

Wish You Weren't Here

DAVID MILLS

AS MORE and more lame ducks come home to roost, some of the Government's most anguished supporters must be the writers of the eight contributions which make up a book, whose title, *Goodbye to Nationalisation**, like a second marriage, represents the triumph of hope over experience.

The most rewarding chapters are those of John O'Sullivan and Patricia Hodgson on "The Expanding State," and of George and Priscilla Polanyi on "The Ailing Giants." Although the Labour governments of 1945-51 and 1964-70 were primarily responsible for increasing the involvement of the state in industry and commerce, the authors rightly point out not only the timidity of Conservative governments in disengaging the state from the conduct of business and in restoring a competitive economy, in the period of 1951-64 and again since 1970, but also the active contribution of all but the earliest of those governments towards broadening the nature and scope of such intervention. "The whole planning and interfering process was resumed with a vengeance in the early sixties, when the Conservatives... introduced... The National Economic Development Council ("Neddy"), the National Incomes Commission ("Nicky")... and the Industrial Training Act with its industry-wide boards and compulsory levies. Much of the machinery for Labour's more thoroughgoing plunge into state control was therefore conveniently to hand when Harold Wilson won the 1964 election."

The charges against nationalisation and state regulation of industry and services, are remorselessly catalogued—pure inefficiency, mis-applied uses of capital, unproductive form filling and leaden bureaucracy, no effective control in or out of parliament, the

huge debts which have been incurred and have had to be written off at public expense, the lack of any intelligible cost accounting, the loss-making on prestige projects, the monopoly conditions usually enjoyed, the arbitrary exercise of discretionary powers, and, because of all these things, the increasing burden which is set upon efficient, profit-making businesses to underwrite this woeful waste of men and resources.

It would be far from true to conclude that the managers of the nationalised concerns are alone responsible for this mess. The prime blame lies with the politicians, who have consistently failed to lay down clear terms of reference on which operating policies could be based. Do the nationalised industries exist to make a profit, or do they aim at providing some sort of public service regardless of cost? As it happens, "under the strain of the insoluble (reviewer's note: it should surely be "unsolved?") tug-of-war of social objectives versus profit," the nationalised industries have found themselves "ending up with little if any of either." As recently as April 1971, a Conservative government "pledged to the principle of non-intervention" did intervene to force the steel industry to cut its proposed price increase in half, thus committing it to make a huge loss and illustrating perfectly the sort of pressures "that make it difficult if not impossible for a nationalised industry to be run as an efficient business."

The Polanyis insist that first priority be given to resolving this problem, by setting nationalised concerns "the over-riding aim of maximising profits in a competitive setting... Social objectives should be secured by separate policies of general application and free from specific effects in hampering the commercial freedom of the nationalised industries... As a corollary... nationalised industries should have the right to declare either part or the

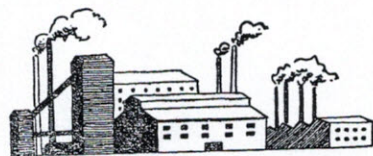
whole of the enterprise bankrupt and to cease conducting its business." First commercialise, then denationalise.

Russell Lewis' contribution, "How to Denationalise," suffers primarily from the fact that it was not written by Enoch Powell. This is the most depressing chapter in the book, since it leaves the unhappy feeling that, far from readying ourselves to say goodbye to nationalisation, we had better accept the fact that in all probability it has now established squatter's rights. Readers will be less concerned at "the paucity of previous thinking on the subject" than that such self-confessedly tentative an offering ("if this outline of a denationalisation programme appears sketchy") should have been compiled by a man who has been director of the Conservative Political Centre since 1967.

Alfred Sherman deals with "Restoring Local Government," details the nature and extent of local government trading, questions the need for free and subsidised services, deplores the lack of costing of facilities, wants to see a revaluation of assets (land, he says, is particularly undervalued), criticises the general inefficiency of local government, and calls for appropriate de-municipalisation.

There are two somewhat pedestrian contributions on Europe, in one of which is held out the prospect of future "communitisation." No-one ever suggested that EFTA would lead to that!

A chapter on the waste of money on government-sponsored research, and the introductory essay by the book's editor, complete the collection. Rhodes Boyson recognises that



denationalisation is not in itself enough: "in a non-competitive framework there is too much risk of large private companies simply acting as an arm of government... We must rekindle a faith and belief in people as individual employers, as individual

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savers and as providers of capital, and as consumers of goods and services Those in the Fabian tradition . . . really have no faith in their fellow men and simply desire as elitists to manage them as a mandarin class manages its peasants."

The difficulty facing those who oppose state intervention is how to kindle that necessary "faith and belief." It is not sufficient to condemn public undertakings and extol private business. Although there are six references in the book to tariffs and protectionism, and all of them deprecatory, it is significant that the editor, in his contribution, fails to include the advent of the tariff and the decisive swing to protectionism after 1932, among the factors which paved the way for Labour's post-war nationalisation spree. Yet it was the abandonment of free trade which established monopoly conditions, which induced regulatory government intervention, and led logically (to some), to state ownership and control. Protected capitalism is dis-

honest capitalism, and has nothing to do with the free market and open competition. We can kindle no "faith and belief" for a man who makes more profit out of customs barriers and monopoly marketing boards than out of his skill and enterprise.

If we go further and look more closely at our individual employers, savers, and providers of capital, and look also at the providers of manual and mental labour, we see truly creative contributions to the processes of the production and distribution of wealth. What, though, of the providers of land, and, more so, of the withholders of land? What they offer, or refuse to offer, is what nature provided and what man, collectively, made valuable. In "nationalising" the site value of land (not land nationalisation but the taxation of land values) and denationalising and otherwise freeing everything that takes place in, under, and on land, we can provide a society truly worthy of our faith and belief.