



## LAND & LIBERTY

Published by THE UNITED COMMITTEE FOR THE  
TAXATION OF LAND VALUES, LTD.

Thirty-ninth Year. Established June, 1894.

1d. Monthly. By Post 2s. per annum.

United States and Canada, 50 cents.

Editorial Offices:

94 PETTY FRANCE, LONDON, S.W.1.

All communications to be addressed to the Editor.

Telegrams: "Eulav, Sowest, London." Telephone: Victoria 4508-9.

Postage on this issue is One Penny.

DOUBLE NUMBER: MAY-JUNE, 1932

### PROTECTIONIST CONTRADICTIONS AND INCONSISTENCIES

Special claims are made that Protection is a "scientific policy," and it should therefore be put to scientific tests.

The first requirement of every science is that it be harmonious throughout, and free from self-contradiction of every kind. A scientific policy must show no signs of breakdown when extended to its logical conclusion and must hold together no matter from what point of view it is examined. Let us see if the claims made by Protectionists conform to these conditions.

Here are a few of these claims:—

I.—*That under Protection there will be no rise in prices because the foreigner is eager to pay the tax rather than lose our market.*

If this be true, why does the new Import Duties Act provide a Free List, under which such things as food-stuffs and raw materials are allowed entry tariff free? This is a stupid provision if the foreigner really pays the tax. If this were sincerely believed, the Protectionists who framed the clause would never have provided a Free List, for its provision stultifies the theory that prices will not rise because the foreigner will pay the tax.

Moreover, it must be noticed that if we can make the foreigner pay our tariff taxes, then he can make us pay his tariff taxes, so that before long no nation will be paying its own taxes but only those of other nations—Englishmen paying foreign taxes and foreigners paying English taxes. In any case, if the foreigner pays our tax and sends in his goods, what becomes of "Protection" for our workers?

II.—*That imports should be restricted and exports expanded.*

This proposition is self-destructive. Goods are imported to pay for goods exported, so it is impossible to restrict one without restricting the other or to expand one without expanding the other—unless, of course, our merchants care to export goods without getting paid

for them! Moreover, if we can restrict imports while expanding exports so can the foreigner and all nations will soon be exporting without importing, which is as ridiculous as to think that a man can jump over his own shadow.

III.—*That there is more employment at home if foreign goods are kept out.*

No one can believe this if he looks at the matter from all sides, and Protectionists only look at it from one. The reason why more employment cannot come in this way is that trade being barter, any check to imports correspondingly checks exports, thus reducing employment in the export trade. Moreover, if it be a fact that import of foreign goods puts Englishmen out of work, it must also be a fact that export of English goods puts foreigners out of work, which is to say that international trade is a device for putting everyone out of work the whole world over. Carried a little further, this Protectionist theory involves the added absurdity that if goods imported from France put Englishmen out of work, so goods imported from Scotland put Englishmen out of work and goods imported from Lancashire into Yorkshire put Yorkshiremen out of work. So we are asked to believe that both foreign trade and home trade are curses instead of blessings.

Such are the absurdities that come from failure to grasp the simple fact that trade—whether foreign or home—is simply exchange and that exchange can put no man out of work.

IV.—*That we cannot compete against the products of cheap foreign labour and must protect ourselves against them.*

This is queer logic, for the "cheap labour" complained of is operating in those very foreign countries which enjoy the protection of tariffs. Why should we adopt the very system under which "cheap labour" flourishes?

V.—*That World Free Trade is the ideal, but so long as the world rejects it we must have Protection for England.*

Here again is gross self-contradiction, for this approval of universal Free Trade flies in the face of the previous theory that imported goods put men out of work. It is certain that if all tariff walls were pulled down the volume of imported goods would greatly increase and so, according to the Protectionist theory, would the army of unemployed men. If their theory is pushed to its logical conclusion there would be little work for anyone in a Free Trade world, so great would be the imports into all countries. They cannot be allowed to have it both that World Free Trade is desirable and that imports cause unemployment.

VI.—*That they only want tariffs to use as a bargaining weapon.*

They shut their eyes to the fact that almost every other country has for years been using this "weapon" and it has broken in their hands. The use of this "weapon" by other nations has everywhere been followed by retaliation, so that tariff walls have everywhere risen instead of fallen. Why should they expect the result to be different when the "weapon" is used by ourselves?

VII.—*That a "scientific" tariff will secure a sure home market for home industries.*

But if we can secure a sure home market for our industries by building a tariff wall, so can the foreigner secure it for his industries by building a tariff wall of his own, and in the building of these tariff walls international trade will come to a stop. Once again we are

brought back to the truth that if we will not import we cannot export.

VIII.—*That exclusion of imported goods will ensure bigger output from British factories and cheapen production because of lower overhead charges.*

This is but a variation of previous unverified claims and may in the same way be refuted by turning the proposition round about and looking at it from the other side. If we can increase output, reduce prices, and steal a march in this way, so also can the foreigner, which will enable him to compete both in England and throughout the world just as effectively as he did before, and matters remain where they were.

IX.—*That, to avoid our tariffs, foreigners will build works in England and thus provide more employment here.*

Again, let us look at the matter from both sides. Just as the British tariff may force foreigners to build works here, so may foreign tariffs force Britishers to build works abroad. The British Ford Co., the Dunlop Rubber Co., and many other British firms have, in fact, been forced to do so. Thus it seems that under universal Protection, nationals of every country will be carrying on their work in foreign parts instead of at home, and "providing employment" for foreigners instead of for their own countrymen. In such preposterous absurdities do Protectionist theories land us.

Further samples of such stultifications are:—

That a people gets rich by sending goods away (exporting) and poor by bringing them in (importing).

That the balance of trade is "favourable" when we send away (export) more than we get back (import) and "unfavourable" when we get back more than we send away.

That a people can prosper by isolating itself from its neighbours.

That tariffs are bad for the world in general but good for England in particular.

That £100 of manufactured goods provides more employment than £100 of raw materials.

That restrictions on trade can improve trade.

That a country can sell on the world market without buying anything in return.

To sum up. The theories of Protection involve a perfect stream of contradictions and break down when pushed to their logical conclusion. Lacking self-consistency, they forfeit all claim to rank as scientific.

Free Trade, on the other hand, no matter how far it be extended shows no signs of flaw or crack. A sound principle should be capable of the widest possible application.

Extend the Protectionist principle of restriction till every nation is cut off from its neighbours and we find that with each step towards that goal the idea becomes more and more preposterous, till in the end we revert to the ethics of the jungle and the stone age.

Extend the Free Trade principle throughout the world till all barriers between the nations disappear and with each step towards that goal the better the principle holds together and the greater its benefits to mankind.

But to lay bare the fallacies of Protection is not enough. It is but the negative part of the Free Trade argument. Even the total abolition of Customs Tariffs would in itself leave untouched the abiding cause of poverty and unemployment. As production precedes exchange it is of first importance to remove the barriers that are hindering or stopping production—the barriers interposed by high rents, by the withholding of land from use, and the burden of taxation that is laid upon industry in all kinds of penalties and exactions. The Free Trade principle requires that the public revenue

be obtained without laying any burden upon labour and capital. It upholds the Taxation of Land Values as the means to that end. Free Trade, so understood and fully applied, would overthrow the land monopoly which before all else is responsible for the unjust distribution of wealth and opportunity, and is everywhere the standing obstacle to human progress.

W. R. L.

## THE MAD HATTER'S ECONOMICS By Harold Callender

(Condensed from the "New York Times," 13th March, 1932, and reproduced from the "Readers' Digest," June.)

"In that direction," said the Cheshire Cat, waving its right paw round, "lives a Hatter: and in that direction," waving the other paw, "lives a March Hare. Visit either you like: they're both mad."

"But I don't want to go among mad people," Alice remarked.

"Oh, you can't help that," said the Cat. "We're all mad here. I'm mad. You're mad."—From *Alice's Adventures in Wonderland*.

"It's this way," said the Hatter, pouring himself a second cup of tea. "Our farmers produce too much wheat, our factories too many manufactured articles, our machinists too many machines. We're so efficient that we're miserable. Surely you understand that?"

"I'm afraid I don't," said Alice. "For if there's plenty of food and other things, everybody should be comfortable."

"Prices have dropped terribly," continued the Hatter. "That's what depresses us so."

"That's no reason to be depressed," said Alice. "I thought people complained when prices were high, so if they're low you should all be happy."

"No," said the Hatter. "We produce so well with machinery that we have less and less need of labour. So the workman can't earn wages and can't buy goods, and the things the factories make can't be sold."

("Then what's the good of making them?" wondered Alice.)

"We are very thrifty," the Hatter went on. "We save and pile up capital with which we build more and more factories, which become more and more efficient. The more efficient they get the more they produce and the fewer men they employ. So their products glut the markets and their machines create unemployment. We put so much capital into making goods that the consumer hasn't enough money to buy the goods when they are made."

"Oh dear!" said Alice. "Doesn't anybody know what to do about it?"

"There are economists," said the Hatter, "who have seen what was happening, and warned us. But they are only scholars who lecture and write books. The practical men who run things have no use for the academic mind. But they know the value of the boll weevil."

"What is it good for?"

"It eats up the cotton crop and keeps prices from falling," explained the Hatter. "Were it not for the boll weevil we should have magnificent crops, and then the South would be ruined."

"But what about the poor North which has too many factories: couldn't your boll weevil eat up some factories, too?"

"No," said the Hatter disdainfully. "Besides, we protect our factories with a tariff."

"Oh, I see!" exclaimed Alice. "Your tariff helps to sell the goods the factories make, doesn't it?"

"Not at all," returned the Hatter severely. "The tariff checks trade by closing markets. We close our markets against other countries; they close their markets against us. Each nation, you see, seeks a favourable balance of trade—that is, it tries to sell more than it buys."

"But what one nation sells another must buy," said Alice. She felt very sure of that. "Then how can they all buy less and sell more at the same time?"

"They can't," said the Hatter. "They just destroy one another's trade and add to one another's suffering. Each nation wants to be self-sufficing, to do without the