

LAND & LIBERTY

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EDITORIAL

Not for Protection

PERHAPS the most surprising thing about the Government's announcement of its 15 per cent surcharge on all imports was the emphasis it put upon its declaration that the new imports were not intended as protectionist measures.

Indeed, during his television talk on the new import duties, Mr. Wilson went to such pains to explain his motives that he ended by making a plea for free trade! Manufacturers, he said, need take no comfort from these new duties. They are not for their benefit, and what was more, they were to be only temporary measures, imposed for the sole purpose of bridging the trade gap. Manufacturers, far from requiring protection needed the cold winds of competition to put them on their mettle.

It is ironic that the first condemnation of protection made by a British Prime Minister for many decades should be accompanied by big increases in import duties, inevitably and indisputably protective in their effect. Unfortunately for Mr. Wilson, he will not be judged on his motives but on the results of his actions.

Mr. William Rees-Mogg in *The Sunday Times*, November 1, was not optimistic: "I am left with the impression from the measures taken and from the way in which they have been handled that Britain is moving into a period of nationalism rather than internationalism, of protection rather than competition . . ."

Criticism of the new surcharge on imports has come from many quarters, and Mr. Wilson's motives have been little consolation in the face of increased prices all round.

Says *The Economist*: "The temporary 15 per cent surcharge has, in effect, doubled the

average British tariff and made Britain a highly protectionist country overnight . . . the Government would have done greatly better to put the emphasis the other way round and concentrate mainly on encouraging exports instead."

To read the many criticisms of the Government's action — although they are valid enough — one would imagine that all was right in the trading world prior to Mr. Wilson's panic measures. We have got to get away from the sloppy thinking that characterises those who, while paying lip service to free trade, can offer nothing but negotiated trade agreements in certain fields, in certain conditions, to a certain extent, while maintaining exchange control and other devices that are the anti-thesis of free trade.

What should Mr. Wilson have done? He should have removed all the barriers to production, including tariffs. He should have taken immediate measures to strengthen the pound by putting a stop to monetary inflation and he should then have freed the pound. A quick end to the 15 per cent surcharge, coupled with the above measures, would give an enhanced value to the pound that might well surprise Mr. Wilson and his advisers, for a free pound is always worth more on the world's markets than a controlled pound.

A Big Step In The Wrong Direction

By S. W. ALEXANDER

From the *City Press*, October 30

THE BRITISH PEOPLE now have their first instalment of economic treatment from the new Government. It is bad. It is the complete reverse of what should be done.

The *Daily Mail*, commenting on the proposals, said: "There is nothing fundamentally wrong with the economy." That is not true. There is something fundamentally wrong, and it is the refusal to recognise that fact that is causing Government and people to accept the wrong ideas.

What is wrong with the economy is that Government through various channels has put far too much paper money into circulation to bolster up the internal economy. It is that vast amount of paper that is attracting into the country an excessive volume of imports. It is that excessive volume of paper money that has for a time made for easy living; that has made it more profitable to gamble than to work and to produce; that has created the bingo society, weakened morals and added to crime and juvenile delinquency.

Now what does the Government do? In paragraph eight of its White Paper it says: "An attack must be made on the problems of increasing prices. Not only do they inflict hardship on those least able to bear it, but continually rising prices undermine our competitive power." Despite that statement the Government imposes a 15 per cent surcharge on imports, many of which

already bear a substantial import tax.

The result must be a substantial rise in prices. Obviously, if there is a smaller quantity of goods available to the people the prices must go up. If the Government adds to the bureaucracy to try to stop prices rising, that will be a further step towards the police state.

The Government's determination on these measures is due to a refusal to consider other measures to which it gives the label of "deflation and a return to stop-go." But it is quite certain that the new proposals reduce the real wages of the people and create those tensions around the world that make it unlikely that the so-called export drive will succeed . . .

The answer is not to add to the protective duties, for that is what they are, but to take away the protective duties of all kinds that already exist, to balance the nation's budget and to limit the amount of circulating paper money. Such measures would effectively limit internal spending and the demand for excessive imports.

To accept such measures would be regarded by the Government as deflationary, but the people would have the right to buy from wherever they wished, and if the large imports of machinery or other products were thereby reduced no foreign trader would have any cause for complaint.

It would be an automatic and natural reduction aimed at no particular section of industry in no particular countries.

Labour's Tariff Panic

By RICHARD LAMB

From the *Liberal News*, November 5

WITH the approval of the Tories, ten days after winning the election Labour has delivered a knock out belly punch at our economy by a panic increase in all protective tariffs of 15 per cent.

Our problem is to reduce the gap between soaring imports and limping exports. The new import duties may slow up imports, but they are bound to make our exports more costly, with deadly effects on their volume. Already we have the highest protective duties in Europe, and because of lack of price competition at home our vital industries, both nationalised and privately owned are feather-bedded, inefficient and high priced. Now the Government has put three shillings in the pound extra tax on all imports except food and a few raw materials. Immediately, prices of all foreign manufactured watches, radio sets, clothes, shoes, etc., will jump by more than three shillings in the pound in the shops, because purchase tax automatically increases as well.

Home manufacturers of articles in domestic use will now have even less incentive to reduce their costs and prices than before. The consumer will have to pay higher prices or go without. As foreign goods get scarcer and dearer many manufacturers will bother less about exports because a more profitable and easier market is now on their doorsteps. Labour is scarce and