

# International Trade

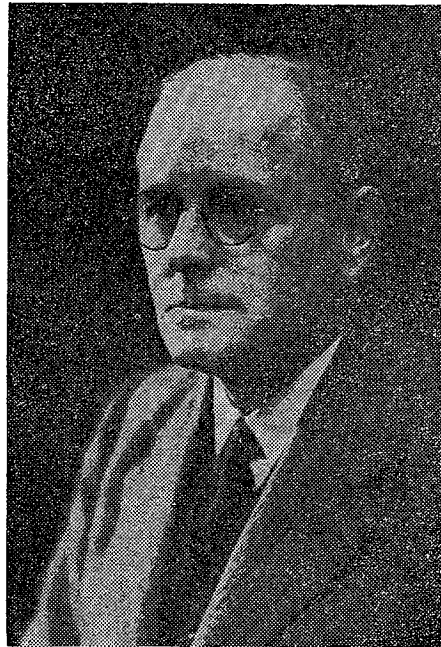
By ASHLEY MITCHELL

IT IS WRITTEN that the Lord sent a pestilence upon Israel because David had had the people numbered. If all nations are now subject to similar judgment it is small wonder that we have suffered two world wars and are threatened with a third for which more dreadful weapons of mass mutilation are being prepared.

The term International Trade is now used in such a way as to mislead people into thinking that trade between different countries consists in trade between states as such and not in transactions among individual traders. Hordes of officials and enumerators record the statistics of goods entering and leaving the ports and describe the aggregate figures as if individual traders had no existence, except to spend time supplying them with manifold copies of invoices to satisfy their insatiable appetites for statistics.

The figures of overseas trade are published with so much emphasis on national source of import and national destination of exports that unthinking persons whose numbers are as the sands of the sea, are more easily led to accept trade barriers of tariffs, quotas, bi-lateral treaties, import licenses, etc., and to think that the world might come to an end if the enumerators were put into retirement. Actually the continuing world trade crisis is due to the meek acceptance of state interference with the freedom of the individual to buy and sell wherever he pleases. Who shall challenge the right of Jan Rasmussen of Denmark to trade with John Smith of England, except those who believe in dictating to others and in using power to maintain privilege and prevent the attainment of liberty?

In 1941 Roosevelt and Churchill adopted the Atlantic Charter by which it was agreed that after the war all nations should have equal access to the trade and the raw materials of the world. Lovers of freedom rejoiced at the hope held out. But what a result! It reminds us of the old Irish jingle, "When the devil was sick, the devil a saint would be; but when the devil was well, the devil a saint was he?" To carry out the Atlantic Charter, the International Trade Organization was established at the Havana Conference. There amongst other points agreed upon, member countries are compelled to work for demolition of all barriers to foreign trade. A further conference was held at Annecy where some moderate reductions in national tariffs were accepted. A further conference was held at Torquay last winter when hundreds of state officials of many countries spent a pleasant winter in most desirable surroundings and the results of their labors were less than the famous mountain that produced a mouse. There can be no effective achievement of such meetings, since they are held in the spirit of bargaining. A country is said to make a "concession" if it reduces a tariff; and there is a refusal to reduce a tariff on the imports from this or that country unless it gives a counterbalancing "concession." This means that they say to one another: unless you reduce your shackles we will not reduce ours. It is to be hoped that the absurdity of such



actions cannot be observed by the inhabitants of Mars.

In an effort to escape from such an economic jungle, many well meaning people, including some who resolutely support free trade, are led to applaud the formation of customs unions, thinking that if general free trade cannot be secured it is well to extend the area where trade may be able to move freely. This is not a way out of the jungle. Such an organization was formed between Belgium, Holland and Luxembourg and it is known as Benelux. It is proving very difficult to operate: the conflicting interests in those countries are delaying its operation. The farmers of Belgium view with horror the free entry of food from Holland. But if such a union were successful it would only make the achievement of free trade for that area more difficult. A union has been proposed for the countries of Scandinavia. Suppose it were adopted, Denmark would find itself having to accept the imposition of higher tariffs against the rest of the world in order to secure free trade with Sweden and Norway.

Attractive as the prospect of a larger area free from tariffs may appear, it will be seen at once that it is a delusion, if the true nature of a tariff or other protective barrier is understood. Let it be inscribed in the mind of every adherent of free trade that the main object and purpose of a tariff is to grant a privilege to some people of a country to compel their fellow countrymen to pay a higher price for their products than they would need to do if they had the freedom to import such products from another country. Tariffs are intended to raise prices for the benefit of a few at the expense of the rest of their fellow countrymen. That being the case, a customs union does not abolish tariffs; it only widens the area in which unjust privilege is granted to some at the expense of

the many. And because of the area being under different governments, an agreement would be for a term of years so that it would be still more difficult to secure free trade for any of the countries in the group. In fact, it reduces freedom of action for particular countries.

To add to the inflictions that mankind has suffered in this supposedly progressive age, governments have taken trade out of the hands of experienced traders and have entered into contracts with other governments for staple commodities, especially footstuffs. Much international friction has resulted. Before the war, trading relations between Britain and Denmark were harmonious and beneficial to the peoples of those countries, but when the bargains have been made by official representatives there have been disputes from time to time that have caused hard words and bitter feelings which could never have arisen in the free-market conditions before the war. There are sufficient difficulties in international relations without bringing sordid price bargaining to add to them.

The lower moral atmosphere in Britain today is a natural consequence of creating penalties for acts that in themselves are not morally wrong. It diminishes the respect for law and order. Protection causes business men, who would previously have abhorred the idea, to rely upon government assistance giving them a privilege; thus also a premium is given to inefficiency. It is ironic that those who profess to be opposed to state socialism encourage its growth by invoking the power of governments.

Now that trade is slackening, in many quarters there are demands for an increase of the very barriers that have assisted the decline. In the United States many industrialists are seeking higher tariffs. It is good to see an article in The New York Times of April 20 referring to the British protests against those demands. It says, "One need not be an alarmist to understand that continuation of these trends bodes ill for the unity and strength of the free world . . . America (it adds) can no longer afford suicidal economic nationalism for the sake of relatively small domestic interests."

In the British note of protest there is a significant statement that illustrates the bellicosity of "protection." Incidentally, once again is seen the deceptive and question-begging use of the word "concession" which has crept into the plausible protectionist argument. Thus language itself is prostituted in defense of the tariff robbery. Notice also the amazing admission which deserves to be emphasized in italics type. The British Government says: "If the contracting party to General Agreements on Tariffs and Trade, which is the major creditor country in the world, were to set an example of withdrawing tariff concessions whenever they revealed their effectiveness through more vigorous competition between the imported and the domestically produced product, it would be politically impossible for the Governments of debtor countries—which have their own internal vested interests to contend with—to withstand pressure

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to have recourse to article XIX in order to free themselves from tariff commitments which were proving embarrassing."

No more proof is needed than that statement to show how protection increases the atmosphere of war and hostility between peoples, and how privileged interests hasten to use any bitter expression in another country to assist them in increasing the shackles on their own countrymen in an atmosphere of national hatred. How different is the atmosphere of free trade that stands for peace and the open door. Tariffs are economic war. Free trade is a peace treaty in itself.

Free trade is part of the whole question of freedom. If people have freedom to trade without interference by bureaucrats they have so much essential liberty. Henry George pointed out how necessary it is that free trade movement should be appreciated as a means of liberating the masses. He says, "It is not merely that, until working men get over thinking of labor as a poor thing that needs to be 'protected' and of work as a dole from gracious capitalists or paternal governments, they cannot rise to a sense of their rights; but it is that the movement for free trade is in reality the van of the struggle for the emancipation of labor." It must be acknowledged that unless men have the liberty to exchange their productions freely wherever they wish, they cannot rightly be described as enjoying liberty.

(Address at the Third International Conference for Land Value Taxation and Free Trade, Odense, Denmark.)