

to be guaranteed to the farmer, and low prices to be guaranteed to the consumer?" The answer is subsidies. A subsidy is money paid by the government, and the only money a government possesses is that raised by taxing the people in one way or another. Apparently the government hoped that the majority of the people would not understand the device that would take their money by taxation to pay the difference between what the farmer would receive and what the public would pay.

The second of these two announcements was made by the British Chancellor, Sir Stafford Cripps, in his presentation of the new budget. In regard to it, he made two statements:

First, he said that the food subsidy program in Britain had grown beyond anything that had been contemplated. The government buys the basic foods from the farmers and producers, and sells them to the people at a loss. The cost of this loss, the subsidy, for the coming year is estimated at two and one-quarter billion dollars. "That," said Sir Stafford, "just cannot go on."

AN UNPLEASANT FACT

SECOND, he pointed out that "social services expenditures will inevitably increase over the

next ten years, and we must recognize the unpleasant fact that the services must be paid for by taxation, direct or indirect." He went on to say, "When I hear people speak of reducing taxation, when at the same time the cost of the social services is rising in response to the demands of these same people, I sometimes wonder whether they understand the old adage that we cannot eat our cake and have it too."

A LESSON FROM HISTORY

THEN SIR STAFFORD TOLD the British people that because of these facts there would be a rise in prices, and that the tax rate must remain at the same devastating level, 40 per cent of the pay of an average worker. In commenting upon this, *The Economist* of London stated that no people in history had ever paid out such an amount of their income in taxation and survived.

Two observations can be made about this lesson in economics that was presented to the British people by their Chancellor: First, it is an honest, straightforward statement that subsidies granted from the national treasury must be paid by consumers. Second, it is a forthright affirmation that this program is socialism in action.