

Another superstition that dies hard is the notion that Great Britain is the great exemplar (or horrible example, as you prefer) of Free Trade. The United States government last year collected \$604,000,000 in customs duties. Great Britain, though containing little more than one-third of our number of people, collected over £119,000,000, or about \$590,000,000, in customs duties. Free Trade England! Small wonder that Henry George said nearly half a century ago that English free trade and German silver were alike—the one contained no free trade, the other no silver.

This fact is particularly interesting in view of one of the reasons given by Premier Ramsay MacDonald (a thoroughgoing "free trader" of the English school) for his government's opposition to the construction of a tunnel under the English channel. Said the government's White Paper on the subject:

"While the committee saw better business as a result of the tunnel, the government found a great deal of doubt as to that result, and many manufacturers fear it will increase imports and thus harm domestic business."

Travelers who have viewed the wonderful docking systems of Liverpool, London, Southampton and other British seaports must rub their eyes in amazement at this dictum, wondering why the British government ever permitted, much less aided, the construction of these marvels of engineering for the facilitation and extension of international trade. And this utterance of Premier MacDonald was made, too, at a time when all the world was crying for markets in which to dispose of their "surpluses" of unsalable goods, surpluses which would quickly disappear were the channels of trade freed from their strangling barriers, and quickly arouse a call for "more," so beyond calculation are the wants and needs of the human race!

"Trade is two-way traffic," says Dr. VanAken. No man is fit to legislate on trade matters who does not understand this, who does not know also that all trade is barter, that goods really pay for goods, and that tariffs, by excluding imports, also operate to restrain exports.

It is at this juncture that Secretary of Commerce Lamont rises to rebuke those who say the Smoot-Hawley bill will choke our exports, pointing out that this prediction was made of the Fordney bill, with results as shown in the table of imports and exports in the last ten years printed above. He certainly can have no real comprehension of the pamphlet on "The Balance of International Payments" which his Department has just issued, and which happens to be the eighth successive exhibit of the same kind. Trade does balance at some figure, but it must balance at a lower figure of total exchanges if either credits or debits be artificially restricted. The natural and inevitable effect of the world's tariffs is to hamper and restrict the total of the world's trade and industry.

His Department's report shows clearly why our exports were not drastically reduced by the Fordney tariff law.

Our total creditor position in world trade (excluding war debts) is approximately represented by the total by which exports have exceeded imports in the ten years covered by the above table. The world has paid us for that excess in securities—stocks and bonds—yielding in income last year no less than \$876,000,000, which cannot be paid in money but must be paid, if paid at all, in goods and services. How long can this process continue?

If we desire to pursue this kind of business indefinitely, and are able to do it, perhaps Secretary Lamont is right. We doubt if a "favorable" trade balance so secured and maintained is of any real value either to the United States or "abroad." Our creditor position grows larger, and the sums due us as interest and dividends expand in proportion. It involves a vicious circle of increasing loans in order to sell goods.

STEPHEN BELL, Foreign Editor *Commerce and Finance*.

Charles Hecht Urges Sane Taxation

FORMER Committeeman Charles Hecht, an ardent advocate of the Single Tax, spoke briefly before the township committee and stated that the cure-all for the situation was to tax full value on the land and to reduce the taxes on improvements. Mr. Hecht and others who advocate the idea of the Single Tax (and there is a lot of merit to it) feel that the increased value of land resulting from the improvements going on around it, is a value occurring to the owner of the land which he has in no sense earned. The present method of taxation encourages the holding of considerable sections of land in anticipation of increased values due to public improvements and the owner thereby "gets something for nothing." Mr. Hecht stated that at the last session of the Legislature Assemblyman J. M. Thompson attempted to pass a bill taking 10% off of the improvements and adding it to the value of the land. The speaker declared that there would be plenty of work for everyone if the right system of taxation was adopted.

—Lakewood, N. J., *Citizen*.

IF the tariff will banish unemployment and give everyone "high wages" and more "purchasing power" and produce a surplus of revenue for government purposes, why are not all other taxes and occupational fees immediately abolished?

—WALDO J. WERNICKE in *Hollywood Daily Citizen*.

THE taxation of the site value, if it could replace the whole of the rates on buildings, would entirely sweep away this obstacle to the builder's enterprise. So far as it is used to diminish the rates on building it diminishes the obstacle. For many years we have maintained that the greatest and simplest reform in housing would be simply to lower if not to sweep away the tax on building.

—*Manchester Guardian*.