

foreign correspondent

BRITISH TORY PARTY CONFERENCE—1972

London, England

The Prime Minister's conversion to socialism could well be termed Heath-in-reverse, if one cares to remember his 1970 election promises of a freer and more competitive society. The bonds which now unite the Tory Party are the same as those which have united the Labour Party for so long—envy, hatred and malice towards riches, talent and personal independence. The main differences being, the socialists know why they are supporting such measures. As for the Tories attending the Blackpool Conference, they dozed off in their seats, apparently unaware of Ministers performing a volte-face, only to pull themselves together at the end of each speech to applaud and vote for the said motion.

Here are a few examples which demonstrate the incredible inconsistencies and mental confusion which characterized the October conference. The resolution in favour of the entry of Ugandan Asians was carried by a majority of two to one. But this inconsistency was no more telling than when an ovation was given to one delegate for his ambiguous speech, dubiously supporting compulsory sterilization of Asian immigrants!

The debate on Ulster raged against the Government until Willy Whitelaw (alias Wesley Mooch) Minister for Northern Ireland, delivered an appalling speech of sweet nothings which brought most delegates to their feet in passionate support of they knew not what.

At a special meeting Robert Carr, Home Secretary, addressed a group of Conservative left-wing students. In his true hard-hitting style he proclaimed that it was our duty to help people help themselves, and the way to achieve this with our poorer neighbours was to substantially increase our foreign aid. That we were still a power to be recognized as having a heart, and one of the few countries to achieve the minimum rate of aid proscribed by that bastion of integrity and fairness—the United Nations.

Later in the conference hall Mr. Carr, speaking on Law, Order and Pornography, stated: "I am opposed to censorship but we must clear away the excesses such as public displays on book stalls, cinema and television."

The next session raised the question of trade. As one minister so succinctly put it, "Free trade—never! The rest of the world won't agree to it—how can we be expected to? Foreign labour would bring about a rise in the unemployment figures. The Uganda Asians, well that is a different matter. They are on the whole morally robust, thrifty, enterprising and self-evidently independent people." Is that the reason that the government is buying houses for them and that families are receiving something like £28 a week in benefits (over six times the old age pension) till March 1973 by which time it is assumed they will be comfortably settled in. For someone who does not believe in racial discrimination, Mr. Carr's speech does not ring true. However he did convince me that it was an expensive way to buy votes.

As the platitudes washed over the audience in a succession of boring debates one could easily be forgiven for wondering if this was not a Tory conference in England but instead a seminar on brotherly love sponsored by the Kremlin. This nightmare image was soon overtaken by reality and took the form of Mr. John Selwyn, MP and Vice Chairman of the Party. He accused the party of being too boring and added, "We have to wear our hearts on our sleeves a great deal more than we have done, because if we don't people will believe that we have no heart at all." Heaven forbid! But nevertheless free marketeers, take heart, it was done in the name of compassion not reason.

The debate on industry also omitted any mention of reason. For this one the Tories pulled out of their home spun top hat the Labour Manifesto, a shining example of that bag of promises labelled "We Care Too!" It included no less than wide-spread grants, regional employment premiums, growth points and grey areas. One was not able to find out what all these terms meant, but the government has assured us that a Special Ministry has been set up to deal with any ambiguities that may arise. When John Davies, then Ministry of Industry, who has had more conversions than most politicians, was reminded of his commitment to disentangle industry from government; he answered in true blue style and side stepped the question altogether. His advocacy of massive regional subsidies and of state direction over almost every

economic activity was delivered with all the enthusiasm of a true believer. As John O'Sullivan stated in the *DAILY TELEGRAPH*, his earlier devotion to free enterprise was clearly a temporary aberration. As Mr. Davies speech only mirrored the rest of the Tory Party's conversion to pure socialism, a renegade's proposal for noninterference in the economy was soundly defeated in the true Lemming-like manner so consistent with Conservative Party supporters.

The industrial relations debate began with no less than another example of vintage, labour party participation accompanied by a few enthusiastic choruses of "We are equal now." Mr. John Goss wanted not merely profit sharing but the legal control of industry transferred from the shareholders to the workers. Someone might have been moved to ask "Where would the capital come from?" But common sense was not the popular tune for this debate except when two speakers from the floor proposed such radical ideas as cutting benefits to strikers and a crackdown on violent picketing. For a brief moment one could detect a spark of interest and enthusiasm, only to see it die with a rambling, vague speech by Maurice Macmillan, Minister of Employment and Productivity.

Throughout the conference inconsistencies fell from the mouths of the Tory speakers as easily as promises fall from the mouths of politicians at election time. But the debate on inflation attained this distinction more than any other.

Does a substantial increase in the money supply cause inflation? Well . . . yes it does, but . . . no it doesn't. For further divine and inane utterances read on.

Anthony Barber who was appointed only two years ago as Chancellor of the Exchequer states these contradictory beliefs with pontifical assurance: "Control of the money supply and the free play of competition as a solution to Britain's ills would lead to economic stagnation, far greater unemployment and a lower standard of living." He went on to say with religious fervour, "This is not a price that I am willing to pay." He accepted that the government proposals to the Trade Union Congress (TUC) and the Confederation of British Industry

(CBI) (concerning the freeze) involved interference with market forces, but he argued that, "Rip roaring inflation would play far greater havoc." In a clear reference to Mr. Enoch Powell and his free market followers he said, "that it was time that the Party's latter day laissez-faire liberal theorists, however great their academic achievements, recognized that the Chequers proposals were in the interests of the whole country. To those who complained that what the government has proposed involves some interference with the free play of market forces, I would reply, yes it does. Our job is to stop inflation." He ended by promising a larger share of the cake to everyone, and that the government was being fair to the housewife, the wage earner, to industry and the pensioners. Mr. Barber received a standing ovation

and the resolution urging the government to control inflation was carried unanimously.

Mr. Heath's winding-up speech could well be dubbed "left turn at Blackpool." "This conference," he said, "has been a triumph for moderation, decency and good sense. We are not a nation of extremists. We are a nation that believes in firmness and fairness." He talked endlessly of consensus politics and a fair share for all, and when he stated that he hoped to get together with both sides of industry to divide up the national income equally and looked towards a future of continuous dialogue between the TUC and the CBI, they took it not lying down but standing up—giving him a long standing ovation. This achievement was, of course, due to that insidious

cloud—loyalty, which hangs over every Tory Party Conference.

As I stood in the entrance to the hall and watched the people pour out, their faces smiling, pleased with what they had achieved in one week at Blackpool, here and there, I noticed a few frowns. I wondered to how many it had occurred that the Industrial Revolution had emerged first in this country and lit the lights of prosperity for the following century. Were they not aware that two years ago they had voted for the return to an era of competition and individualism, and that today they had opened the door to the Corporate State and the right to enslave them?

Pauline Russell



ADVERTISING AND LOWER PRICES

Critics of the free market never seem to tire of repeating the folklore that advertising increases prices by raising product costs. Nevertheless, the empirical evidence to the contrary—that advertising increases competition and lowers prices—continues to accumulate, and can hardly be ignored. Two of the best examples concern prescription drugs and eyeglasses.

Advertising of prescription drug prices is expressly prohibited by law in 37 states. In ten of these states pharmacies may not even advertise the fact that they give discounts. The effect of such laws on drug prices is clear-cut. Prof. Yale Brozen of the University of Chicago has compared the average price of a prescription in California (which has the most restrictive laws) and in the states with the least restrictive laws. Using 1970 data he found that the average California prescription cost \$4.95, compared with \$3.52 in the near-laissez-faire states.

The laws are beginning to change, however. The Supreme Courts of Florida

(1969) and Pennsylvania (1971) have struck down those states' anti-advertising laws, but pharmacy trade groups (which control the state licensing boards) have since had new laws passed regulating the form and content of drug advertising, and have otherwise harassed those pharmacies that advertise. In 17 other states the battle for price advertising has been taken up by the 178-store Osco Drug chain. Osco began posting drug prices *in its stores* (which is *not* legally considered advertising) in Boston and Yakima, Washington, and found overwhelming support from consumers. Beginning in October 1971 it expanded the policy to all 178 stores, only to be assaulted by the coercive power of the State.

The Illinois Board of Pharmacy attempted to suspend Osco's pharmacists' licenses on grounds of "gross immorality," the North Dakota board suspended four Osco licenses (but was overruled by a Federal judge), the Wisconsin and South Dakota boards obtained court orders to remove the signs (but the orders were suspended for fear of Federal Price Commission action), the Iowa board threatened Osco but took no action, and the Idaho and Montana boards accused Osco of violating "anti-loss leader" laws. In addition, members of pharmacy boards at universities advised students not to go to work for Osco.

Still, Osco persisted, finding price competition to be good business. Osco has since been joined by Revco Discount Drug Centers, Pathmark, and several other chains. Osco recently won a suit against the restrictions in Wisconsin, and a Maryland Superior Court has declared that state's

price advertising ban to be unconstitutional. Supermarkets General (which operates the Pathmark drug chain) has filed suits to overturn the New York, New Jersey, and Connecticut bans, meanwhile posting prices in all of its stores.

No such legal/economic battles have yet been fought over the ban on advertising eyeglasses, but a new study from the University of Chicago should set the stage. Prof. Lee Benham compared the prices of eyeglasses in states which do and do not ban advertising (both price and non-price, depending on the state) of eyeglasses and eye exams. In North Carolina, which completely bans all advertising, the average price was found to be \$50.73. In Texas and the District of Columbia, where there is virtual laissez-faire, the average price was \$29.97. Over all the states, Prof. Benham concluded that for eyeglasses alone, "advertising restrictions in this market increase the prices paid by 25% to more than 100%." The source and rationale for eyeglasses advertising restrictions are much the same as in the case of prescription drugs. "Professional" associations of optometrists and opticians are in league with the State to limit competition. It shouldn't take long for enlightened consumerists to pick their next target.

SOURCES:

- "Drug Pricing and the Rx Police State," *CONSUMER REPORTS*, March 1972, p.136.
- "The FTC's Attack on Advertising," Yale Brozen, *INDIVIDUALIST*, Vol. 4, No. 1 (undated), p.9.
- "Prescription Drugs Lose Their Mystique," *BUSINESS WEEK*, 18 December 1971, p.21.
- "Drug-Price Advertising Gathers Steam in Courts," *CONSUMER REPORTS*, March 1973, p.148.