

TARIFFS AND JOBS

(From an article by "A. J. M." (Mr A. J. Mace) in the "Clydebank Press," 14th March, and other journals.)



A. J. MACE

The plausibility of the argument that free imports has an adverse effect on unemployment is largely due to misunderstanding and misrepresenting the use of money.

It is said it would give more home employment if goods we buy from abroad were made at home.

That assumes that goods are bought with money, and there the business is finished.

To be correct, goods are not bought with money, but exchanged

with the use of money. Money is bought with goods, so that other goods can be obtained with the money.

Money is a medium of exchange and nothing else.

Nowadays, in our complicated trading relations, when a person wishes to purchase goods from a foreign country he goes to an exchange or bank and buys foreign money of the country he wants the goods from.

To repeat, goods come in for goods that go out, for trade means the exchange of commodities. Naturally, if goods are not allowed to come in, the goods that would have been required to exchange for them will not be needed, and that will leave the numbers in employment as before.

Tariffs do not alter the *amount* of trade, but they do alter the *direction* of trade, and therein lies the clue to the whole agitation.

Goods are made for profit. Loss of trade through competition is easily countered by placing a duty on the offending articles. This usually raises the price, and certainly drives the trade in the direction required. It is not practical to give every trade protection, though all are entitled to it. So it is decidedly unfair to protect one and not another.

If tariffs could be universally applied, the result would be that prices of things bought and sold would rise together, leaving things relatively as before, except for the Customs interference and unnecessary expense, and the creation of racial friction.

As for free trade within the Empire, what does it matter to a home producer whether the goods come from Argentine or Australia? His prices must compete. Well hidden behind the whole business is the fact that, if prices are not high, rent (for land) cannot be high, and rent is largely influenced by prices and not prices influenced by rent.

The benefits due to tariffs will not remain long with the actual producer or manufacturer, as such, but, like all improvements and economies, will enhance the value of the land on which they are being used, to be enjoyed by the owner.

The question of whether we should be free to exchange goods when produced sinks into insignificance compared with the freedom to produce, for the simple reason that goods must be produced before they can be exchanged.

That state of affairs cannot come about while private property in land is the law of the country.

Instead of taxing people according to what they produce, and letting them get it back with interest in the price of their produce from the consumers, as well as

paying a private person for the mere privilege of doing so, it would be perfectly fair all round to raise all taxation, national and local, according to the value of the opportunity to produce.

ADVERSE TRADE BALANCE

Of all the ridiculous talk nowadays there is nothing so absurd as that relating to what is erroneously called the "adverse trade balance." Protectionists have always been notorious for their cock-eyed way of looking at things, but when they get on to tables of exports and imports it is enough to make angels weep. They will (or some of the less stupid will) admit that all trade is barter, the exchange of goods for goods, but nevertheless they (the less stupid variety) will still talk about an "adverse" or a "favourable" balance of trade.

We have repeatedly put these propositions to Protectionists through the columns of the daily Press, but without getting any reply:—

1. If Australia trades, that is sells (exports) £100 worth of goods, can she buy (import) any more than £100 will buy in the outside markets of the world? If she cannot, where is the balance, adverse or otherwise?

2. If outside capitalists or immigrants or globe trotters decide to transfer their capital or money to Australia, can they do so except in the shape of imported goods? If that is the way it is accomplished why call the imports (which obviously are not set off by exports) an "adverse" balance of trade?

3. If governments or residents borrow or receive remittances from abroad can the loans or remittances materialize here except in the form of imported goods? If they cannot, why also call the imports (which also obviously are not set off by exports) an "adverse" balance of trade?

4. If goods are items of wealth, why be guilty of a flagrant abuse of English by calling the receipt of wealth (imports) "adverse" and the parting with wealth (exports) "favourable?"—Sydney *Standard*, 15th April.

DR JOHN BANKS, DUNOON

The Scottish section of the Land Values movement has lost a highly esteemed and generous friend in Dr John Banks, M.B., C.M., of Dunoon, who died on 29th May in his 81st year. Dr Banks had completed about 53 years of service in Dunoon, not only in an extensive private practice, but as Medical Officer for the district, and physician in the local hospital. He was well known and deeply respected all along the Cowal shore from Innellan to Sandbank, equally on account of his medical skill and his genial and kindly bearing. As a missionary for the economic gospel of Henry George, the truth of which he laid hold of about thirty years ago, he had few equals in zeal and constancy; and his prescriptions for the health of individual patients were usually accompanied by some shrewd advice bearing upon the economic health of society. He held indeed, as a man of science, very definite views as to the subtle relationship existing between the wrongful uses and disuses to which land is put under existing conditions and the general health of the people, and frequently urged that poverty and bad housing were largely responsible for doctors' services. He upheld the land value policy as the certain cure for economic distress.

Dr Banks was predeceased by his wife about seven years ago, and is survived by two sons and two daughters, to all of whom we offer our deepest sympathy.