

THE NONSENSICAL THEORY OF TRADE

To the Editor, "Land & Liberty."

I am especially interested in the remark on "Soft Pedal on Tariffs" in your issue of December. We have those timid souls here also who, though seeing the evils of the Protectionist game of "Beggar My Neighbour" which impoverishes all lands and sets the inhabitants thereof to blaming their misfortunes on the peoples of other lands, are afraid of the issue.

"Free trade is the international law of the Almighty," declared Richard Cobden a century or so ago, and it is the violation of God's international law which has brought the world to its present pass.

How does the nonsensical theory that the bringing of goods into a country impoverishes it while sending of goods abroad enriches it manage to survive? That trade is a two-way traffic, and that to limit or restrict it one way must necessarily limit or restrict it both ways, would seem to be one of the most obvious truths in the realm of economics, yet how few are they who really see it?

The object of production is to possess and enjoy the results of production. We specialize in production and exchange in order to possess and enjoy a greater volume and variety of products. Civilization had its beginning when men began to exchange, and as the circle of exchange broadens, civilization is extended and deepened. That the enforced narrowing of this exchange area should breed strife is the most natural thing in this most natural world, ruled, whether we like it or not, by natural law. Trade is co-operation—the most refined and efficient co-operation which the nation can engage in. They *must* co-operate—or fight!

"After the war there will be a battle for the markets of the world," says Lord Derby. We have plenty of Lord Derbys in the U.S.A., and they are right—if the nations persist in closing their markets as they have done in the past. But there need be no battle for markets if the nations, seeing the two-way nature of trade, will but open their markets. There is and can be no danger of a "deluge of cheap goods" from abroad. No goods will be imported unless they are wanted and can be paid for, and payment will require the exportation of goods of equal value.

The true way to encourage the industries of the world is to make it easy for consumers to procure their products. The blocking of the channels of trade by tariffs, quotas and other commercial barriers makes it more difficult, sometimes impossible, for consumers to procure them, in which case the industries concerned must languish.

There be those who think they see advantage and profit in thus restricting international trade. Advantage is special—it cannot be made general. One industry or a group of industries may be temporarily advantaged by special trade restraints, but only at the expense of its consumers and other industries. To broaden the area of restraints dilutes the advantage and increases the disadvantages of added costs to the consumers and the commercial world in general. That trade barriers of one kind and another are important factors in undermining and sapping the buying power of the nations is as certain as anything in the realm of economics can be.

That tariffs for "protection" are mischievous and harmful to a nation as a whole is certain. The U.S.A. has prospered more than other nations *in spite of its tariffs, not because of them*. The true secret for our greater prosperity has been the extent and variety of the natural resources of this country and the use we have

made of them. We might have been far more prosperous had we been willing to share our prosperity with others through the channels of free and unobstructed trade. Had we done this, other nations would have been impelled to do likewise or lag behind in the march of economic progress. With international trade generally free there would be no "Have" and "Have Not" nations, for the resources of all the earth would be accessible to all peoples through the channels of a trade that would be profitable to all—and the workers of all countries would be busy at good wages supplying the demands of world markets freed from all restraints.

To bore this lesson into the minds of Protectionists, let us consider that the rise of Adolf Hitler to power dates from the early part of 1931. Up to that time the efforts of Ludendorff and Hitler to gain power in Germany had been fruitless. In March, 1931, Germany and Austria reached an agreement to form a customs union, and invited their neighbours to join in such a Zollverein. It might have been the nucleus for a United States of Europe. I recall that Britain was not averse to the proposal, but that France and Czechoslovakia interposed their peremptory veto in the League of Nations, and the proposal was dropped.

Then Germany began to turn to Hitler. Two years later, in 1933, he won the general election and became Chancellor of Germany. France and Czechoslovakia therefore bear a heavy responsibility for the rise of Hitler to power, for Germany seems to have then and there decided that Hitler was right in asserting that conciliation would get her nowhere and that no concessions from the Treaty of Versailles would be secured until Germany became strong enough to take them. My grief at the collapse of France is chiefly because of the situation in which it has left Great Britain.

If I have spoken only of trade barriers, it is not because I think them the only cause of war. The private appropriation of the true public revenues of nations makes tariffs seem necessary. The taxes, internal and infernal, which absorb a third of the earnings of labour and capital the world over are the direct consequence of this misappropriation of socially created values. This is the basic reason for the world-wide narrowing of public buying power.

"Land value" is a sort of misnomer. Land of itself has no value apart from civilized society. Its so-called value is the value of society itself. Though it attaches in varying degree to lands occupied by civilized peoples, it does not inhere therein, for with the decay or removal of communities it evaporates. Rising only where and when civilized communities arise, it is theirs by virtue of production, and should be taken for society's use. Therefore did the wise King Solomon declare "The profit (rent) of the earth is for all. The King himself is served by the field." The King was the state, and on this principle, in the wisdom of his youth, Solomon raised Israel to unprecedented prosperity and grandeur. There would be no land monopoly and no taxing of industry and trade to death under King Solomon's principle of collecting public revenues.

Yours etc.,
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