

controls and other devices for restricting the market, reducing production and raising prices; or upon patents or secret processes.

All these things are the creation of law, and the law can be altered so as to abolish them.

The first, the most potent, and the most fundamental step is to abolish special privilege in land by requiring the holders of land to contribute to the expenses of the state in proportion to the site value of the land, whether it is used or unused, at the same time using

the proceeds of this taxation to do away with tariffs and other taxes and restrictions which impede exchange and prevent men from getting the most they can in exchange for their labour or the proceeds of their labour. In this way the opportunity to produce is enlarged and so is the freedom of choice of producer and consumer, while the inequality and restriction in the production of wealth is removed. It is in that way alone that economic freedom can be made complete and its benefits made available to all mankind.

THE NETWORK OF WORLD TRADE

THE ECONOMIC Intelligence Service of the League of Nations last year published under the above title a comprehensive and factual survey of world trade. (George Allen & Unwin Ltd. Price 10s.) An elaborate statistical appendix analyses the trade relations of no less than 173 countries with one another. As a result of this examination certain conclusions are reached which, although not unfamiliar to students of economic questions, attain an added significance from the weight of information upon which they are founded.

This investigation makes it clear that "international trade is much more than the exchange of goods between one country and another; it is an intricate network that cannot be rent without loss." No country was in the position in relation to any other country that the exports of the one were exactly balanced by the imports from the other. On the contrary by numerous and devious exchanges the circulation of goods extended throughout the whole world. This result is not surprising. In the internal economy of every country the same thing takes place. We should be extremely surprised to find two individuals who were in the position that the goods which they sold to one another were of precisely the same value. The bootmaker's sales of goods to his butcher are not likely to be equal to his purchases of meat. Indeed we should be rather surprised to find that they had any direct transactions of that kind at all. The trade between one country and another is made up of the transactions of individuals, and does not differ in its nature from the transactions which take place between individuals within the same country. Just as we should not expect the total purchases of the citizens of Glasgow from those of Birmingham to be exactly equal to the purchases of Birmingham from Glasgow, so we should not expect the exports and imports between Great Britain and the United States, for example, to be equal.

The attempt which was so frequently made in the period between the two wars to bring about such an equality by means of bilateral trade agreements, clearing agreements, import and export quotas and similar devices showed a profound ignorance of the real purpose and significance of trade. It interfered with the whole network of world trade and had the most disastrous consequences in diminishing the total of imports and exports and in depriving all countries of resources which were essential to their economic well-being.

The pattern of world trade was determined by the distribution of natural resources and of other advantages which enabled one country better to produce one thing, and another to produce another. It was in fact the principle of division of labour and of specialization, which is the prime cause of the increased productivity of labour, extended on a world-wide scale. Misguided and often selfish attempts to interfere with this went a long way towards destroying the advantages to mankind in general which should flow from improvements in the technique of production and transport.

The backward trend came to a climax after the financial crisis of 1931, when "many countries attempted to balance their foreign transactions by increased government control, particularly in the form of import restrictions. But while each country could generally restrict unchallenged imports from countries with which it had an import balance and could frequently oblige these countries to take more of its products, it exposed itself to retaliations if it attempted to restrict imports from other countries. The restrictions imposed were therefore largely discriminatory and for this and other reasons tended to balance transactions with each country separately rather than in the aggregate. Multilateral trade was thus reduced and replaced by bilateral trade. The disturbances in the system of multilateral trade ever since the late 'twenties reduced the amount which certain countries could spend on staple products in the world market; hence arose the problem of 'reduced commercial access to raw materials.' This reduction in demand, only partly offset by increased demand on the part of other countries, depressed world market prices; this in its turn besides disturbing economic conditions everywhere, reduced the yield on foreign investments, many of which became valueless, and discouraged capital exports."

The conclusion is this: "Modern civilization is based on a world economy which functions through a system of multilateral trade of a specific pattern that embraces the whole world. The present war, and particularly the reduction of British overseas investments, is likely to modify that pattern in the future. But the need for a world pattern of multilateral trade will remain as long as climates and geological deposits continue to vary from one area to another, as long as the factors of production are unevenly distributed over the face of the globe."

Here then lies the importance of the

pledge made by the signatories of the Atlantic Charter that "they will endeavour with due respect to their existing obligations to further the enjoyment by all States, great or small, victor or vanquished, of access on equal terms to the trade and raw materials of the world which are needed for their prosperity."

THE ATLANTIC CHARTER

ON 24TH FEBRUARY in the House of Commons, Mr Douglas asked the Secretary of State for Foreign Affairs how many nations have adhered to the Atlantic Charter; and in which cases ratification is necessary in order that the adhesion may become binding? Mr Eden replied: "Thirty-four nations have adhered to the Atlantic Charter. The Charter is a declaration of principle to which it is open to any Government to express adherence. The question of ratification does not arise." To the further question "Are we to understand that it is not binding upon any Government that adheres to it?" Mr Eden replied: "I did not say that. Pronouncements can be binding without being ratified."

Mr Douglas also asked the President of the Board of Trade whether His Majesty's Government are precluded from granting subsidies or giving other special assistance to exporters by the terms of the Atlantic Charter? Mr Harcourt Johnstone (Secretary, Department of Overseas Trade) replied: "There is nothing in the Atlantic Charter which defines the precise measures which should or should not be employed for the attainment of the economic objectives set out in that document. The measures to be taken for the attainment of these objectives are at the proper time to be the subject of discussions between the Governments concerned under the terms of Article VII of the Mutual Aid Agreement." Mr Douglas: "When is the discussion likely to take place?" No reply was given.

The economic difference from the mother country is radical, particularly in regard to the character of the European property. Instead of a mass of small and medium farms we find in North Africa a regime of great estates, worked by companies or individuals employing large numbers of proletarian natives.—Professor R. Marjolin on French North Africa, in the *Manchester Guardian*, 5th February.

At the Annual Conference of the Committee of Scottish organizations affiliated to the Co-operative Party held in Glasgow, 7th February, (*Co-operative News* report) a resolution was adopted on the Uthwatt Committee's proposals which went on to say that the conference rejected the proposals of the committee for the acquisition of land and the proposed levy on site values, and urged the Government to introduce legislation to require all holders of land to pay a tax on the full economic rent of the land, whether used or not.

The mover, Mr J. Allison, said it was a basic principle of the party that the land of the country should belong to the people of the country. Mr Gilzean of Edinburgh seconded.