

## From "Never So Good" to Even Better

**R**ESOLUTIONS adopted at the Conservative conference commit the Government to (1) control inflation; (2) reduce taxation; (3) speed up construction of new roads; and (4) make home-ownership easier. By a considerable majority delegates approved a motion welcoming "the inclusion of the United Kingdom in a European partial free trade area" and congratulating the Government on its initiative and "on its avowed determination to keep agricultural products outside that organisation and to preserve the Commonwealth tie." Notable among other resolutions passed was one urging that action should be taken along the lines of the recent report on Administrative Tribunals and Inquiries "and in other ways to strengthen our institutions and protect our rights and liberties."

The raising of the Bank Rate to 7 per cent after motions had been submitted cooled the tempers of those who had felt earlier that the Government was allowing inflation to get out of hand. The adopted resolution (from Warrington) urged the Government to reduce spending, increase the efficiency of nationalised industries, stabilise the cost of living, control inflation, and increase productivity. Mr. Thorneycroft, Chancellor of the Exchequer, replying on the debate, spoke on lines similar to his subsequent speeches (reported elsewhere) at the Mansion House and in the Commons. The Government was not prepared to "finance inflation." Government expenditure had been reduced since 1951, and today there were 55,000 fewer civil servants. Public investment was being stabilised at £1,500 millions a year: it was not being ground to a halt. His remark that this represented in real terms an investment in the public sector 35 per cent greater than that of the Labour Government in 1951 sounded suspiciously like claiming that the Tories were better Socialists than the Socialists! The Prime Minister's recent inept remark that "we have never had it so good" was pricked by Mr. F. Montgomery, an office holder in the Young Conservative organisation. Some people had never had it so bad, he said.

### "TORY TAXATION IS SOCIALISM"

Considerable restiveness was evinced during the debate on taxation. Only four present voted against a motion calling on the Government "to take bold steps to reduce taxation so that individuals can find the savings needed for further capital requirements both in public and private industry." Mr. H. Powis (Harwich) moving the motion said that taxation at present was "penal": it misused the nation's money, stifled initiative, and frequently caused

**Do It Yourself.** Seen side by side on a bookstall recently: an evening newspaper with headline "FORGED FIVERS—FOUR ARRESTED" and the first issue of a new monthly magazine, "PRACTICAL HOME MONEY MAKER."

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hardship and suffering. Successive Chancellors had budgeted for large surpluses, raising large sums by taxation in excess of revenue requirements. They had used many millions to finance by Treasury bills capital requirements for long-term schemes, such as the atomic energy programme, roads, and the nationalised industries. "This is socialism—Gaitskell brand maybe, but socialism nevertheless." Other speakers gave instances of the unfairness of taxation as at present levied, of avoidance and evasion, and of wasteful expenditure by Government. Reference was made to the defensive measures taken by hard-hit British shipowners who had been forced to register new ships under so-called "flags of convenience" as a tax dodge. There were calls, too, for drastic further reductions in the civil service.

Replying, Mr. J. E. Powell, Financial Secretary to the Treasury, pointed out that the motions on the order paper called for relief over practically the whole range of taxation, "direct and indirect, income tax, estate duty, petrol duty, purchase tax, and the rest." There were, he said, only two ways by which a Government could reduce taxation. It could borrow more or spend less. Six successive Conservative budgets had reduced the fraction of national income collected in taxes by one-fifth. A number of indirect and nearly all direct taxes had been reduced—to the benefit of everyone. The only true way of reducing taxation was to spend less. That was not so easy as many people believed. "Truly, the capacity of mankind for self-deception is unlimited."

### PRIVILEGE OR JUSTICE?

Tory Ministers are in an unenviable position. Powerful sectional interests, of which the National Farmers' Union is a glaring example, urge them to preserve and increase state doles and privileges. At the same time those from whom they largely derive their support—businessmen, the middle classes and retired professional people—demand reductions in Government expenditure. If it were not politically inexpedient in present circumstances a Tory Government would not hesitate to dismantle the costly Welfare State apparatus. Yet it feels compelled to maintain socialist measures in order to keep the socialists out of office.

Ministers deserve no sympathy. There is one—and only one—way out of this apparent impasse. This is to introduce a tax on land values. This would:

- (1) Yield additional revenue
- (2) enable present taxation to be reduced
- (3) inject new incentives into a laggard economy
- (4) raise wages, enabling at least some reductions in public expenditure designed to mitigate poverty
- (5) strike at the roots of privilege, thus creating a political climate favourable to at least a diminution of state expenditure on behalf of sectional interests.

## BLINKERED EYES ON EUROPE

Much in evidence during the debate on the Free Trade Area was the curious blind spot which repeatedly leads protectionists astray. Not a word about the advantages to the home consumer of cheaper goods from abroad is to be found in the press reports before us. Attention was concentrated entirely on the gains which British exporters might expect from easier access to European Markets, and on the alleged "damage" which cheap imports, notably of textiles, might wreak on certain home industries. Tories apparently still believe that the principal object of trade is to sell. The modern schoolboy knows, as the ancient Phoenicians knew, that it is to buy. The Conference rejected an amendment from Nelson and Colne which sought to damp down the note of welcome in the motion to a mere acceptance and to add specific references to the expansion of Commonwealth trade and the need for protecting British industry.

Sir David Eccles, President of the Board of Trade, said that the Government "wholeheartedly and without any qualification accept the letter and spirit of the main resolution." He, too, spoke from the standpoint of selling more, rather than from buying more cheaply. British industry had no cause to fear European competition—it was European manufacturers who feared British competition. The Government was not of the opinion that there was no room for agriculture in the Free Trade Area. "We protect and intend to continue to protect our own farmers." Every country did so in one way or another. The Government was prepared to co-operate with European Governments on the question of trade in foodstuffs, provided that its own domestic agricultural policy was in no way injured.

## Another Fable

### The Farmers and the Foxes

A COLONY of poultry farmers suffered nightly depredations from marauding foxes. As a result, they scraped only a bare living, and were unable to save for their old age.

Meeting to discuss what to do, they agreed that each should contribute two out of every hundred birds in his flock. These would be sold and the proceeds invested in industrial shares. Further they agreed to pay higher taxes, and more for their feeding stuffs, etc. The money so collected would be shared among them as they became too old to work. *Artfully, one even suggested that they should hire a fox:* then they would be able to recover some of the fowls stolen from them.\*

Noisily congratulating themselves on their wisdom, they did not hear the small boy. He suggested that a better plan would be to drive away the foxes.

\*Mr. R. H. S. Crossman reminded delegates to the Labour Party conference that *the miners had invested their pension fund in real estate:* they were satisfied with the returns they received.

## Notes of the Month

### L. V. T. AT IPSWICH

**P**OLLING in the Ipswich parliamentary by-election caused by the death of the late Richard Stokes (Labour) took place on October 24. Mr. Dingle Foot, Q.C. (who until recently was a vice-president of the Liberal Party) was returned in the Labour interest. Voting was: Dingle Foot, 26,898; John C. Cobbold, Conservative, 19,161; and Miss Manuella Sykes, Liberal, 12,587.

The United Committee inserted a large advertisement (reproduced on page 160) in the *Ipswich Evening Star*, October 19, and wrote to each of the candidates asking whether they supported the rating and taxation of land values.

Mr. Foot replied: "*I have no hesitation in saying that I, personally, support the policy of the rating of site values and the taxation of land values.*"

Mr. Cobbold, while expressing a willingness to "examine an idea," referred adversely to the Lloyd George's 1909 measure and the 1947 Development Charge, both of which he mistakenly regarded as the taxation of land values. Incorrectly he wrote that Snowden's 1931 Land Tax was "stillborn" whereas in fact, of course, it was "murdered" by the Tories, and he derived a misplaced comfort from the no longer relevant majority report of the Simes Enquiry Committee.

Miss Manuella Sykes did not reply. Strange though it may seem in view of her party affiliation, we have reason to believe that she is opposed to the taxation of land values and is luke warm about free trade.

### SPUTNIK

**T**HE scientific, military and political implications of "Sputnik," the satellite launched by the Soviet Union last month, have been exhaustively discussed in the world's press.

Our quick reaction to the news was probably shared by many of our readers throughout the world. First there was pride and wonderment, a feeling of elation that fellow human beings had patiently sought and discovered a further fragment of truth about the universe in which we are all but tenants. They had discovered and applied natural laws with spectacular effect. However unfashionable it may be in the western world, and dangerous in the Soviet sector, to express such a sentiment, we know that invariable natural laws obtain in the field of economics, and that if they were applied there would be peace and plenty, freedom and harmony within and between nations.

Our second thought was that if the mental power and material resources which have been devoted to the problem of getting this incredible pellet into space had been

*Land & Liberty*