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U.K. and Sterling Area
8s. a year

VOL. LXIV — No. 761

Land & Liberty

Established
June, 1894

U.S.A. and Canada
\$1 a year

OCTOBER, 1957

THE MONTHLY JOURNAL FOR LAND-VALUE TAXATION, FREE TRADE AND PERSONAL FREEDOM

EDITORIAL

Trade Unions Reject Wage Restraint

MAN has unlimited desires which he seeks always to satisfy with the least exertion. To deny or deplore or to overlook that fact is as fruitless as it would be to dismiss the laws of gravity. It follows that wage restraint is unnatural, foolish and harmful. The Trades Union Congress was therefore quite right last month to reject wage restraint in any form. But, as usual, it showed not the slightest understanding of the ways in which wages (in real terms) are kept artificially low. It is ignorant of the natural laws which govern the distribution of wealth and thus has no policy to secure for the whole community that part which goes as land rent to the privileged. It is protectionist in outlook and persists in supporting tariffs and other instruments in restraint of trade which, by making goods scarce and dear, in reality restrain wages. Rightly it condemns monopoly and restriction on the "other side" of industry yet it is itself, as are its constituent bodies, restrictive and monopolistic. And, despite all protests against wage restraint, the trade unions by their own policies restrain the wages of the most able and industrious by negotiating a common wage throughout industry for men whose abilities and diligence vary enormously.

Therefore, although we are opposed to wage restraint, we should not be regarded as siding with the unions. We regret their ignorance on matters of vital, fundamental concern to them (and to the community generally), and deplore many of their activities. But we are enthusiastically in favour of high, real wages. They are a mark of progress and civilisation, and the sure foundation for further advance. This does not mean that in terms of £ s. d. they should rise each year. Indeed, in money terms they ought to remain virtually static, wage increases being secured only by individuals on promotion. But prices should steadily fall as production methods improve. That is the natural way, and it is *par excellence* the way to benefit the pensioners for whom the unions showed

genuine concern. In the truly free society based on the policies we advocate this would happen as surely as the sun will rise tomorrow. Of course an essential requirement of a free society is a sound, stable currency. (It is because the Government has been surreptitiously increasing the supply of pound notes that the unions have been driven to demand repeated wage increases). Given that, and the other measures, the present trend would be dramatically reversed—for instance, the Post Office engineers who have recently converted coin boxes to accommodate the four pennies now required for what was formerly a 2d. call, might have to convert them to take penny and halfpenny calls. And where today the demand is for more and more £5 notes to be printed, and a farthing seldom is seen, the demand for the smaller units of currency would increase and a pocket full of pennies and halfpennies would no longer be a weighty nuisance.

But we have digressed. This year the Trades Union Congress was held at Blackpool from September 3-6. Sir Thomas Williamson in his presidential address refrained from mentioning the contentious question of whether industry should be nationalised in the "old fashioned" way or by the back door. He renounced any challenge to the sovereignty of Parliament—the unions would not attempt to dislodge by industrial action the (to them) unpopular Tory government—and he remarked cryptically, "we all disapprove of inflation just as we disapprove of sin; but sin is not entirely unattractive to many people." He called for what he regarded as a proper investment policy—"the national need, not profits for the few, must come first"—thereby disclosing that pathetic, naive belief, all too common, that politicians in their wisdom can better order economic affairs than can consumers in a free market. He thought that Britain stood to gain more than she would lose by entering the proposed so-called free trade area, but insisted that the treaty establishing the Area should contain a clause guaranteeing "full employ-

ment." Britain must look well at the rules before she joined, for the price could be too high.

These views were endorsed by Congress later in the week, although on the Free Trade Area proposal there came sharp opposition from unions in the motorcar industry. One speaker said that British car manufacturers would suffer from the "unbridled" competition of German cars, and another, from the Amalgamated Engineering Union, thought that it would be a tragic blunder for the trade union movement to commit itself to competition from countries whose workers had lower living standards than those in Britain.

Sir Tom O'Brien (N.A.T.K.E.) was among those who denounced inflation, responsibility for which he laid at the door of the Government. Every union official must be "absolutely tired" of chasing up the inflationary spiral, he said, adding that what they wanted was heavier shopping baskets, not heavier wage packets.

The Labour Party's "back door" nationalisation proposals (reviewed in our previous issue) by which the State would buy shares in industry were accepted *nem. con.*—though not enthusiastically or without some criticism. From the platform Mr. H. Heywood had stressed that "the General Council regards the Labour Party statement as an *adjunct* to a nationalisation programme rather than a substitute for it." That is an important qualification.

A resolution demanding that "the greater part of the machine tool industry should be brought under public ownership"—that is, nationalised—was passed. It stood in the name of the Engineering and Shipbuilding Draughtsmen. The general secretary of the Iron, Steel and Metal Dressers attempted to oppose the resolution but the clock was against him.

Congress also passed unanimously a resolution welcoming the Labour Party's "something for nothing" superannuation proposals (reviewed in our previous issue). Sir Alfred Roberts, the T.U.C.'s expert and spokesman on social insurance and welfare, in opening the debate said that the plan was not utopian, but it was an imaginative concept which, if introduced, would make the greatest contribution in history to the wellbeing of those in the evening of their lives."

A number of other topics were discussed during the week. Our space allows us to mention only one—local government finance. A motion was adopted which condemned the Government's policy of replacing percentage Treasury grants to the local authorities by a single fixed grant which, it was claimed, would have a particularly harmful effect on education. Mr. J. Horner, of the Fire Brigades Union, seconding, described it as a "class measure." He pointed out, correctly, that the burden of rates falls most heavily on the lower paid section of the community. But instead of going on to point out—that is the fact—that this is only where rates are imposed on the value of land and buildings taken together, and that the solution is to rate land values, he contented himself with a demand that industrial derating should be abolished.

In summary, the reports on this year's Congress show vividly that trade unionists have at least one thing in common with the political parties, the manufacturers' and traders' associations, and other bodies and individuals. *They can see that society is on the wrong rails.* But although they include railwaymen they are unaware of the simple pair of points—the Single Tax, which involves land value taxation, free trade, sound money and personal freedom—by which it can be switched on to the track leading to prosperity, freedom and justice for all

P.R.S.

Notes of the Month

LIBERAL PARTY ASSEMBLY

THE outstanding feature of this year's Liberal Party Assembly (held at Stockport, September 19-21) was Dr. Nathaniel Micklem's presidential address on free trade and sound money. It is extensively reported elsewhere in this issue. The first resolution adopted calls for:

1. A reduction in taxation with radical changes in the structure of income tax and profits tax.
2. Removal of tax obstacles and the organisation of widespread voluntary saving for industrial purposes.
3. A thoroughgoing inquiry into waste in all Government departments.
4. The introduction of land value taxation.

It will be noted that the resolution, which had been submitted by the executive, puts first things last. The fourth point was added only as an afterthought. The *Manchester Guardian* explained in these terms what happened: "Dr. Roy Douglas moved for Bethnal Green and Hackney South the addition of a fundamentally new taxation system which involved collecting the economic rent of land through land value taxation instead of penalising work, initiative, and investment as at present. On the recommendation of the executive and to the opposition of Dr. Douglas this was changed to the introduction of land value taxation." The executive's attitude invites interesting conjecture. The matter is discussed by Dr. Douglas in a letter to the editor.

Another executive resolution which was carried urged that immediate action should be taken to bring down the cost of living by:

1. Progressively reducing purchase tax.
2. Progressively reducing tariffs and abolishing import quotas.
3. Taking more effective measures against price rings and monopolies.
4. Abolishing those practices by trade unions, employers, and others which restrict output.

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