

In this issue:

- A libertarian analysis of post-colonial Africa
- A classical liberal platform for the UK
- The UK's malign Welfare State
- And a scattering of libertarian wit and wisdom

Courage and Civility: Professor Peter Campbell 1926-2005

Many readers of *The Individual* will already know about the death of the SIF's former Chairman, Professor Peter Campbell. *The Telegraph* carried his obituary on the 15th June 2005 and before that there was a very touching article by Matthew Parris in *The Spectator* on the 14th May 2005 that mentioned Peter's activities in the SIF and also the Campaign for Homosexual Equality and the Electoral Reform Society. Indeed, it was this article that first alerted me to Peter's death. "Not our Professor Campbell?", I thought. Sadly, it was.

These notices stressed that Peter was doubly brave in being both openly gay and a conservative at a time when the former had not reached the acceptance that it has now and the latter was and is hardly encouraged in the academic world.

Peter's period as an active member of the SIF was a bit before my time, but I had the good fortune to sit with him at one of the more recent of our lunches at the Houses of Parliament. Some of our more "senior" members were better acquainted with him.

Dr Barry Bracewell-Milnes, the present Chairman of the SIF's National Council, records that,

"What I remember most vividly about Peter Campbell was his conversation and public speaking. He was a joy to listen to because he spoke naturally in polished sentences and had a gift for the happy word and the felicitous expression. Even on humdrum and everyday matters he was elegant in his use of language."

Professor Antony Flew, long-time member of the SIF and continuing contributor to this journal records that,

"I first met Peter Campbell when, in 1973, we became professional colleagues in the University of Reading. I first became aware of his gentle courage, of which his friend Matthew Parris wrote a column in The Spectator, when, at a meeting of the Association of University Teachers, he led the opposition to a move to threaten a strike in support of a pay claim. This was not, he insisted, compatible with fulfilling our academic duties to our students."

(continued on page 15...)

DISCLAIMER & PUBLISHING DETAILS

Views expressed in *The Individual* are not necessarily those of the Editor or the SIF and its members, but are presented as a contribution to debate.

Only policies or opinions that have been approved by the SIF Management Committee, and are noted as such, can be taken as having formal SIF approval. This also applies to editorial comments in this journal.

Edited by Nigel Meek and published by the Society for Individual Freedom. Contact details can be found on the back page.

Inside this issue:

<i>Understanding State Capitalism in Sub-Saharan Africa</i> - Richard Garner	2
<i>Review of James Bartholomew's The Welfare State We're In</i> - Professor Antony Flew	9
<i>A Small-State Platform for the Conservative Party</i> - Peter Richards	15

UNDERSTANDING STATE CAPITALISM IN SUB-SAHARAN AFRICA

Richard Garner

The General Success of Globalisation and the African Exception

The brother of South Africa's president, no less, has penned an excellent, though "libertarian-lite", piece on the workings of state capitalism in Africa.¹

Where throughout the world globalisation has been allowed to work—globalisation in the sense of liberalising the economy by removing barriers to entry, ending tariffs, cutting taxes, and reforming land—it has brought prosperity and benefited the poor of the world tremendously. Between 1965 and 1998, the average income of the average world citizen almost doubled, from US\$2,497 to US\$4,839, corrected for purchasing power and in fixed money terms. And this hasn't occurred through the rich nations simply doubling their incomes whilst the poor remained the same. During this same period the richest one-fifth of the world's population increased their average income from US\$8,315 to US\$14,623, that is, by roughly 75%. The poorest one-fifth of the world's population, however, increased their incomes much faster still, with the average income rising from US\$551 to US\$1,137 in the same period, i.e. more than doubling.² And world consumption is more than twice what it was in 1960. Extreme poverty is generally defined as living on less than one dollar a day. Between 1990 and 1998, the number of people experiencing extreme poverty fell from 1.3 billion, to 1.2 billion.³

The glaring exception is sub-Saharan Africa. It is in Africa south of the Sahara that we find most of the countries whose per capita GDP has actually fallen since 1960. As the World Bank reported "36% of the region's population lives in economies that in 1995 had not regained the per capita income levels first achieved before 1960. Another 6% are below levels first achieved by 1970, 41% below 1980 levels and 11% below 1990 levels. Only 35 million people reside in nations that had higher incomes in 1995 than they had ever reached before."⁴ Between 1990 and 1998 Southern Africa's combined GDP fell by 0.6%.⁵

The Reason: Lack of Capitalism in Africa

Why is this? Moeletsi Mbeki, brother of South Africa's president, has an excellent answer. He plainly understands how free-market capitalism works to create enormous benefits:

In a quest for greater security and comfort, the theory goes, private individuals and their households are driven to seek more and more material wealth. This process in turn compels these private individuals to produce more and more and exchange what they produce with other individuals who are also seeking greater security and comfort. The sum total of these acts of production, exchange and consumption constitute the modern capitalist economy. The capitalist economy is therefore inherently driven to produce more and more so that its denizens may get greater and greater security and comfort.

For the private individuals to produce more and better, they must generate savings that they plough back into the production process as new and improved techniques, processes and products. This enables these private individuals to constantly produce more products, better products and more diverse products that are capable of exchange with other private individuals who are doing the same.

In fact, he also points out that Africa arguably has one of the largest private sectors in the world: "Most Africans live and work in private households that populate the African countryside." So why isn't capitalism working there? Why is it the case that "that the great majority of Africans are today experiencing the opposite; less security and comfort and in many instances they face hunger, homelessness, threats of violence and actual violence, and starvation on a daily basis"? The answer is that free-market capitalism has not been allowed to work in Africa:

In the model described above the underlying assumption is that private individuals are free to pursue their search for security and comfort and they therefore own and control the means of achieving their objectives. They are assumed to be free to exchange what they produce without let or hindrance and that where they are able to make savings, they are free to retain those savings and plough them back in improved techniques or in other investment avenues as they may wish.

This is not the case with the private sector in Sub-Saharan Africa. Africa's private

"Where throughout the world globalisation has been allowed to work... it has brought prosperity and benefited the poor... tremendously."

sector is predominantly made up of peasants and secondly of subsidiaries of foreign-owned multinational corporations. Neither of these two groups has the complete freedom to operate in the market place because they are both politically dominated by others: non-producers who control the state. Herein lay the weakness of the private sector in Africa that explains its inability to become the engine of economic development. Africa's private sector lacks political power and is therefore not free to operate to maximise its objectives. Above all, it is not free to decide what happens to its savings.

Start with the peasants, for instance:

Fundamentally, the political elite uses its control of the state to extract the surplus or savings that if the peasant were free to retain they would have invested in improving their production techniques or to diversify into other economic activities. Through marketing boards, taxation systems and the like, the political elite diverts these savings to finance its own consumption and the strengthening of the repressive instruments of the state. The Economist (London, 17th July 2004) made the following observation about Ethiopia's dependence on foreign food donations: "By law, all Ethiopian land is owned by the state. Farmers are loath to invest in improving productivity when they have no title to the land they till. Nor can they use land as collateral to raise credit. And they are taxed so heavily that they rarely have any surplus cash to invest." A great deal of what Africa's political elites consume and what the African state consumes, is however not produced locally but is rather imported. Elite and state consumption therefore does not create a significant market for African producers but instead acts as a major drain of national savings that would otherwise have gone into productive investment in Africa.

This is the secret to Africa's growing impoverishment despite its large private sector. The more the African political elites consolidate their power, the more they strengthen their hold over the state, the more the peasants are likely to become poorer, and the more the African economies are likely to regress or at best, to mark time.

One of the basic problems facing the poor in Africa—but also throughout the world—are property rights, and the absence of them. Property has traditionally been lambasted by socialists as the

lynch pin of the capitalist order, and the solution to the social problem, socialists have traditionally said, is to abolish private ownership. On the contrary, though, it is an absence of secure property rights that is to blame for much of the poverty of the world.⁶ In Egypt, for instance, if a person wants to acquire and legally register a lot on state-owned desert land, he has to make his way through at least 77 bureaucratic procedures in 31 different public and private agencies. This can take from 5 to 14 years. To build a dwelling on former agricultural land can take up to 6 to 11 years of bureaucratic wrangling, and possibly longer. The consequence is that people don't bother to try to acquire land or establish dwellings legally. 4.7 million Egyptians have built their homes illegally. And even after having built the home, the Egyptian cannot own it formally. If, after finishing his home, he wanted to become a law-abiding citizen and purchase rights in it, he risks having the home demolished, paying a steep fine, and serving a ten year prison sentence.⁷ So there is no incentive to formally acquire the property and it remains, officially, unowned.

In Cairo people try to get around real estate laws in various ways. Residents of older four-story public housing projects build three illegal stories on top of their buildings and sell the apartments to relatives or other clients. In an effort to stamp out high rent, the government froze rent on various apartments at values now worth less than a dollar. As a result legal tenants subdivide these properties into smaller apartments and lease them out illegally at the market price. So the poor hold numerous assets, but they do so extra-legally, having acquired them illegally, or built on them illegally. So the world's poor actually have access to an enormous amount of wealth, but they don't formally own it. As Hernando de Soto writes,

When you step out of the door of the Nile Hilton, what you leave behind is not the high-technology world of fax machines and icemakers, television and antibiotics. The people of Cairo have access to all those things. What you are really leaving behind is the world of legally enforceable transactions on property rights. Mortgages and accountable addresses to generate additional wealth are unavailable even to those people in Cairo who would probably strike you as quite rich. Outside Cairo, some of the poorest of the poor live in a district of old tombs called 'the city of the dead'. But almost all Cairo is a city of the dead—of dead capital, of assets that cannot be used to their fullest. The institutions that give life to Capital—that allow you to secure the interests of third parties with your work and assets—do not exist here.

And how much is this dead capital worth? By the

"One of the basic problems facing the poor in Africa... are property rights, and the absence of them."

tally de Soto and his researchers made with some Egyptian colleagues, the total value of Egypt's dead capital in real estate, is some US\$240 billion. This is thirty times the value of all the shares on the Cairo stock exchange, and fifty-five times the value of all foreign investment in Egypt.

The pattern is echoed throughout Africa and in much of the developing world. In Kenya, for instance, people do not own the land they farm, and so have no interest in ensuring its capital value, which they cannot own. They cannot use it as collateral to develop their businesses, and so are kept at a small, undercapitalised level. As Johann Norberg writes,

And so poor people are forced to live and run micro-businesses in the informal sector, outside the law. Consequently they have no legal protection and do not dare to invest for the long term, even if they can. Their property is not included in a uniform system of ownership which follows transactions and indicates one owner. Without clarity as to who owns what, how transactions are to proceed, who is responsible for payments and services to the address, the property remains "dead capital". Properties cannot be mortgaged, which would otherwise provide capital for financing the children's education or investments and expansion of the business. Thus the commonest way for small entrepreneurs in affluent countries to obtain capital is cut off in developing countries. Without a registered address and the possibility of having one's creditworthiness investigated, it is often impossible to get a phone or water and electricity supply, and the property cannot even be sold.

Entrepreneurs can't expand their businesses by selling shares, because they can't prove formal ownership of their businesses. In order to avoid bureaucrats and police they are obliged to keep their businesses small, and so are prevented from utilising economies of scale. They are also prevented from advertising to expand their market and so income. But whilst a leftist may suggest that "this obsession on property as the solution for the poverty in the developing world is mere bourgeois ideology to protect the rich", the opposite is true. It is the rich that benefit the most from the absence of secure property rights. As Norberg writes, on the obstacles that the poor face to working within the law, legally acquiring and developing land, or registering businesses, "To people without big resources or powerful contacts, these are insuperable barriers." In other words, if you are rich enough, you can afford the time it takes to legally purchase land, to register its ownership, to get permission to build on it, to register a business and acquire licenses or permits. Or if you are well connected enough, you can cut

through the bureaucracy easily. Or even if you don't do this, you can afford to bribe public officials. This means that the rich and well connected can secure land and resources and permission to operate businesses easily, whilst the poor are shut out. Failure to grant formal property rights provides the rich and powerful with monopolistic privileges.

Another source of problems are agricultural regulations. Many countries have attempted to force industrialisation into being, by taxing and regulating agriculture in such a way that its surplus is transferred to industry. This is done through price controls and delivery requirements, among other means, benefiting urban populations at farmers' expenses. This has had the consequence of destroying agriculture by depriving it of the resources it needs to streamline food production and generate surpluses in the first place. Johann Norberg notes that in many African countries this has created a vicious cycle. Destruction of the surpluses of agriculture, and price controls forcing prices down, destroys incentives to farm and has led to heavy migration into cities and towns. But there is no great demand for industrial goods because the countryside is still poor, and so cannot buy them. Therefore unemployment and poverty increase in the towns, and homelessness, crime and prostitution follow.

Some Examples

Nigeria is a glaring example. This is a huge country, with great potential for natural resources and agriculture. And yet it has remained abysmally poor. On the advice of the IMF and others, various reforms were instituted at the end of the 1980s. But the government dropped these reforms due to their unpopularity at the beginning of the 1990s. Regulations and controls were reintroduced, the credit and exchange market was abolished and interest rates were controlled. The result was inflation and unemployment. Between 1992 and 1996 the proportion of extremely poor in Nigeria rose from 43% of the population to the astounding figure of 66%. Nigeria today accounts for a quarter of all extreme poverty in southern Africa, and per capita income is lower than it was thirty years ago, falling along with standards in health and education. Mbeki writes,

One of the most striking illustrations of this phenomenon is Nigeria. According to a study of Nigeria prepared by the Centre for the Study of African Economies at Oxford University, over the period from 1980 to 2000 per capita GDP (in US\$1996 purchasing power parity terms) fell from US\$1215 to US\$706. The authors point out that growth and poverty are very closely related and that the 40% drop in purchasing power parity understates the size of Nigeria's

"Nigeria... is a huge country, with great potential for natural resources and agriculture. And yet it has remained abysmally poor."

problem. "First the fall in real per capita consumption was very much greater while the available evidence suggests that inequality rose. This combination of a very large fall in per capita consumption combined with increasing inequality implies a large rise in poverty." According to another source, the number of Nigerians living below the poverty line increased from 19 million in 1970 to 90 million in 2000. This was accompanied by a massive rise in inequality. In 1970 the top 2% of the population earned the same income as the bottom 17% but by 2000, the income of the top 2% was equal to that of the bottom 55%.

One of the most horrific examples of the tyranny of the strong state in Africa, and indeed in the world, is in Robert Mugabe's Zimbabwe. Under Mugabe Zimbabwe has closed its borders to foreign imports and services and raised inflation tremendously. Mbeki writes,

The one African politician who claims to act in the interests of peasants, Zimbabwe's Robert Mugabe, has reduced the once proud and almost self-sufficient Zimbabwean peasants to paupers who now have to be fed by the United Nations' World Food Programme. Africa's peasants are therefore prey to the forces that have the ability to form political organisation and therefore control the state. The way that peasants are preyed upon by the controllers of the state—the political elite—has been studied extensively not least by the World Bank itself.

And now the country is in the grip of famine as Mugabe's followers mete out terrorist attacks on his followers, subject them to large-scale expropriation of land, and Mugabe himself uses his nationalisation of food distribution to starve the opposition. Zimbabwe's extreme poverty grew throughout the 1990s by three million people.

Business at the Mercy of the Post-Colonial African Elites

After colonial times, says Mbeki, multinational companies "fell prey to the appetites and whims of the new African political elites who controlled the newly independent African states. The lucky ones were nationalised and their owners were therefore paid compensation; the not so lucky ones were 'privatised' [confiscated by individual politicians without compensation]."

Mbeki goes on,

What has been most striking about the political elites in Sub-Saharan Africa has been their aversion to becoming in-

involved in industry whether manufacturing or mining. Foreign owned companies therefore still dominate the private sector in these sectors with parastatals increasingly playing a minor role. A recent study by the World Bank shows that the most productive companies in, for example Nigeria, are those owned by Multinational Corporation or by non-African industrialists: Indians, Chinese, Lebanese etc... All these owners are easy targets as they are not represented within the political elites. In common with the peasants, they are therefore subjected to all sorts of official and unofficial taxes ranging from backhanders for factory inspectors and customs officials through to artificially high electricity tariffs, arbitrary municipal rates and the like. This is another way that the African political elite contributes to fostering Africa's underdevelopment. By obstructing the operations of industry and diverting a large part of its profit to elite consumption and to capital flight, Africa's manufacturing industries are unable to grow and therefore to create employment for all grades of workers.

Oil and the Elites' Detachment from the Local Economy and Population

This does not mean that there has been no new investment in sub-Saharan Africa, Mbeki is quick to add. There has been great investment in extraction and in petroleum development. But here is a key to part of the problem:

The most graphic illustrations of this iron law of African underdevelopment is the role that the oil industry plays in Africa. Oil revenues make it possible for the political elite to literally become detached from the local population and economy and therefore to live in an oasis. When this happens there is therefore no need for the political elite and the state it controls to invest in mass education, health care, housing and transportation infrastructure that the population at large needs. Everything thus goes into a state of decay except of course for the welfare of the political elite and the repressive machinery of the state.

This was how The Economist (London, 25th January 2003) described the impact of oil production on Equatorial Guinea and Gabon: "Equatorial Guinea now pumps more oil per person than Saudi Arabia. Its economy, once negligible, has grown at an incredible 40% annually since 1996, when the oil boom began. A few years ago, the streets

"One of the most horrific examples of the tyranny of the strong state in Africa... is in Robert Mugabe's Zimbabwe."

of the capital, Malabo, were as quiet as Sao Tome's are today. Now, Malabo's pretty Spanish colonial architecture bristles with satellite dishes, and the streets, bathed at night in an orange glow from gas flared at a nearby methanol plant, are gaudy with sports cars, tropical palaces and prostitutes who flutter in from nearby countries such as Cameroon. And the tiny country's agriculture is blighted: cocoa and snail farmers have rushed to the town to grab at the oil bonanza. Equatorial Guinea was never well governed: Obiang Nguema, the president, seized power by executing his uncle in 1979. But oil has made his regime increasingly paranoid. Several members of the ruling family are thought to want a bigger slurp at the oil barrel. Mr Obiang sees plots everywhere, and arranges periodic crackdowns. Several opposition leaders were jailed last year after a mass trial, to which many defendants turned up with broken arms and legs. Mr Obiang scoffs at western notions of transparency, insisting that how much money his government earns from oil is nobody's business. 'Oil has turned him crazy,' says Celestino Bacale, a brave opposition politician.

"In next door Gabon, Omar Bongo has been in power since 1967. He is more subtle than Mr Obiang. He does not torture his enemies but buys them off. Decades of oil revenues have corrupted Gabonese society and eroded its work ethic. Citizens aspire to soft billets in the civil service, and turn their noses up at menial jobs like taxi driving and shop-keeping, which they leave to immigrants from poorer places such as Togo and Mali. Agriculture in Gabon, as in Equatorial Guinea, is all but dead."

And, of course, this is where one would expect most foreign support for Africa's state capitalism to come in: from those interested in oil, the oil companies and various members of the US government, for instance.

The Role of "State Capitalism"

Johann Norberg⁸ echoes Mbeki's views about the problems in Africa not being the result of out of control free-market policies, but of state intervention at the behest of the nations' elites:

The African leaders have been intent on avoiding the policy of the old colonial powers and also the risk of becoming commercially dependent on them, and so they have tried to build self-sufficient economies with draconian tariffs and with nationalisation and detailed control of industry.

The economy has been governed by price and exchange controls, and public expenditure has at times run riot. The urban elites have systematically exploited the countryside. Instead of creating markets, countries established purchasing monopolies which paid wretched prices, and they introduced government distribution of foodstuffs. This way the government confiscated the entire agricultural surplus, thereby impoverishing farmers and abolishing the traders' occupation. Production fell and farmers were driven into the informal market. This impeded plans for industrialisation and posed a threat to society when the economic downturn set in during the seventies. After trying to borrow their way out of the crisis, many African states were in free-fall by the mid-1980s. Structures collapsed, people starved, there were no medicines and machinery simply stopped when spare parts were missing and batteries went flat and could not be replaced. The fall has stopped since then, but has not yet been followed by an upturn.

Of course, state capitalism from abroad, specifically the "western" world, adds a great deal to the hardship of the African people. Western governments seem to have grasped Adam Smith's defence of free trade, but not Ricardo's more sophisticated view. Smith said that if I was good at carpentry but not fishing, whilst you were better at fishing but not as good as me at carpentry, then free trade would benefit us both. Ricardo went further. He showed that if I was better than you at both carpentry and fishing it would still be to our mutual good to trade. This is because then if I let you do the fishing, even though you are worse at it than me, I could devote my time to carpentry at which I am *even better* than you. Analogously, then, countries should allow free trade even in things that they are good at, instead of imposing tariffs on things that they can produce themselves.

But it is precisely in these areas where the west imposes its tariffs the most. In the big rounds of free trade negotiations tariffs and quotas for the western world's export products have been reduced, but in the areas of most importance to the developing world, textiles and agricultural produce, liberalisation has not appeared. The tariff reductions of the Uruguay Round were smallest for the least developed countries. Asia and Latin America gained a little, but Africa gained nothing at all. Today western duties on export commodities from the developing world are 30% above average. Developing countries are allowed to export things that we *can't* supply ourselves, but our governments prevent them from "putting us out of business" by doing those things we *can* do, only doing it cheaper and better than us. For instance,

"Western governments seem to have grasped Adam Smith's defence of free trade, but not Ricardo's more sophisticated view."

the western world has low tariffs on cotton, but high tariffs on textiles and machinery. "We may not be able to grow the cotton, so you can sell that to us, but we can damn well weave it ourselves, thank you very much" seems to be the message, ignoring Ricardo's law of comparative advantage and ignoring the fact that western consumers may prefer being able to choose foreign textiles. Duties on processed products from the developing world are no less than four times higher than on corresponding goods imported from industrialised nations. Textile tariffs imposed by the western world average 12% of the value of the goods.⁹

The most shocking protectionism on behalf of the rich countries is in the area of agriculture, one of the areas where a free Africa would have the most potential. Most of the affluent countries are determined to maintain a large-scale agricultural industry of their own even if there is no comparative advantage involved. So they subsidise their own farmers and impose trade barriers to shut out those of other countries.

The Malign Example of the European Union

The EU's Common Agricultural Policy (CAP) involves quotas on foodstuffs and tariffs of about 100% on, for example, sugar and dairy produce. The intention is to shut out processed goods that could compete with European ones, thereby using state intervention to protect the market shares of the big businesses in Europe producing them. This is evident from the fact that coffee and cocoa, two things Europeans cannot produce themselves, can slip through with very little customs mark up. Meanwhile, EU tariffs on meat are several hundred percent!

But the EU's state capitalist mistreatment of the producers of the developing world does not just stop there. Almost half the EU budget goes on subsidising production and transportation for EU farmers. These grants are paid according to acreage or head of livestock, meaning that it is mainly a subsidisation of the wealthiest farmers and of the largest scale operations: some of the foremost recipients being the British royal family! These grants give rise to huge surpluses that have to be disposed of. One way that this is done is to actually pay farmers not to produce: this whilst it is also penalising productive foreign farmers and causing poverty amongst Africa's peasants! Worse still, though, through export subsidies it dumps this surplus on world markets, so that poor countries cannot produce. This means that the CAP not only forbids Third World farmers from selling in Europe, it also knocks them down in their own countries. It is estimated that the CAP causes the developing countries a welfare loss in the region of US\$20 billion annually, which is twice Kenya's entire GDP.

It is hard to quantify the loss which developing countries suffer due to protectionism by western economies, but people have tried. The United Nations Conference on Trade and Development Programme (UNCTAD) says that with greater access to the markets of affluent countries exports from the developing countries would grow by something like US\$700 billion annually. The British Labour government's white paper on globalisation issues says that a 50% reduction of import duties in industrialised nations would lead to a growth of prosperity in developing countries of something like US\$150 billion. This is three times as much as global development aid. One study, showing that the world economy would gain about US\$70 billion from a 40% reduction in tariffs, said that some 75% of these gains would be harvested by developing countries.⁹

Some Cause for Hope: African Exceptions

Evidence that the poverty in Africa is caused by too much socialism—socialism for the rich—and too little free market capitalism can be gleaned by comparing the above to the exceptions in sub-Saharan Africa. Cattle farmers in Botswana were quick to realise that it was in their interest to campaign for more open markets, and this resulted in large parts of Botswana's economy becoming exposed to competition by the end of the 1970s. Through its association with the EU, Botswana was also able to secure for its exports exemption from the EU's duties and quotas. Between 1970 and 1990 Botswana has experienced annual growth levels of more than 10%.

Mauritius is another example. This country reduced military spending, strengthened protection for property rights, reduced taxes, developed a free exchange market and increased competition, and now has growth rates of 5%. Today everyone has access to clean water, and education and health care are expanding.

Ghana is another example. It liberalised its markets and reduced taxes during the 1990s. In particular, agriculture has been deregulated, and tariffs, price controls and subsidies have been abolished. Production consequently has risen fast, above all benefiting the cocoa farmers, but also because they are now able to invest and buy repairs, and goods and services, everyone capable of assisting in this respect has benefited. Extreme poverty in Ghana fell during the 1990s from 35.7% to 29.4% of the population.

Uganda is yet another example where the economy has been liberalised in the past decade or so. Trade has been liberated, price controls abolished, taxes lowered and inflation reduced, whilst steps have been taken towards protecting property rights and deregulating financial markets. This, coupled with extensive development assistance, has led to an annual growth of more than 5%

"Ghana... liberalised its markets and reduced taxes during the 1990s... Production has consequently risen fast."

and a diminishing in inequality. In only six years, extreme poverty in Uganda fell from 55.6% to 44%. It is also the first country where, due to a relatively high degree of openness and the information work of independent organisations, the spread of HIV/AIDS in towns and cities has begun to diminish.

Africa Needs Laissez Faire!

All this shows that poverty and starvation experienced in Sub-Saharan Africa is not the result of the spread of radical laissez faire ideas, proliferated by greedy corporations eager to hold off the benevolent hand of state control to tame their exploitative imperialism. On the contrary, poverty in Africa is a result of too little laissez faire and too much state intervention, and this is precisely how the rich elites want it, and it has come with their backing. Both within Africa—through land grabs, theft of agricultural surpluses, and licensing of enterprises—and outside Africa—through the creation of trade barriers to protect the market shares of European and American big business from foreign competition—it has been the rich elites that have championed state intervention. And this, not capitalism, has been the cause of poverty in Africa.

Notes

(1) Moeletsi Mbeki, 'The private sector, political elites and underdevelopment in Sub-Saharan Africa', The South African Institute of International Affairs, 2005, URL (consulted 20th June 2005): <http://www.saiia.org.za/modules.php?op=modload&name=News&file=article&sid=500>.

(2) Arne Melchoir, Kjetil Telle & Henrik Wüig, *Globalisering og ulikhet: Verdens inntektsfordeling og levestandard 1960-1998*, Oslo, Royal Norwegian Ministry of Foreign Affairs, 2000. Via Johann Norberg, *In Defense of Global Capitalism*, Timbro 2001, p25

(3) Norberg, *ibid.*, p26

(4) Mbeki, *op. cit.*

(5) Norberg, *op.cit.*, p99

(6) On this, see the excellent *The Mystery of Capital* by Hernando de Soto, Bantam Press, 2000/1. In case de Soto's call for uniform systems of legal ownership might be felt to contradict the premises of market anarchism, see Roderick T. Long at <http://praxeology.net/unblog03-04.htm#16>.

(7) De Soto, *ibid.*, p20

(8) Norberg, *op. cit.*, p99.

(9) *Ibid.*, p148-9.



Richard Garner is a free-market anarchist living in Nottingham. He runs his own blogsite that can be found at <http://richardgarnerlib.blogspot.com> and this essay is a much revised version of one that first appeared on his blogsite in June 2005.



Freedom versus licence (again)...

Freedom only counts when it's linked to responsibility. Every action carries consequences. The deal with Freedom is that you take responsibility for them.

Licence means anything goes. Do what you will and damn the consequences.

Know the difference.

From *The Cunningham Amendment*, Vol. 7, No. 3, June 2005.

REVIEW OF JAMES BARTHOLOMEW'S THE WELFARE STATE WE'RE IN

Professor Antony Flew

Britain would have been better off without the modern welfare state! That is the fundamental thesis of this most challenging and controversial of social scientific books. Marshalling an extraordinary range of evidence and calling a kaleidoscopic cast of witnesses—from Catherine of Aragon to Vinnie Jones—the author summons into the dock all the sacred cows of the welfare state, and subjects them to searching cross-examination. Are such welfare benefits an indirect cause of more unemployment? Does the NHS actually succeed in doing all that it was intended to do? Has state education given better chances to the less well off? Does 'broken parenting' matter?¹ And so on.

The book begins with a quiz. This consists of twenty-six questions with four possible answers to each question, only one of which is correct. The first of these questions is: Which famous writer said: "An imaginary foreign observer would certainly be struck by our gentleness; by the orderly behaviour of our English crowds, the lack of pushing and quarrelling... And except for certain well-defined areas in half-a-dozen big towns, there is very little crime or violence", and when did they say it? The correct answer to this question is, of course, George Orwell and he said it in 1944. Later in the book we are treated to all too abundant evidence both of the enormous increase in the frequency of violent crime in England and of how the British from being the best behaving of visitors to foreign countries have now become the worst.

In the Preface entitled 'Growing up in the welfare state', after telling of his happy childhood experience as a patient in the Royal Free Hospital, the author jumps ahead to a conference with Paul Dacre, the Editor of the *Daily Mail*. This conference was held in the early 1990s. Apparently "The normal diet of vileness that reaches a newspaper office is always richer than the public knows. There is so much unpleasantness that editors filter it out. If they printed all the horrors, people would change to another paper offering less depressing fare".

But on that particular day, the diet of murders, rapes, senseless violence, unmarried parenting, long educational and hospital waiting lists was particularly heavy... When the conference finished, the news team left, leaving Paul Dacre, his number three (Peter Wright, now Editor of the *Mail on Sunday*) and myself. Normally the editor

would stay behind his ample desk to discuss the leading articles. This time he came around to join us. He slumped down on a sofa, put his face in his hands for a moment, then sat back with a despairing sigh. Instead of discussing leaders, he exclaimed: 'What has happened to this country? It wasn't like this when we were growing up, was it? It isn't that we just have a rosy view of the past, is it? It is so depressing! What's happened? We did not need to ask what he meant... When Paul Dacre asked 'What's happened?' although the idea was only half formed, I hesitantly replied: 'The welfare state'.

Bartholomew points out that the popular ideas that the British welfare state began with the Attlee administration of 1945 or with the *Beveridge Report* of 1942 are totally mistaken. For it actually began centuries earlier with the dissolution of the monasteries by King Henry VIII. These had owned up to a third of all the land in England, and they had been spending up to 10% of their rental income in various forms of charitable giving.

The various attempts made by Henry VIII and his successors to fill the gap left by the dissolution of the monasteries were all more or less radically unsatisfactory until, in 1563, Queen Elizabeth I enacted that parishes were legally obliged to look after the poor of the parish and that the people of the parish were legally obliged to pay the cost. Thus was the welfare state created, at least in embryo. During the rest of the reign of Elizabeth I the law was refined by many amendments. But in 1601 the laws affecting the poor became settled for fifty years without any further revision. They became known as the Elizabethan Poor Laws and they were the basis of state provided social security for the next three centuries.

What here needs to be, and by Bartholomew is, highly emphasised is the enormous difference between welfare states of the nineteenth century and earlier and the sort of welfare state we are in the Britain of today. Beveridge himself was well aware of, and in his *Report* warned against, the dangers of expansion. Because the benefits are centrally distributed, it is very much easier to access them illegally: by, for instance, while drawing a disability pension, doing substantial painting and decorating jobs without charging VAT.²

The main body of Bartholomew's book consists of ten chapters every one of which explains how some one particular feature of the modern welfare

"Britain would have been better off without the modern welfare state!"

state we're in has done its own particular kind of damage to the condition of the British people. Chapter 4, for instance, 'Education: eleven years at school and still illiterate' begins by telling us that W.E. Forster, who in 1870 initiated the involvement of the state in education, was very reluctant about it. He said 'we must take care not to destroy...the existing system'. There should be "the utmost endeavour not to injure existing and efficient schools". He said that he did not want the state's involvement to cause parents to neglect their children. He insisted that the money should not come from the central government. "Consider... the enormous power it would give the central administrations";³ he warned. He wanted parents to keep on contributing to the cost, asking. "Why should we relieve the parent from all payments for the education of his child? ... The enormous majority of them are able... to pay these fees."⁴ Nevertheless, he acknowledged that, under "special circumstances" "in places of exceeding poverty", local authorities should have power to create free schools. In general, though, he wanted to keep "the present proportions—namely of one-third raised from the parents, one-third out of the public taxes, and one-third out of local funds [either charity or local rates]."

What curiously, and awkwardly, comes after Bartholomew's account of the Forster reforms is his account of the explosion of education in the first half of the nineteenth century. On the basis of four government reports he is able to tell us that in 1818 there were 478,000 children at school. The numbers went up to 1,294,000 in 1834, to 2,144,179 in 1851, and to 2,535,462 in 1858. How far had this expansion gone by 1870? The Newcastle Commission of 1861 sought to discover how many children were at school and then estimate what percentage of all children this was. The figure to which the Commissioners came was 95.5%. Even this may have been an underestimate. Elsewhere in the research there was evidence that children spent slightly less time at school than the Commission had assumed. If the numbers which the Commission had assumed were also right then virtually all the children must have been regularly attending a school.

So how is the state school system doing today? According to the Department of Education and Skills,⁵ one out of every five adults in Britain is 'functionally illiterate'—that is to say, he or she cannot find the section for plumbers in the Yellow Pages or cannot see where a pop group is giving a concert even though this is stated in a simple poster. Again "A government survey... found 47 per cent of the adults—or 15 million people—had a lower level of mathematical knowledge than was needed to gain a grade G at GCSE".⁶

After World War I a University Grants Committee was established to help to fund the universi-

ties, which had been hard hit by wartime inflation. H.A.L. Fisher, who had been Minister of Education from 1916 to 1922 said in his autobiography that "The administration of the government grants to the universities... was entrusted... to an University Grants Committee composed of eminent academic people... The fear that government finance might involve government dictation has thereby been exorcised."⁷

I can vouch, from my own experience as an undergraduate, postgraduate and junior lecturer in the University of Oxford from 1945 to 1949, that that respect continued under the archotypically Old Labour administrations of Clement Attlee. Indeed, when my almost entirely Conservative seniors occasionally laboured to find anything good to say about Attlee it was that "at least he did not want to nationalise the universities". But New Labour is here very different. As Bartholomew says, "Governments now tell universities how many students they may take in a certain subject, how they should choose which students to admit, whether tuition fees should or should not be charged and how much lecturers should be paid."⁸

Bartholomew also has important things to say about the present and likely future condition of British universities. Thus he quotes the confession of the Regius Professor of Moral Philosophy in the University of Aberdeen that "Every university teacher knows... the average quality of education that undergraduates receive in all but a handful of universities has declined significantly, and this has been disguised by a reduction in degree standards". This judgement is reinforced by another item on the same page. Under the heading 'Oxford easier by degrees?' he prints a table of dates and figures.⁹

	<i>Firsts</i>	<i>Thirds</i>
1960	8.5%	33%
2002	23%	8.5%

Robert Stevens, who was educated at Oxford and Yale and who for most of his long academic career was a law Professor in the USA has recently returned to become Master of Pembroke College. His view is that "While Oxford does have a number of distinguished departments, it is already hanging on by its fingertips in claiming to be an international university".⁹ He warns that, on current form, British universities "will follow the German and French universities into a state of serious—and perhaps terminal—decline".¹⁰

Bartholomew's Chapter Three 'The NHS: like a train crash every day' is perhaps the best of the ten. This is because it shows so clearly how and to what effect the NHS still remains exactly what Aneurin Bevan and Old Labour always intended it to be, namely a socialist institution run on the basis of all manner of directives from government

"... one out of every five adults in Britain is 'functionally illiterate'"

and no major initiatives from within. The country has suffered a hugely costly catastrophe because the Labour Party abandoned the extreme socialist Clause IV of its Constitution only because it believed that unless it had abandoned this socialist Clause it could not hope ever again to be returned to office, and not because it had recognised that centralised socialist management is costly and unproductive. The result is that whenever some NHS failure is brought to the attention of the public the reaction of the politicians of all parties is to urge that still more billions of taxpayers money should be poured into the coffers of this state monopoly producer.¹¹

More impressive than anything else in Bartholomew's Chapter 3 are the findings of the Eurocare study of the survival of people diagnosed with lung cancer between 1985 and 1989 across seventeen European countries. This study was funded by the European Union.¹² The survey included some of the poor countries of Europe which had previously been part of, or satellite states of, the Soviet Union, such as Poland, Estonia and Slovakia. France and Finland came out best with forty per cent of those diagnosed still being alive a year after first being diagnosed with lung cancer. The Netherlands and Switzerland did almost as well with survival rates of 39% and 38%. The best performing of the formerly Communist states was Slovakia where over 30% survived for at least a year. Slovenia, Estonia and Poland were all below average, which is not surprising given their circumstances. The country with the second worst performance was Scotland. The worst record of all was that of England: only 23% survived for a year. To put it another way, a person diagnosed with lung cancer in Britain had less than 60% of the chances of survival enjoyed by a man or woman living in France.¹²

To these appalling statistics of NHS failures the natural reaction of any left-leaning reader will be to point out that they are very ancient and to suggest that they were very out of date and consequent upon putative Thatcherite cuts. But Bartholomew proceeds to reveal that statistics from the present and still new century are equally appalling. Thus we have a Zimbabwean nurse quoted as saying in 2003 "I thought I was coming to First World nursing... I could not believe it, because even the mission hospitals in Zimbabwe were cleaner and better run".¹³

Confronted with such comments from the third world Bartholomew recognised how out of date is the idea that peoples who live on the other side of the English Channel envy us for having the NHS in our country. Thus a Professor Karol Sikira estimated that 10,000 people a year die who would not do so if only Britain had an average European medical service.¹⁴

Bartholomew went on to consider waste. "Waste

through paperwork in the NHS has become legendary. A GP registering a mother and a baby as new patients once required two forms to be filled in. Now it apparently requires nineteen. The Audit Commission, in looking at why public servants gave up and left their work, found that paperwork and bureaucracy were the biggest of all factors. They have created waste twice over—once through the demand of time and second through early retirements."¹⁵

Again "The scale of waste in the NHS is a reason to doubt that spending more money on it will get a good return. Expenditure on the NHS increased by 21% between 1999 and 2002 yet the number of patients treated rose by only 1.6%".

The total money wasted in the NHS is difficult to estimate. In 2001, however, one civil servant—Stuart Emslie—had a stab at it. No official report ever emerged and his figures only appear in news reports. Nevertheless, it may be interesting to see what a civil servant thought 'unofficially'.

He estimated the waste as follows:

- Avoidable management and legal costs: £100m
- Hospital-acquired infections and clinical negligence: £1,400m
- 'Bed blocking'—beds occupied by elderly people who should have been moved into care: £2000m
- Staff absence and sickness: £2,000m
- Fraud: £3000m
- Wasteful prescriptions: £300-600m
- Total: £8,000m-£9,100m¹⁶

Boldly daring to incur the damning charge of 'Thatcherite!' Bartholomew proceeds to ask and to answer the fundamental question "Why does the NHS perform worse than other systems?". "We might", he says "learn something through the experience of another country." And, surprising though this is to anyone who knows something of the twentieth century politics of that country, it is Sweden. And the experience which has so much to teach us in the UK is what has become known as "the Stockholm transition".

In Stockholm in the late 1980s, the medical services were in a bad way. Health services in Sweden are run by the local governments, and that with responsibility for Stockholm changed the way in which its hospitals were paid. In future they were to be paid according to how many surgical operations and other medical procedures they carried out. This, to the surprise of no one except socialists, improved productivity. Three years later, one hospital in Stockholm, St Goran's, was made into a separate, limited company. It was in future to thrive or flounder according to its own efforts. This produced another boost in productivity of St Goran's Hospital.

"In future they were to be paid according to how many surgical operations and other medical procedures they carried out. This, to the surprise of no one except socialists, improved productivity."

Notes

(1) Having myself often argued that it matters very much, and that the UK is paying very high social costs for becoming the single motherhood capital of Europe, I was surprised to discover that a strong social scientific case has been made for concluding the main social costs are produced not by the absence of a father but of various forms of income. See mainly Richard C. Wilkinson *Unhealthy Societies, The Afflictions of Inequality* (Routledge 1996).

(2) A tax specially designed to go directly into the hands of the corrupt bureaucracy in Brussels, and therefore egregiously obnoxious to the people called Euroskeptics. Such people will be interested to learn, if they are not already aware, that on 9th September 1993 Rodney Atkinson and Norris McWhirter laid before the magistrates court in Hexham, Northumberland the following charges under “Misprision of Treason”. (The procedure of misprision is applicable to those who know of acts either of treason or terrorism and who, in the event that they did NOT report them to the proper authorities, would themselves be guilty of one or other or both of these crimes). All the various informations laid before the magistrates were helpfully preceded by the following explanatory words: “It being an offense at Common Law (see Halsbury 4th edition vol. 11 at 818), who knows that treason is being planned or committed not to report the same as soon as he can to a justice of the peace we hereby lay the following information”.

This information consisted of seven cases of treason, six under British and the seventh under Scottish law all of which were very similar to the first, which follows below.

Whereas it is an offence under Section 1 of the *Treason Act 1795* “within the realm or without...to devise...constraint of the person of our sovereign...his heirs or successors.”

On 7th February 1992 the Rt. Hon. Douglas Richard Hurd, Secretary of State for Foreign and Commonwealth Affairs, King Charles Street, London SW1 and the Rt. Hon. The Hon. Francis Anthony Aylmer Maude, Financial Secretary to the Treasury, HM Treasury, Parliament Street, London SW1 did sign a Treaty of European Union at Maastricht in the Netherlands, according to Article 8 of which Her Majesty the Queen becomes a citizen of the European Union (confirmed by the Home Secretary in the House of Commons: Hansard 1st February 1993) therefore “subject to the duties imposed thereby”, subject to being arraigned in her own courts and being taxed under article 192 of the integrated Treaty and thereby effectively deposed as the sovereign and placed in a position of suzerainty under the power of the “European Union”.

Therefore the said Rt. Hon. Douglas Hurd and the said Rt. Hon. Francis Maude are guilty of treason.

Anyone wishing to learn how these two Conservative members of Parliament, so obviously guilty of treason, were kept out of court should refer to Rodney Atkinson and Norris McWhirter *Treason at Maastricht* (Compuprint, Second revised and expanded edition 1995).

(3) The clearest example of the abuse of these enormous powers was provided by the first Blair administration when it accepted in late 1998 the report of an Advisory Group on Citizenship which it had established shortly after first coming into office. For this report contained absolutely no mention of the implications for British democracy and citizenship of British membership of the European Union. I will be happy to post one of the remaindered copies of my IEA pamphlet *Education for Citizenship* to any libertarian who asks me for one.

(4) Bartholomew, p.151.

(5) *Improving Literacy and Numeracy: A Fresh Start*, a report by the working group on post-school basic skills, chaired by Sir Claus Moser. This report also revealed that of all the other states in geographical Europe only Ireland and Poland have higher levels of adult illiteracy.

(6) *BBC News Online*, October 2003.

(7) Bartholomew, p.181.

(8) Bartholomew, p.180.

(9) Bartholomew, p.180.

(10) Bartholomew, p.180.

(11) I will be delighted to send a copy of my article on *The Third Way: Where To and Between Which?* published by the Libertarian Alliance to any correspondent who asks for it. This article shows how, thanks to their appreciation of the wretchedly low productivity of the socialist economy of the USSR, President Reagan with a little assistance from prime Minister Thatcher were able to win the Cold War. It also reveals the costly damage done to the state educational system in the UK by a torrent of directives from central and local government. [Editor’s note: Professor Flew’s LA pamphlet—which first appeared in the February 2003 issue of *The Individual*—can also be downloaded free in both PDF and HTML from the Political Notes section of the LA’s website, www.libertarian.co.uk.]

(12) Bartholomew, p.109.

(13) Bartholomew, p.135.

“... this report contained absolutely no mention of the implications for British democracy and citizenship of British membership of the European Union.”

"To catch the reader's attention, place an interesting sentence or quote from the story here."

(14) Bartholomew, p.118.



(15) Bartholomew, p.144.

(16) Bartholomew, p.146.

Publication Details

James Bartholomew, *The Welfare State We're In*, Politico's, 2004, xiv+402pp, £18.99, hdbk.

Antony Flew MA DLitt is Professor Emeritus in Philosophy at the University of Reading, England. One of Britain's leading philosophers, he is the author or editor of over 35 books and numerous articles. In November 2002 he received the Libertarian Alliance's 'Liberty in Theory' award.



How to deal with junk mail...

Take the following actions from this point forward

- ❖ *Insofar as you are socially integrated, you will receive junk mail. You may also find yourself in the position of being able to open other people's junk mail from time to time.*
- ❖ *Some of the junk mail you receive helpfully comes with a pre-paid envelope.*
- ❖ *Don't send this back with the form properly filled in, enquiring about a new car, applying for a credit card loan, or requesting a kitchen brochure.*
- ❖ *Instead, select those bits of junk mail which don't have your name or address on it, and send them back to the senders.*
- ❖ *An amusing variation on the theme is to send the stuff from the credit card people back to the kitchen-mongers, and the car enticement material to the holiday company, etc.*
- ❖ *Crucially, crucially, crucially, write the name of a dead French surrealist somewhere on the material before you send it back. Arp, Breton, Eluard – any of them will be happy for you to use their names and honour their memory in this helpful manner.*
- ❖ *Spread the word. Make it happen. Results will be contradictory.*

From *The Cunningham Amendment*, Vol. 7, No. 3, June 2005.

1005 Huddersfield Road, Bradford, West Yorkshire, BD 12 8LP

The great EU "reform" fantasy...

You can take an old wheelbarrow and have earnest discussions about its failure to fly. You can even decide you want it to fly, and carry a load of happy passengers to far-distant shores. You can add a fuselage, wings, engines, control systems and all the paraphernalia of modern aircraft, and it will perform the functions that you so desire of it.

There is only one slight problem with that idea though. By the time you have finished, your original creation will no longer be a wheelbarrow.

That is the essence of the dire, mindless garbage that is filling our airwaves and polluting the pages of our newspapers, that comes dribbling out of the mouths of inane politicians and self-important, brainless commentators. Yes, you can have "reform" of the European Union. You can do all sorts of things with it. You could, for instance, turn it into a progressive, free-market trading group, an association of free, democratic nation states, co-operating with each other for the common good, and you could then "reconnect" it with the people.

There is only one slight problem with that idea though. By the time you have finished, your original creation will no longer be the European Union.

Dr Richard North, *EU Referendum* blogsite,
www.eureferendum.blogspot.com, 15th June 2005

**Libertarian
Alliance**

Take your brain for a walk...

www.libertarian.co.uk

**One of the world's largest libertarian web sites with more
than 700 publications available on-line.**

(...continued from the front page)

Professor Flew continues,

"Of Peter Campbell's academic work I am not qualified to speak. But what was so exceptional was his voluntary public work and, most especially, his persistent devotion to the service of causes which, however good, have appeared impossible of achievement. Thus Peter was a tireless supporter of the Electoral Reform Society, a body to whose objective the Labour Party cannot but be inexorably opposed. He was from its beginnings and until his death a member of the Freedom Association... [and] he was hugely delighted when the Freedom Association achieved the objective of making closed shops illegal."

It would surely be right to conclude that the ethos of Peter's life might best be summed up as "courage and civility".



From this issue onwards *The Individual* will be professionally printed. However, I would like to offer my public thanks to Robert Stevens for his hard work on this since I took over as editor at the beginning of 2002.

Nigel Meek

A SMALL-STATE PLATFORM FOR THE CONSERVATIVE PARTY

Peter Richards

Preface

In order for the Conservatives to win the next election, they need a big idea. One that unites the party. One that captures the imagination of the general public. An idea that provides direction, purpose and an inspiring vision for the future. That idea already exists in the minds of true Conservatives (or should I say Old Whigs) and that is *the small state*.

may not use its coercive apparatus for the purpose of getting some citizens to aid others, or in order to prohibit activities to people for their own good or protection"

This is similar to the view of Ayn Rand (1905-1982), the Russian-born novelist and philosopher who stated that "*A government is the means of placing the retaliatory use of physical force under objective control - i.e. under objectively defined laws.*"²

Philosophical Foundation

It is an idea that already has a sound philosophical foundation: that is the night-watchman state of classical liberal theory, otherwise known as the minimal state. A celebrated supporter of this theory was Robert Nozick (1938-2002), Harvard University professor, American philosopher and author of *Anarchy State and Utopia*, who, in the preface of his classic work, points out:

She goes on to explain that:

*"The proper functions of a government fall into three broad categories, all of them involving the issues of physical force and the protection of men's rights: the police, to protect men from criminals, the armed forces to protect men from foreign invaders, the law courts, to settle disputes among men according to objective laws."*³

"Our main conclusions about the state are that a minimal state, limited to the narrow functions of protection against force, theft, fraud, enforcement of contracts, and so on, is justified; that any more extensive state will violate persons' rights not to be forced to do certain things, and is unjustified; and that the minimal state is inspiring as well as right. Two noteworthy implications are that the state

Herbert Spencer (1820-1903), a renowned British social philosopher, put the moral case by specifying the general conditions that must be fulfilled before attainment of the greatest happiness in society is possible:

"there must be neither those direct aggressions which we class as crimes against person and property, nor must there be those indirect aggressions constituted by

"Robert Nozick...

Ayn Rand...

Herbert Spencer..."

breaches of contracts”⁴

The minimal state clearly makes these conditions possible.

Big Government Means Coercion and Deception

What we have in Britain today is big government, by which I mean a high taxing, high spending state, wielding considerable power. What I am advocating, and indeed hoping the policy makers of the Conservative Party will adopt as a long term goal, is something closer to the ideal of the minimal state of classical liberalism, something I have called *the small state*.

Whilst philosophical arguments may well influence intellectuals, academics, students and hopefully politicians, they are unlikely to have any effect on the wider public.

The argument that big government is often responsible for coercion and deception is much more likely to get through to people. Certainly, with Tony Blair’s statements in the lead up to the Iraq war still fresh in our minds, it will not take much to persuade people that big governments are capable of deception.

Less well known are the coercions and deceptions directed against the British people, both before and during the early years of Britain’s membership of the Common Market, as it was known then.

Peter Shore (1924-2001), a principled Labour MP and cabinet minister, in his book *Separate Ways*, refers to the improper conduct of foreign office officials, civil servants, senior BBC executives and British MPs during this period and in relation to pro-European propaganda.

He goes on to state:

“One further episode of this strange story must now be related – the extent of the CIA’s involvement. US government policy had long been committed to promoting European unity, if possible with the UK as a member state. No doubt the CIA was tasked to assist with that enterprise and it appears to be the fact that the European movement, even in earlier years, was a recipient of CIA funds. With the votes of the 1975 referendum in doubt and the prospect of UK withdrawal, the CIA went far beyond its previous low-profile approaches. A new Head of Station in the UK, Cord Meyer Jr, was appointed (a man with known federalist views) with the general remit to use American influence in favour of the Yes campaign.”⁵

Shore has more revelations:

“I must now turn to the most serious offence—deception. In the practice of the deliberate half-truth Ted Heath is regrettably a main offender. Of course Ted Heath knew the political as well as the economic implications of joining the European Economic Community. He learned what it was about and what it was programmed to become in the prolonged negotiations of 1961-1963, which he led, and still more when, as Prime Minister, he masterminded the ‘successful’ break-in to membership with the Treaty of Accession and the 1972 European Communities Act. Ted Heath not only knew. He actively willed its further development. It is against this background of knowledge and commitment that we have to judge his now famous pronouncements on joining Europe. The 1970 Election pledge simply ‘to negotiate, no more and no less’ and to join only with ‘the full-hearted consent of the British people’ are mere peccadilloes. Much more serious was the statement in an October 1971 White Paper that in membership ‘there is no question of any erosion of essential national sovereignty’—and his endlessly repeated assertions that the UK was only ‘pooling sovereignty’ when it was in fact subjecting itself to the supremacy of Community Law, to decisions taken by qualified majority vote and to European Court of Justice rulings.”⁶

These and subsequent deceptions led Shore to conclude:

“By this deliberate refusal to state what he knew to be true about the European Community’s plans and by withholding relevant information from the public, Heath set a precedent for ministerial handling of European affairs that many have followed since.”⁷

Big government has the power and too often the intent to increase its sphere of activity and control. By reducing the size and scope of government, we can limit its power and thus reduce its tendency to deceive and coerce.

Less Tax = More Economic Freedom

Another powerful argument in favour of *the small state* is that it allows for massive reductions in taxation. For clarification it is useful to look at how taxation has increased over the years. Some readers will be familiar with D.R. Myddelton’s book *The Power to Destroy*—which, of course, was published by the SIF—in which he states that:

“What we have in Britain today is big government... a high taxing, high spending state, wielding considerable power.”

*"In the past ninety years taxes have greatly increased. This is a world-wide phenomenon. Before the first world war taxes took just over 10 per cent of the UK national income; between the wars about 25 per cent; and straight after the second world war, around 45 per cent. So the two world wars could be regarded as having increased the total tax burden respectively by nearly 15 per cent and 20 per cent of national income. This is Peacock and Wiseman's thesis that the world wars have led to subsequent acceptance of levels of tax that previously would have been regarded as intolerable."*⁸

Myddelton summarises the UK tax rises as follows:

*"Thus at 30-year intervals, in 1900, 1930, 1960 and 1990 taxes took 10 per cent, 23 per cent, 35 per cent and 48 per cent of national income respectively."*⁹

Myddelton suggests that:

*"To spread awareness of the total tax burden, one might publicise Freedom Day. This falls a fraction of the way through the year—the same fraction as total taxes divided by national income. Each day after Freedom Day is "free" (of taxes). With the total UK taxes confiscating 46 per cent of national income, Freedom Day in 1992 would have come after 168 days, on 17 June. In 1900 when taxes took 10 per cent of national income, it would have been over 4 months sooner, on 6 February."*¹⁰

The concept of Freedom Day has since become much better known and is annually announced by the Adam Smith Institute.

Once it is more widely understood that the country can not only exist but can thrive with a much lower burden of taxation on its citizens, as indeed it has done in the past, then people are more likely to find the idea appealing.

What's Wrong with the Welfare State?

The common objection to tax cutting is that it reduces the funding available for the welfare state, so that there is less cash to spend on health care, education, and social security benefits for the sick, the elderly and the needy. This expenditure is almost universally considered to be a good thing for a civilised society.

This belief is challenged in a new book entitled *The Welfare State We're In* by James Bartholomew—also reviewed by Professor Antony Flew in this issue of *The Individual*—which has been

described as both 'a page turner' and 'a bloody good book'.¹¹

Bartholomew concludes that the welfare state, far from being a good thing, "has led to a falling off of decency and a rise in crime."

His condemnation of the welfare state is unequivocal:

*"It is not going too far to say that all these conclusions together mean, in sum, that the welfare state has been a disaster for Britain. It is indeed 'as bad as that'. The welfare state has ruined lives and left people morally and culturally impoverished. It has left many depressed and alienated, too. It has caused some to become criminals—a waste of life—and others to be victims of criminals. It has spoiled trust between people and caused millions of patients to suffer and to worry. Tens of thousands have died prematurely. It has reduced the decency and happiness of the British people."*¹²

To understand all the arguments that lead to this conclusion, one must read the book from cover to cover. However, what I found depressing is the revelation that a report issued in 1834 "asserted that the welfare system damaged the character of those who received benefit."¹³ Edwin Chadwick led a royal Commission to investigate the operation of the Poor Laws, which led to this sensational report. As Bartholomew points out, "Virtually everything one can think of that has been said about the failings of modern social security was said 170 years ago".¹⁴ But after the Beveridge report was published in 1942, when the expansion of the welfare state really got going, all these early lessons were forgotten.

However, dismantling the welfare state is not an idea that is likely to be popular; the argument has yet to be won. In the mean time the best that can be hoped for is a policy to cut waste and fraud, and to promote solutions in the private sector and by charity organisations. With these limitations in mind, I think the minimal state is perhaps over ambitious, which is why I am thinking in terms of *the small state*; a compromise position that allows for a limited welfare state.

Charity Not Welfare

You only have to look at the response of the British people to the Asian tsunami disaster to realise that we are a charitable nation. Organised national events like Red Nose Day and Children-in-Need day, combined with the persistent efforts of a multitude of smaller charity organisations operating throughout the year provide added confirmation of our generous spirit. I feel certain that if taxes were substantially lower, we would be all the

"However, dismantling the welfare state is not an idea that is likely to be popular, the argument has yet to be won."

more willing to donate to worthwhile causes. In the absence of a cumbersome gargantuan welfare state, whose services are demanded of by right, the activities of charities would become much more highly valued.

Less State = More Freedom

Big government is good at interfering in our every day lives; controlling, regulating and banning are what it does best. One of the strongest arguments that can be used in favour of a small state is that it does away with the need for all the unnecessary petty restrictions with which we, in our modern lives, have become accustomed. Less state means more freedom. Freedom is a message that would have popular appeal.

Law and Order, and Defence

The Maintenance of law and order, and of adequate defence capabilities are core functions of the minimal state, and would therefore become priorities for the small state. In the present climate, where yob culture prevails, and feral youths terrorise their local neighbourhoods and possible death faces anyone bold enough to stand up to thugs, a strong stance on law and order is certain to be welcomed by the public.

Tried and tested safeguards of justice like the presumption of innocence, trial by jury, habeas corpus and double jeopardy would not be abandoned for some dubious short term advantage. Foreign wars would not be entered into unless they were indisputably in the national interest. A strong, well-funded military with this narrow remit would, I feel sure, receive popular support.

To See What We Can Gain, Just Look at What We've Lost

The best modern, well-argued case for the small state is to be found in a book entitled *Saturn's Children* by Alan Duncan (Conservative MP) and Dominic Hobson. I suggest that it should be read by as many Conservative MPs as possible, if they are to be 'on message'. To see what we can gain we need only look at what we have lost. In the words of this book:

"The love of liberty; the respect for privacy; the pride, independence, character and individuality of ordinary men and women; the sense of personal responsibility, the preference for the private over the public; the gifts of enterprise, initiative and self reliance; the deep-rooted respect for property; the toleration of the different and the eccentric; the distaste for grandiose political schemes; a Church wise enough to 'keep the Mean between Two Extremes'; the grammar schools and independent Universities, the independent

*man of business; the friendly societies, the endowed charities, and the members-only club, are all going or gone, hammered flat and lifeless by the steamroller of the State. Even the fabled British sense of humour—author of the laugh which Ruskin called the 'purest and truest in the metal that can be minted'—no longer preserves homo Anglianus from the petty tyrannies of the politically correct. As the twentieth century draws to a close, ordinary British men and women are more coerced by the State than at any time in history."*¹⁵

By pushing back the boundaries of the state—back this is to where they were before August 1914—we could become one of the freest and most prosperous nations on earth, making Britain great again. Now that's something worth voting for.

Notes

- (1) Robert Nozick, *Anarchy, State, and Utopia*, Blackwell Publishers Ltd, Oxford, 1974, p.ix.
- (2) Ayn Rand, *The Virtue of Selfishness*, Signet, New York, 1961, p.128.
- (3) Ibid, p.131.
- (4) Herbert Spencer, *The Data of Ethics*, A.L.Burt Company, New York, (first published in 1892), p.202.
- (5) Peter Shore, *Separate Ways*, Gerald Duckworth & Co. Ltd, London, 2000, p.11.
- (6) Ibid, p.15.
- (7) Ibid, p.17.
- (8) D.R. Myddelton, *The Power to Destroy*, Society for Individual freedom, 1994, London, pp.16-18.
- (9) Ibid, p.18.
- (10) Ibid p.18.
- (11) Keith Sutherland review of *The Welfare State We're In* by James Bartholomew, *Right Now!*, March 2005, pp.14-15.
- (12) James Bartholomew, *The Welfare State We're In*, Politico's Publishing, London, 2004, p.334.
- (13) Ibid, p.335.
- (14) I bid, p.32.
- (15) Alan Duncan, Dominic Hobson, *Saturn's Children*, Politico's Publishing, London, 1998, p.10.

"By pushing back the boundaries of the state... we could become one of the freest and most prosperous nations on earth, making Britain great again."



Peter Richards is a Hampshire businessman and writer. Besides being a member of the SIF, he is a life member of the Rationalist Press Association, and a member or sub-

scriber of the British Humanist Association, the Freedom Association and the Libertarian Alliance. He has also contributed to The Freethinker, the Libertarian Alliance and Right Now!

The search for a liberal leader...

I long for a political leader who can rescue the word 'liberal'... It should not mean spending lots of public money, or being soft on crime, or denigrating marriage. It means believing in freedom: a free economy, a free (independent) country, trial by jury, a smaller state, choice in health and schools, no ID cards, a bicameral legislature with real powers. Freedom is not the only thing a nation needs, but it is a necessary start.

Charles More, *The Spectator*, 30th April 2005

The new barbarism...

Most young criminals come from family backgrounds (if family is quite the word for what I mean) in which the discipline that is imposed has no connection with any matter of principle, but is a matter instead merely of who does what to whom. Discipline is imposed according to the whim of the physically strongest or most ruthless person present. It is hardly surprising that mothers (unsupported by fathers) end up being frightened of their own children once they grow to an age when the boot is on the other foot.

In this primitive social—or rather antisocial—world, qualities such as politeness, consideration for others and willingness to compromise are seen as nothing but weakness. The rules are: carry a knife or be a victim; never back down or you will be tormented by bullies; you do what you can get away with.

Theodore Dalrymple, 'Living for the moment is no way to train the young ego',
The Times, 29th March 2005.

Society for Individual Freedom

PO Box 744
BROMLEY
BR1 4WG
United Kingdom

Phone: 01424 713737
Email (general): chairman@individualist.org.uk
Email (editorial): editor@individualist.org.uk
Email (Tell-It): tellit@individualist.org.uk



The SIF's Aim:

“To promote responsible individual freedom”

The SIF is a “classical liberal” organisation that believes in the economic and personal liberty of the individual, subject only to the equal liberty of others.

The SIF promotes...

- ✓ The liberty, importance, and personal responsibility of the individual.
- ✓ The sovereignty of Parliament and its effective control over the Executive.
- ✓ The rule of law and the independence of the Judicature.
- ✓ Free enterprise.

SIF Activities

The SIF organises public meetings featuring speakers of note, holds occasional luncheons at the Houses of Parliament, publishes this journal to which contributions are welcome, and has its own website. The SIF also has two associated campaigns: Tell-It, that seeks to make information on outcomes of drugs and medical treatments more widely known and available to doctors and patients alike, and Choice in Personal Safety (CIPS), that opposes seatbelt compulsion and similar measures.

Joining the SIF

If you broadly share our objectives and wish to support our work, then please write to us at the address on this page, enclosing a cheque for £15 (minimum) made payable to the Society for Individual Freedom.

The Law of Equal Freedom

*“Every man has freedom to do all that he wills,
provided he infringes not the equal freedom of any other man.”*

Herbert Spencer, *Social Statics*, 1851