

XVII: EXPORT MARKETS

Another topic that should be mentioned is exports - because exports figure prominently in most economic analyses.

Nowadays, there is quite a clamour for export markets, and nations vie with one another for whatever markets exist.

That situation exists because many nations seem to produce more than they consume. They may do this in one or more of the following ways:

- 1: Wages may lag behind prices - so a nation's inhabitants cannot purchase all they produce.
- 2: Interest may check consumption, because inflation keeps interest rates from falling in response to the laws of supply and demand.
- 3: Tariffs, high wages and similar measures keep the price of goods above world market levels, and make them hard to sell.
- 4: Subsidies, quotas and price-support mechanisms insulate some producers from the rigors of the market, and allow them to produce more than their usual customers can consume.
- 5: Producers who have spent money on land, labour and machinery seek to recoup it - by producing as much as possible. That is a form of "speculation in commodities". It gluts markets when many producers become involved in it.

A Similar End Result

Each of these mechanisms produces a similar end result. Whenever a nation produces more than its inhabitants consume, the difference must be exported. If sufficient export markets cannot

be found, then local markets glut and unemployment occurs.

"Export or Perish" - or Find Causes?

Nations afflicted by these problems usually adopt an "Export or Perish" mentality. They may do better by analysing the problem carefully and seeking solutions for it at home.

If they did that they may find, eventually, that export markets are really an optional extra. The nation's true prosperity depends upon its home market, which, in the long run, should compare more than favourably with the vagaries of foreign trade.