

LAND & LIBERTY

MONTHLY JOURNAL FOR LAND VALUE TAXATION AND FREE TRADE

Forty-eighth Year.—No. 571

DECEMBER, 1941

2d. By Post, 3s. per annum

"CONSUMERS AND TAXPAYERS WILL HAVE TO PAY"

IN THE debate on the Address in reply to the King's Speech in the House of Commons on 19th November Mr R. S. Hudson, the Minister of Agriculture, referred to the decision of the Agricultural Wages Board to raise the minimum wage of farm labourers to £3 a week. He said the cost of this may well amount to something of the order of £15,000,000 to £20,000,000 a year. "This money has to come from the consumer or the Exchequer, which means that it has to be paid directly or indirectly by every individual in the country." In a speech, reported in *The Times* of 28th November, he said that "with the increase in the labourer's wage would go higher returns to the farmer. The consumers and taxpayers would have to pay for that. But it might not cost very much if they undertook to see that the costs of distribution were ruthlessly cut down."

No great attention need be paid to the expectation that reduction of the costs of distribution will make any serious contribution. There is not a shadow of evidence that anything like the sum involved can be found from savings on distributive costs. Experience of marketing schemes indicates that they raise prices but do not save costs.

Mr Hudson's speech outside the House of Commons shows that increased prices or subsidies will go not merely to raise the wages of the labourer but also to raise farmers' profits. There is one significant omission. No mention is made of rent. But the signs are clear that rents are tending to go up. The Minister himself has condemned land speculation, which is of course the result of the tendency for rent to rise.

In his House of Commons speech Mr Hudson said: "... Hon members opposite are representatives of great trade unions and of industrial workers, workers who hitherto for generations have believed in the cry of cheap food. It was the cry of cheap food which depressed agricultural wages and kept them depressed. Cheap food, on the importation of which that cry was based, meant sweated labour, and, above all, sweated land in the primary producing countries overseas, and it was incidentally also responsible, as I found when I was Secretary of the Department of Overseas Trade, for much of the curtailment of our export trade and much of the consequent unemployment."

Here speaks the full-blooded protectionist, the true representative and descendant of the Tory squires who opposed the repeal of the corn laws. It is a brazen attempt to persuade the working classes that dear food will make their wages higher. There is not a word of truth in the allegation that cheap food depressed agricultural wages. The labourers' wages were never so low as in the days of the corn laws. The repeal of the corn laws was as welcome to the agricultural labourers as it was to the town workers. Their real wages or purchasing power increased considerably.

Nor is it true that dear food will increase our exports of manufactured products. If that were true it would also be true that higher prices for raw materials which we

import from abroad would also increase our sales of manufactures.

How false and indeed hypocritical it is to trot out the ancient fallacy that sweated labour abroad necessitates protection at home. What protection does do is to increase sweating both at home and abroad. Take the sugar industry as an example. The steadily increasing closure of the European market has injured and worsened the condition of the workers in the cane sugar industry. It has raised the price in the European market in some cases to double or treble the price in the free market. Every man, woman and child in those protected areas is paying a higher price for a prime essential of life, or in other words is suffering a cut in his wages on that account.

If the words used by the Minister of Agriculture mean anything, they mean that Parliament and the country is being committed to a policy of complete agricultural protection almost without discussion.

On the other hand Mr Harcourt Johnson, Minister for Overseas Trade, at Bristol, on 23rd November, speaking of world trade after the war said that "in the past an abundant flow of food and raw materials at the lowest available prices had helped us to hold our own. One of the Government's first concerns after the war would be to see that this flow of food and raw materials was restored. The policy of the Government is to maintain the present structure of agricultural prices for twelve months after the war. The future beyond that is still a matter for detailed consideration. But it is no part of the Government's policy to promote an artificially high level of costs in this country as against our export competitors."

Mr Harcourt Johnson used some unfortunate phrases about competition being "fiercer than ever before" which were transformed in one newspaper heading into an allegation that he saw "peace as a trade dog-fight." Such language, whoever was actually responsible for it, completely misrepresents the true position. Trade is an essential of modern industry and civilized life. It is the only means by which the productive resources of the world can be used to the greatest advantage of mankind. Every interference with trade which involves that goods are produced in places of higher cost rather than in those of lower cost is a definite injury done both to producers and to consumers. It is one of the main underlying causes of the economic distress and tension in Europe which helped to create the situation from which war emerged. To re-establish the world upon the basis of isolation and national self-sufficiency is the surest means of paving the way for another world war.

In his latest book (*Reconstruction and the Land**) Sir Daniel Hall estimates the amount of state assistance to agriculture in the form of subsidies, rate relief, and other ways to have been over £41,000,000 in the last pre-war year. He says: "The policy of subsidies embraces on

*Macmillan & Co. Ltd. Price 12s. 6d., net. We hope to review this work in our next issue.

plan for improving the organization of farming or for removing the defects in the structure that are hindering its development. They tend to crystallize the *status quo* by unconditional bonuses to farmers and landlords, which merely enable them to carry on as they have been doing. The cost of subsidies, direct or indirect, is excessive, amounting to 20s. to 30s. per acre of cultivated land, more than the total rental. It amounts to an average grant of more than £100 a year to all farmers or, since small holders receive little of the assistance, to upwards of £200 a year to all holdings of above 50 acres." He also points out that the subsidies accompanying price fixing must eventually accrue to the landowner as rent.

In addition to the subsidies there is the price control through marketing schemes which raise the price to the consumer. Sir Daniel estimates that the £250 millions of the farmers' annual output "could have been obtained in the world's markets at £60 millions less cost to the consumers."

If to all this is to be added a further increase in prices of £15 to £20 millions a year, the prospect is indeed terrifying. In subsidies and price increases the community will be paying a sum approaching the whole wages cost in agriculture, and the burden in the long run will fall upon the workers in other industries. There is a future for agriculture, but it must be found on other lines than these.

Speaking at Liverpool University on 26th November, Mr Winant, the American Ambassador, said: "Diver-

gencies between Britain and the United States might easily arise if each country insisted on becoming as self-sufficient as possible in respect of producing many goods of outstanding importance in war-time. This policy would necessitate the production at high cost within one country of goods which could be produced at much lower cost in the other country. This would involve serious obstacles to trade.

"Such a development would seriously imperil satisfactory economic relations between Great Britain and the United States. Political security is an essential prerequisite to freer trade. And the United States will have to co-operate in the maintenance of international security if they are to co-operate in the maintenance of satisfactory economic relations."

The doctrine of economic isolation is contrary to the whole spirit of the Atlantic Charter. It is founded upon the false idea that trade is injurious and a species of warfare, whereas in fact it is a necessity of economical production.

So far as agriculture is concerned, the most important thing is to improve the economic position of the workers generally so that they may be larger consumers of agricultural products and for the agricultural industry in this country to concentrate upon the things in which it excels and particularly on the production of those perishable foodstuffs which lose quality and flavour by long transport and storage. In that way alone can it look to a stable future instead of an uneasy dependence upon subsidies and high prices.

DOES FARMING REQUIRE HIGH PRICES?

The following extract from a speech by Richard Cobden at Aylesbury on 9th January, 1853, dealing with the agitation for a return to protection in order to raise the price of agricultural products, is in point to-day when the Minister of Agriculture tells us that the State must maintain high prices in order that farmers may pay the wages fixed by the wages boards.

If every other great interest of the State is thriving—and no one can deny it—how is it that agriculture is depressed? How is it that the interests of agriculture are found in antagonism with the interests of the rest of the community? Why, these people have been proceeding upon a false system, they have been upon an unsound basis; they have been reckoning upon Act of Parliament prices; they have made their calculations upon Act of Parliament prices, and now they find they are obliged, like other individuals, to be content with natural prices. What is the reason that agriculture cannot thrive as well as other trades? We find meetings called, purporting to be meetings of farmers, complaining of distress? and what is their remedy for that distress? Is it to go and talk like men of business to their landlords, and ask them for fresh terms of agreement, fresh arrangements, that they may have the raw material of their trade—the land—at the natural price, and free from those absurd restrictions that prevent their giving the natural value to it? No. Go to a meeting where there is a landlord in the chair, or a land-agent—his better-half—and you find them talking, but never as landlords and land-agents, but as farmers and for farmers. And what do they say? Why, they say, 'We must go to Parliament, and get an Act of Parliament to raise the price of corn, that you may be able to pay us your rents.' That is what it amounts to.

Now, suppose you were to see a crowd of people running up and down the streets of Aylesbury, shouting out, 'Protection! protection! oh, give us protection! we are all rowing in the same boat!' and when you

inquired who these people were, you were told they were the grocers of Aylesbury and their customers, who were crying out for a law which would raise the price of all the hogsheads of sugar in the grocers' stores—would you not say that this was a very curious combination of the grocers and their customers? Would not you say that the interests of the men who had the hogsheads of sugar to sell, and who wished therefore to raise the price, could not be identical with that of the men who had to buy the sugar? Yet, that is precisely the position in which the tenant-farmers and the landowners stand. (Cries of 'No, no,' and 'Yes.') Well, will any gentleman rise on this platform, and explain where I am wrong? Now, the plan I would recommend the tenant-farmers and the landholders to pursue is precisely the plan which has been adopted by my own tenants and myself. I will explain how I acted in this matter. I promised I would explain my conduct, and I will do so; and if those newspapers that write for protectionist farmers report nothing else of what I may say to-night, I beg them to let their farming readers know what I am now going to say. (A Voice: 'How large are your farms?') I will tell you all about it. I happen to stand here in the quality of a landlord, filling, as I avowed to you at the beginning, a most insignificant situation in that character.

I possess a small estate in West Sussex, of about 140 acres in extent, and a considerable part of it in wood.

My first visit to this property, after it came into my possession, was in 1848. At that time, as you are aware, prices ranged high in this country; but never expecting those prices would continue, I thought that the proper time for every man having an interest in the land to prepare for the coming competition with the foreigner. I gave orders that every hedge-row tree upon my estate should be cut down and removed. I authorised the two occupying tenants upon the property to remove every fence upon the estate, or, if they liked, to grub up only a portion of them; but I distinctly said I would