses the power of big business and puts burdens on the smaller traders.

Yours faithfully,

S. W. ALEXANDER

London, E.C.4

DELEGATUS NON POTEST DELEGARE*

SIR, — Parliament is the trustee of the powers which our democratic system has conferred upon it. At election times the policies and the personalities of the candidates are assessed, and a decision taken. I submit that it is unacceptable that then they, as a parliament, should be able to pass over those powers or any of them to another body of persons without a fresh mandate from the electorate. This would entail a delegation by a trustee of his trust; something which our own domestic law does not permit.

This is not mere legalism, but wise and real. The essence of democracy is that the people can dismiss their rulers. How would we, as Britons, dismiss our European rulers? Clearly, the more remote the rulers the more remote is real democracy.

I suggest our concern should be not about constitutional matters but the substantial question of international trade.

The Common Market area has been surrounded by tariff walls, as a matter of policy, and, as is always the case with tariffs, is designed to support prices. This is evidenced by the butter and beef mountains and other surpluses subsidised by public funds, but withheld from sale to keep up prices.

It is sought to justify its existence by pointing to the advantages of scale of production enjoyed by the Russian and American markets, which advantages it is said could be secured for the nations of Western Europe by joining together in a consortium of about the same size; each serving a population of about 250 million.

But China has a population of 800 million, larger than all three together and the population of the world is 3,782 million. It is said that we cannot afford to remain in isolation and small, but the

* A trustee cannot delegate his trust.

European Economic Community isolates itself from the rest of the world by its barriers to world trade. To stay in is to be small. To trade with the whole world is to expand.

We are an island nation and consequently a maritime one. Free trade, throwing our ports open and taking and sending out goods without let or hindrance from and to all people everywhere is surely the easy and natural path to prosperity and leads not to price fixing and price maintenance but, through healthy competition, to the reduction of prices—and, consequently, to the increases in the real value of wages.

Yours faithfully,

EDGAR BUCK

Cardiff

MONEY AND GOLD

SIR, — Mr. Smedley fears (Jan-Feb issue) that if the commercial banks were allowed to issue their own notes, they might be tempted to pay their debts in their notes. But Scottish banks enjoyed freedom of note issue for about 150 years and their currency was far more stable than that of England where banking was more state-controlled. The Scottish notes were cleared daily through the Clearing House, and any excess had to be balanced in gold by the deficit bank. It would have been useless for a bank to pay its debts in its own notes: it might as well pay in gold.

The Scottish system was abolished in 1845 precisely because the English government held the same opinion as Mr. Smedley, that the pound note must always be redeemable in a fixed weight of gold: if gold was being drained away from the country, we must cut down prices here by a high bank rate in order to induce foreign importers of our cheapened goods to buy here and replenish our gold reserves. This was the origin of the stop-go policy which has produced alternate booms and slumps here for over a century, bankrupting small firms and encouraging mergers among the survivors.

The remedy is a floating gold price. Gold is nowhere used as money today - there is too little

of it. Gold serves today only to ensure trust in paper money. But gold is itself exposed to the law of supply and demand. Therefore if the value of a pound note is not to be jerked about by every change in the bullion market, the note must be made redeemable in a pound's worth of gold at the current price in a free bullion market on the day when redemption is demanded. Mr. Smedley wants a fixed gold price. What price would he fix? In view of gold's skittish behaviour recently, this poses a pretty problem for him. If the price is lower than that of the free market, the banks will be shamelessly drained of gold. If too high, they will be stuffed with gold for which they have no use. Mr. Smedley has a fine record of anti-socialist activity, and I am sorry to have to disagree with him on this point.

Will you allow me a little space in which to congratulate your contributor, Professor F. J. Jones, on his refutation of the widely-held notion that banks today create

money. I have attacked this notion for 17 years in the pages of *The Individualist*, and I therefore look on Jones' efforts with a professional eye. I welcome his help because the enemy is so strong. Governments in every industrial country are today burdening banks with crippling restrictions because they are convinced that banks today create money. What the West has suffered in loss of production, bankruptcy among small firms and consequent growth of monopoly in industry is incalculable. I would, however, demur to Jones' statement that banks create credit. I know that the word is in common use to denote the mere lending of money, but its use plays into the hands of our opponents. A bank lends, and can lend, only the money lent it by its depositors. To give any countenance to the idea that the banks create this credit out of thin air is a great pity.

Yours faithfully,

HENRY MEULEN

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LAND PROFITS FOR THE PEOPLE ?

Country Life 27 March

OF ALL the promises made in the Community Land Bill, perhaps the most certain to be fulfilled is that the new scheme will need 14,000 extra local authority and government staff and will cost over £60 million a year to administer. In theory, this expenditure should be covered by the profits that will be made. And indeed, since the local authorities will eventually be buying all development land at existing-use value and selling it to builders at market price, this ought to be the case.

However, there is no likelihood that the heady days of the 1971-73 land boom will recur. Landowners will certainly not be rushing forward to sell their land at a price that gives no profit, any more than developers will be clamouring to buy or lease land that is too expensive. The effect of the Bill will be to slow down transactions in land (possibly to a level where the only sales are those caused by compulsory purchase orders) and perhaps to lower land prices to a point that hardly covers administration costs.

Few people would disagree with the philosophy behind the Bill, that the community should take the land values which it creates, particularly those values created by planning permissions. What the Government fails to see is that these values are of a continuous nature, and much more easily and fairly taken by taxation on the annual rent of land. To treat them as a series of one-off transactions and to impose a 100 per cent development land tax, or to buy at existing value, is to bring incentive and enterprise to a full stop. Local authorities will benefit where the land they acquire is leased back to developers with regular rent revaluations; but when they sell outright, they will be passing back future benefits into private hands again.