



## LAND & LIBERTY

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### "CAPTURING FOREIGN MARKETS"

It is very generally held that to each nation lies open a world market for its goods which can be "captured" from other nations, and will be "captured" by the nation which is most efficient. Also that endless vistas of new industries and additional employment will then open out to the workers and capitalists of the victorious nation.

It may be almost said that captured foreign markets are by many held to be the inexhaustible fountain head of wealth, which, if tapped, will set humming at full speed the wheels of industry and so banish for ever the twin spectres of unemployment and distress. For the time being this is the fashionable cure for our troubles. How it comes that in a country whose industrial history for more than a century is one continuous record of unexampled growth in export trade, and in a country which contains large populations apparently altogether dependent on foreign trade, there should be any such thing as chronic distress and unemployment, they do not pause to ask. For those who think on these lines it is easy to understand how a people confined within the limits of its home trade should suffer from cramped conditions. To them it appears evident that with the world thrown open and foreign markets daily expanding, new opportunities for industry must so develop as to put an end to all straitened conditions, and bring work for a population not only increased in number, but living on the highest level of prosperity. In spite of the fact that expectations based on that view have been falsified by our industrial history, it remains so common that examination into it will repay the pains.

Trade, both home and foreign, is nothing but exchange of goods and services. When a new foreign market opens out—or as our friends would say, is "captured"—what happens is that goods made abroad are brought in by home purchasers, and these purchasers send back goods in payment. The goods made in each country are the products of their respective industries exerted on their respective

natural resources, just as is true in the case of home trade, where all goods produced and traded in are products of industry applied to natural resources or land. In this fundamental respect there is no difference between home and foreign trade.

Can it then be true that when a new foreign market is secured or "captured" any labour or industry is brought into being *in addition* to what was needed to carry on the home trade? Before the "capture" (when home trade alone was carried on), what labour and capital existed within the country were employed in converting the raw materials of the earth into goods for home consumers. After the "capture" the labour and capital of the country are still employed converting the raw materials of the country into goods, and exchanging some of them for others made abroad. Does that mean that *more* labour and capital are employed after the "capture" than before, or that *more* raw materials (land) is available for conversion into goods? There is nothing whatever in the gain of the foreign market which could have any such effect. Natural opportunities of every kind remain the same as before both in amount and in quality. They have in no way changed because of the new market, nor has the amount or quality of home labour available. If the community is so foolish as to tolerate barriers between workers and land, the advent of foreign trade will remove none of them.

To put the matter in another way, let us say that the British people are confined to home trade only, producing cloth and hardware, and exchanging within their own borders all they produce of both. Now let us suppose that some of the cloth-makers change their tastes and prefer to buy Chinese tea from Chinamen instead of British hardware from British people. Of course, the Chinamen demand payment, and since we may suppose them to be in want of hardware, they demand hardware in exchange for the tea. That great prize, a Chinese market for hardware, has now been "captured" by Britain, and in due time the figures appear in the British Board of Trade Returns, swelling the total on the export side and forming a subject of general congratulation as going to produce a "favourable balance of trade." But has a single extra man or woman been set to work in England because of this new foreign market? Not one more or one less. The only change is that those British cloth-makers who previously bought British hardware but now buy Chinese tea, arrange (through the ordinary machinery of foreign exchange) for the export of British hardware to China in payment for the tea. They purchase less British hardware than before, and the Chinamen purchase more. That is the sum of the matter, and it involves no more and no less industry in Britain than before development of the Chinese market. The obsession of those who think that the opening up of this new market for British hardware in China has created an accession to British industry arises from the mistaken view that the activity of the British hardware exporters has been called into being and is maintained by the demand of their Chinese customers. They think of the British hardware makers as dependent for

employment on the Chinese buyers. In point of fact, their labour is called into being and maintained by the *British makers of cloth*, but for whose purchases of Chinese tea there would be no demand from the Chinamen for British hardware. In reality, the home demand for foreign produce has called forth the foreign demand for home produce. Home demand starts everything and keeps everything going in foreign trade just as surely as it does in home trade.

In confirmation of this, we all of us know that were the British demand for Chinese tea to cease, in the same moment would the Chinese demand for British hardware cease, and we would revert to home trade, though not necessarily in articles of the same kind. But this reversion to home trade does not mean lessening opportunities for employment to a single man within our borders, for the natural resources of the land from which all wealth and employment are derived remain, offering of their abundance to human effort just as before. Were there something special in the acquisition or "capture" of a foreign market which brought with it the opening of home natural resources hitherto closed to labour, we would have a different story to tell, for then would come into being new opportunities for employment, and the claim that foreign trade increases employment could justly be made. But until it is shown that this opening-up process must take place more in the case of foreign trade than of home, no such claim can be made for the former, and the capture of foreign markets with this end in view must end in disillusion.

What goes out of a country goes out in payment for what comes in. It follows that foreign trade is elicited and limited by home production and not *vice versa*, as those who think home industry is increased by foreign markets falsely believe. Even did foreign trade cease, there is no reason to doubt that (were barriers between labour and land removed) the volume of home industry would remain as great as ever, though its character certainly would change. Should the Chinese demand for British hardware come to an end through cessation of British demand for Chinese tea, are we to think of the hardware makers as doomed to idleness? Would not, rather, their trade with the British clothmakers be resumed as before? If, as may be objected, the clothmakers no longer want the hardware, there remain other things without number they do want, and to these things the hardware men may and would turn their attention. Thus a *transference* of British labour, not *idleness*, will result from cessation of Chinese demand.

Does this lead to the conclusion that foreign trade offers no advantages, and that to extend it counts for nothing? Far from it. Its advantages are many and great. They lie in the power it gives to gratify tastes and satisfy needs which would remain unsatisfied were consumers confined to the home market. Foreign trade enables consumers to get the best possible value for their money by bringing within their reach the cheapest of goods wherever found throughout the world. Trade of every kind is thus of priceless service to mankind. Of all devices for saving of labour it is perhaps the

greatest. What we contend is that its advantages should be recognized only for what they really are, and that claims which cannot be substantiated should not be advanced.

The whole subject is much more than a mere matter of theory. False theories lead to wrong actions and the false belief that accessions to home industry can be gained through "capture" of foreign markets drives aggressive Western Powers into fierce competition to secure them. From that, as history shows, it is not a long step to war. Their failure to see the true nature of foreign markets has been responsible in modern times for more war between rival powers and for more aggression on the rights of the weak than perhaps any other cause. False theories of foreign trade also plainly show themselves in current legislation, which bristles with harmful provisions based on the "Capture of Markets" fallacy. Export Credits, the Trades Facilities Act and "Safeguarding" are also examples in point. Much of the Rating and Valuation (Apportionment) Act, just passed, which aims at reducing costs, so as to stimulate exports, is based on the belief that you can export without importing. It is not realized by our legislature that exports follow naturally on imports, and that if we want to stimulate the former there is no other way than to increase the purchasing power of our home people so that they may better be able to buy foreign products. As it is, they begin at the wrong end and therefore fail. It is not possible for any people to "capture" the trade of another. All they can do is to exchange goods with them, which implies mutual advantage. There is, in plain fact, no market to "capture": it exists only in the imagination of those who misunderstand the meaning of trade.

The false importance attached by Protectionists to the peculiar advantages of an export trade are shown on consideration of what happens when two peoples unite under one flag. The export trade which previously existed and which Protectionists contemplated with so much satisfaction simply disappears. And still the united peoples are more prosperous than before, because barriers to commerce have been levelled. In like manner as soon as a great nation breaks into parts, as has the Empire of Austro-Hungary, the much-coveted exports begin to figure in official returns. In the Protectionist mind this should indicate prosperity—in point of fact, these peoples suffer from the partition. Ireland, since the Act of Separation, now publishes official figures of her exports to England and Scotland. Once again, this ought, according to Protectionist ideas, to be evidence of new prosperity, though we all know it is nothing of the kind. The whole conception that some special value attaches to the export trade is reduced to absurdity when we think of what will happen on the day when the World State for which reformers long breaks upon us. Export trade of every kind will cease to exist; there will be no foreign markets to "capture," and, wonderful to relate, prosperity will be greater in consequence.

Protectionist sentiment treats trade as invasion and war, whereas if each nation does justice to its

own citizens by removing monopoly barriers to the use of their own land, trade, both internal and external, will, without any forcing by governments, develop of itself in a perfectly natural way to the lasting benefit of all and bring to our doors the world co-operation so ardently desired by every true reformer.

W. R. L.

## A DANISH VIEW OF BRITISH FARMING

By Jakob E. Lange

Warden of Smallholders' School, Odense, Denmark

This is the title of an unusual little book.\* Something has happened in Danish agriculture during the last thirty years which has drawn writers from ever so many countries to go and see it. Books on Danish farming have appeared in embarrassing numbers. Authors of every kind have visited Denmark, have inspected farming practice there, have admired it, and have come back to urge their fellow-countrymen to imitate it. Mr Lange has made a beginning in the other direction. A Dane, he has come to England and spent some time going over a great part of the country with a friendly but critical eye. He has brought the Danish point of view along with the broadest outlook on the political and economic relationships of men and nations. With the most sympathetic attitude in the world he sees little in British farming which he can commend to his countrymen for imitation. This was inevitable, because there is a wide difference in the achievement of Danish and British farmers.

People are apt to see as the cause of the Danish success what they wish to see. Shrewd and observant men will attribute it to the invention of the machine which separates cream from milk, which, they say, alone made possible the great butter and bacon industry. Others, and they are the majority, see the cause of success in the remarkable development of co-operation; others, again, in the system of education; and fewest of all in the systems of land tenure and taxation. Co-operation has been the lesson generally inculcated in British farmers until they have grown tired of it.

Mr Lange visited England forty years ago. He is disappointed that British agriculture has made so little progress in the interval, that in certain respects it has stood still, or even gone backwards. To one familiar with the far more consistent development of the soil in Denmark it is a shock to see the absence and patchiness of development in England. Mr Lange notes some of the causes. They resolve themselves mostly into one. In spite of the reputation which Britons enjoy as lovers of freedom, they have retained in their national economy restrictions which hamper freedom more than they are aware. Industry does everything for them, but they exalt above industry obstacles which are hostile to it.

The Dane is not only the freest trader in the world; he is the freest producer. Since he reformed his land system years ago to give himself room and scope to work, he has not stopped. He has used the separator, adopted co-operation, stuck to free trade, developed his education, and now when he has felt his land system and taxation cramping him and restricting his freedom, he has set about modifying them in order that they may serve his purpose and not defeat it. For reasons which are always an interesting study British farmers have loved privilege more than freedom. Protection, doles in the form of subsidies and of relief from rates, are

what they demand as a class. They have no desire as a class to remove the restrictions and burdens imposed on agriculture by land speculation, and by the other operations of landlordism.

Mr Lange has allowed himself too little space to deal with these and other aspects of British farming. What he says about the demoralization which follows when the once diligent tenant farmer becomes an owner and tastes the fruits of land speculation is illustrated in thousands of cases. We hope Mr Lange will visit England again very soon, and that he will use some of his own sentences as texts for enlarged treatment. His book is one which gives more the more it is studied. We hope also that other Danes will follow Mr Lange's example, and fortify themselves and us in the devotion to freedom.

BETA.

## WHAT THE JUDGE SAW

In his book, *What the Judge Saw*, being "twenty-five years in Manchester, by one who has done it," his Honour Judge Edward Abbot Parry (page 227) writes:—

"And another thing that seems to me to bear very hardly on the workers, and makes it increasingly difficult for them to keep out of debt, is the heavy proportion of their income that goes in rent. If a man with £1,000 a year spent two hundred or two hundred and fifty in rent he would be regarded as extravagant. But that is what a working man has to do out of his slender income before he can find food and clothing for his wife and family. And the curious affair is that wherever you go, whether it be Manchester, Salford, Lambeth or Dartford, the problem seems to remain the same. Where, as in London, wages are rather better, rent is very much higher, as though in some weird economic way the fact that a man earns more money in London than he does in Manchester at the same trade entitles his landlord to a higher rent for even worse accommodation. And how this is going to be remedied is for those professors of social economics who have studied the question to say, but one who has discussed with many thousands of poor folk their ways and means, and the burdens of their life, may at least point out what seems to be the fact, that in increasing the wage of a man, you do not make him necessarily a citizen with a better chance in life unless you can manage to stop the automatic increase of his rent. For the landlord, like the daughter of the horse-leech, on hearing of a rise in wages, cries, 'Give! Give!' and there is nothing for it but to obey."

## THE UNEMPLOYED

"And now another army of the unemployed!  
What's the matter with the world, anyway?"

[Nearly every Editor.]

Dogs in the manger, lying on the hay,  
Are perfect prototypes of men who play  
The self-same role with land they cannot use,  
And will not sell on any terms. They choose  
To strangle progress in the awful fear  
The land might yield a fatter price next year!  
Thus progress halts, and enterprise destroyed,  
Creates the army of the unemployed.

When idle land is taxed for all its worth,  
Dogs in the manger will release the earth,  
Vouchsafing industry a fairer start  
To speed prosperity. Then every mart  
Shall ring with trade reviving and erase  
This army of the unemployed disgrace!

HORATIO.

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