

W. R. Lester, M.A.

Essays
on
Free Trade

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INTRODUCTION

Here, with much clarity, some fallacious but plausible protectionist arguments are examined, and logically demolished.

In these two essays, the author shows that his capacity to reason and explain the practical advantages of Free Trade is equalled by his ability to expound its moral justification.

The first, *Capturing Foreign Markets*, is in itself a lesson in logical thinking; only those with special interests to conserve are likely to remain unconvinced. The second, *True Free Trade and Laissez Faire*, extends the argument for Free Trade between the nations to the sphere of wealth, production and exchange of goods. Laissez Faire stripped of its corrupted meanings is shown to be a philosophy of freedom and not a philosophy of licence.

The late W. R. Lester, M.A. (Glasgow University), was author of a number of books and articles. *Unemployment and the Land*, and *The True National Dividend* are his most noted and are available from the School.

A. W. MADSEN, *Principal*.

Essays on Free Trade

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(1) Capturing Foreign Markets

It is very generally held that a World Market of indefinite extent lies ready for every nation to "capture" and that to capture it a nation has but to be sufficiently efficient and enterprising. All will then be well, for in this way, it is conceived, boundless vistas of new and growing industries with well-paid employment will open to the successful nation. So far is this conception carried that it is even claimed as the sovereign cure for unemployment and for social ills in general. Let a people, by adequate equipment, organisation, enterprise, and salesmanship, raise itself to the necessary level and the volume of its exports will be limited only by the population of the globe itself. It is imagined that efficiency will capture foreign markets without end and captured foreign markets are held to be the fountain head of prosperity. This, for the time being, is the fashionable cure for bad trade. The stress, in all such argument, is deliberately laid on the need for exports, and the possibilities of the home market are overlooked though in all countries it is of vastly greater importance than the foreign.

How it happens that in a country such as ours whose industrial history is one steady and unexampled record of growing foreign markets there should be any such thing as bad trade and unemployment the believers in this theory do not pause to ask.

For those who think along these lines, and who attribute the very existence of large sections of our people to foreign commerce, it seems clear that a people confined within the limits of its home trade must suffer from want of employment. To them it appears equally evident that with the world thrown open and foreign markets expanding, new opportunities for industry must so develop as to put an end to all straitened conditions, and bring work in plenty for a population largely increasing in numbers. Despite the fact that expectations based on that view have been falsified by industrial history, it remains so fashionable that examination will repay the pains.

Efforts are constantly made to give practical shape to this theory by such devices as Export Credits, Exchange Control and Marketing Boards and Trade Facilities Acts, all designed to

stimulate exports without regard to any other consideration and careless of expense. Surely it is a melancholy example of the futility of so much legislative effort that such measures are accompanied by others which directly cancel out their intended effect. They are accompanied by so-called "safeguarding" legislation, intended to check imports, though to check imports is to check exports and to stimulate exports is to stimulate imports. The two classes of legislation cancel each other out.

According to this popular view foreign trade is something additional to and independent of home trade. It is regarded as providing additional trade and employment, so that any development, or as is said "capture" of foreign markets, is a clear gain to the wealth and employment of the home industrial population.

I shall try to show that this is not only an illusion, but a *dangerous illusion*, for it leads to a wild scramble for new foreign markets—a scramble too often *pushed to the point of war itself*.

If it be true that the prosperity and employment of our people is inseparable from the acquisition of foreign markets then it must also be true for other nations, and so the world is faced with the queer paradox that all will be busier and more prosperous if others do their work for them than if they do it for themselves, just as some imagine it is good for industry to employ barbers rather than do our own shaving.

But a little analysis will show it to be an illusion to think that when a new foreign market is gained new employment is promoted over and above what was needed to carry on the home trade before the foreign market was acquired. First we must remember that all wealth comes from application of labour and capital to the raw materials of the earth. There is no other way in which wealth can be produced. Before the "capture" of a foreign market (when home industry and trade alone were carried on) what labour and capital existed in a country were employed in converting the raw materials of the earth (the land) within that country into goods for home consumption. What happens after the capture? The labour and capital of the country are still engaged in converting its home raw materials into goods, but some of these goods are exchanged or traded for foreign goods. Does that give countenance to the idea that *more* labour and capital are employed after the gain of the foreign market than before? What possible difference can it make to the amount of industry? All that has happened is a change in the *destination* of some of the wealth produced by the labour of the country exerted on the land of the country. Nothing has happened to increase its *amount*. The natural resources of the country remain the same whether the goods produced are consumed within the country or exported abroad in exchange for foreign goods. Had the advent

of the new foreign market meant the breaking down of obstacles which close to would-be producers the land of their own country, there would be another story to tell because then would come into being new opportunities for employment. But the gain of foreign markets means nothing of that kind.

To view the matter in another way, suppose British producers confined to home industry are producing cloth and hardware, which they trade among themselves; then suppose that some of the clothmakers change their tastes and prefer to buy tea from Chinamen instead of hardware from Britishers. The Chinamen, of course, want payment, and since we may suppose them to desire hardware, they demand hardware in exchange for tea. That great prize—a foreign market—to gain which the threat of war has so frequently been held over the Chinese head, has now been "captured by Britain," and in due course the figures appear in the British Board of Trade returns, swelling the total, conjuring up visions of more employment for British workmen and providing the subject of general congratulation.

But has one single extra man or woman been set to work in Britain because of this new foreign market? Not one. The only change is that those British clothmakers who previously bought British hardware but now buy Chinese tea, arrange (through the ordinary machinery of foreign exchanges) to export British hardware to China in payment for the Chinese tea. They purchase less British hardware than before and the Chinese purchase more. That is the sum of the matter and it involves no more industry in Britain than before opening of the Chinese market.

The obsession of those who imagine that the opening of a new market in China for British hardware has made an addition to employment in Britain, and that just so much of home employment is dependent for its existence on the new market, arises from the mistaken view that the employment of the British hardware exporters is called into being and is maintained by the demand of their Chinese customers. They cannot get out of their heads the illusion that the British hardware makers are dependent for employment on the Chinese buyers. They think, that but for them, the hardware makers would have nothing to do. It is not so. In point of fact their employment is called into being and maintained by the *British makers of cloth, but for whose purchases of Chinese tea, there would be no demand from the Chinamen for British hardware*. In reality, British demand for foreign produce, has called forth foreign demand for British produce. Demand calls forth supply; imports call forth exports. Exchange cannot mean accession to industry. Home demand starts everything and keeps everything going in foreign trade just as surely as it does home trade.

In confirmation of this, we all know that were the British demand for Chinese tea to cease, at the same time would cease the Chinese demand for British hardware. There would simply be a reversion to home trade though doubtless in other articles. But this reversion to home trade does not mean lessening of opportunities for employment to a single Britisher, for it does not affect the home natural resources to which capital and labour have access.

We thus perceive what the effect here would be were the "captured" Chinese market to be lost. People would lose their tea, and the hardware exporters would lose their Chinese trade. But though the tea would be lost, the *ability to purchase* would not be lost. That still remains with those who had it (the clothmakers), for since the same home natural resources are still open to them they can, if they choose, buy hardware from the hardware makers instead of tea from the tea merchants. Instead of home producers buying tea and the Chinese buying hardware, the Chinese retire from the picture and the hardware or something else equivalent is sold at home, for the home purchasing power remains intact. Britishers employ each other direct instead of round-about through China. There is substitution of one employment for another.

We say "something else equivalent" because a home demand for hardware may not exist, and the hardware makers may therefore have to turn to something else for a living. This change, it need not be denied, will be a trial to the hardware makers and a loss of gratification to the former tea drinkers. These are substantial disadvantages resulting from the loss of the foreign market, and the Free Traders would be the last to make light of them. But the question under discussion is the *volume* of industry (not its *kind*) and that is not affected by the change.

For confirmation of this, appeal may be made to the ordinary transactions of the market. The British hardware merchant becomes the creditor of the Chinese importer, and the Chinese tea merchant becomes the creditor of some merchant in Britain. And in each country there is also a debtor; the Chinese debtor being the importer of hardware, and the British debtor being the importer of tea. In practice, neither of these debtors makes payment direct to his foreign creditor. The matter is adjusted through Bills of Exchange and Bill Brokers in such a way that the British importer of tea pays his debt to the British exporter of hardware, and the Chinese importer of hardware pays his debt to the Chinese exporter of tea. Thus in the end, we find once more that though the Britisher may think he owes his trade and employment to his Chinese customer, and the Chinaman may think he owes his trade and employment to his British customer, in point of fact they are both working for, and both maintained by customers at home.

We see then that the *fons et origo* of foreign trade is home demand. The rewards of all engaged in it emanate, not from the foreign demand for home products, but from the ability of home consumers to pay for the goods they import.

We can also now see how false it is to imagine that unlimited employment at home can be secured through "capture" of foreign markets. For the amount we can export is limited by the amount we can import, and that, in turn, is limited by the purchasing power of our importers, or, which is the same thing, by the amount of wealth produced through the application of home labour and capital to home land. The purchasing power of home importers, and therefore the amounts of our exports is strictly limited by our own natural resources and *the terms on which productive industry is granted access to them*. Exports can be extended in measure only as barriers against access to home natural resources are levelled. Failing this, the "capture" of foreign markets avails nothing as a stimulus to industry. It is futile to attempt to push exports beyond the capacity of home buyers to import and merchants very soon find in the course of their business that this is strictly true in practice. When exports rise beyond a given point, the exchanges begin to go against exporters and export business becomes unprofitable, while import business becomes proportionately more profitable. It is through adverse exchanges that the merchant is made to curtail attempts to export beyond a definite point. If he attempts to pass this point, his profits disappear. In other words, merchants find in the ordinary course of their business that power to export is severely limited by power to import.

It is therefore foolish to talk of an indefinite demand from other nations for our produce. Such a demand will avail us nothing unless our own people have purchasing power and that depends on the use we are allowed to make of our own land.

No matter what the skill and efficiency of our manufacturers or the pushfulness and enterprise of our merchants, this limit to our foreign trade cannot be passed. We may lavish public funds on Export Credits, Trade Facilities Acts, Marketing Boards, Advertisements of our wares and our Ambassadors may exercise their utmost skill; the desired effect will not accrue.

It may be objected that at least when an unemployed element is present the acquisition of a new foreign market will provide employment for that element. But no! The reasons already given prevent it even here. If some are unemployed before acquisition of the new foreign market it must be because of insufficient home demand for their services. But if there is insufficient home demand for their services, there must be insufficient home demand for foreign services. That is, there can be no increased imports and if there are no increased imports there can be no

increased exports; or no increased foreign demand for the services of the unemployed at home. Picture a community of two (or two millions) and one unemployed. A foreigner asks for the services of this unemployed man, say, in growing potatoes. Does that take him off the unemployed list? No more than if he were to grow potatoes for himself or for home consumption. If, though willing, he does neither, it must in the last resort be because he is forbidden access to the fields. From this predicament, the new foreign demand will not extricate him.

As for "safeguarding" or protection, their object and effect being to check the imports, they correspondingly check exports and leave matters worse than before from the exporters' point of view; a truth which must come as a shock to the advocates of such measures engaged as they are in the impossible task of trying to stimulate exports while restricting imports.

"The Capture of Markets without end" illusion is closely allied to another, the World Competition Illusion.

According to this it is imagined that nations (and not individuals) trade, and in their corporate capacity are engaged in a ceaseless struggle for markets in which the most efficient nation carries off the prizes, leaving less and less for those not so efficient as they. It is even imagined that the very existence of nations depends on success in this world competition and hence the waste of money and effort involved in the measures already referred to which make the vain effort to extend foreign trade beyond its possible limits.

Henry George and other economists, have already demonstrated how the less efficient or favoured people have really nothing to fear on this score, for they will carry on a foreign trade even though in *every branch* they be less efficient than others and produce at higher cost. Even under these conditions trade will be carried on between the more and the less efficient because trade between them depends on *comparative* and not on absolute costs of production. It is imagined that the country less efficient in every branch could do no exporting. But is it not preposterous to think that the country with greater advantages in everything would do all the exporting and the country with less advantages all the importing? How would the former be paid in that case? In reality the people of the former would import from the people of the latter those products as to which the *difference of advantage* between the two countries was least and would export in return those products as to which the *difference* was greatest. Both countries gain by this arrangements, since by avoiding the necessity of producing the things as to which their advantage is least they can concentrate their energies on the production of things as to which their advantage is greatest. Even were all "neutral markets" to fall to the more efficient nation there is nothing to

prevent the weaker existing on its own resources with as much industry (though fewer satisfactions) than if it shared in the neutral trade. So the people of less efficient nations need not fear extinction from this cause at least; they may possess their souls in peace despite the world competition alarmists. Their natural resources are always available to them for home industry if they choose to limit themselves to it, and if they choose to carry on a foreign trade as well, lack of advantages—even in all branches—will not prevent them doing so. Apart from all economic theory, the history of nations abounds in proof that absence of foreign trade in no way means calamity or extinction for a people. China and Japan offer examples of peoples which for many centuries contrived to exist in comfort without foreign markets.

We do not for a moment question the advantages of efficiency. But its advantages are not of the kind imagined by those who look to it for success in world competition and capture of markets. What then can efficiency do? It enables labour and capital to produce more wealth from home natural resources, which wealth may either be consumed at home (home trade) or else exchanged for foreign goods (foreign trade). It is in increased production of home goods that the advantage manifests itself: not in any capture of foreign markets. Nor in the so-called "World Competition" does it enable us to support a greater industrial population than if we had simply stood aside and consumed at home the goods we produce at home.

It is not true that absence of foreign trade means extinction of industry. Before the first world war, the Austro-Hungarian Empire constituted a single fiscal unit with unobstructed trade between all parts. This territory is now split into many divisions under separate governments. The very same individual merchants continue to trade with each other in so far as tariff barriers allow, but this trade is now called foreign trade. Are the populations concerned more productive or more prosperous because the trade they do now is dubbed "foreign"?

A very large part of Scottish trade is done with England. But this does not figure as foreign trade. Should the two countries separate, this same trade would forthwith acquire the name of foreign trade. In the eyes of those who attach such vital importance to foreign markets this should be a great gain for Scotland. Should they reunite the "foreign trade" would vanish and according to our alarmists loss would be suffered by Scotland.

In the same way Ireland during all the years of the Union had no "foreign trade" with England, but since she gained her new status the item of foreign trade with England has appeared in her official returns. Is she either better or worse off for this purely arbitrary change? To those who look for salvation to foreign markets the answer should not be in doubt for has she

not "captured" this greatest of foreign markets—the English? The truth is that so-called foreign markets are an elusive and largely imaginary thing, coming and going with arbitrary changes of frontiers, so that when at last the World State dawns upon us and frontiers become things of the past there will not remain one single foreign market to be captured! What shall we all do then? And what will become of the notion now so popular that a people lives by its foreign trade and would perish without it?

It is well to report that in all this *the great advantages of foreign trade are not called in question*. Through its agency men have at their disposal the whole world on which to draw for satisfaction of their needs so that they get the greatest variety of goods at a minimum of cost.

These advantages are in themselves substantial enough. Let us not attempt to add *the unfounded claim that without foreign markets our industrial population would stand idle at the gates of empty workshops*. But it is just this latter belief that drives governments to seek foreign markets for their traders at any cost—even of war itself where deemed necessary. The great majority of modern wars have had mercantile reasons as one of their sources and but for the above illusion would never have taken place. Nations are easily persuaded to fight or embark on risky adventures for the gain of foreign markets if convinced that the livelihood of large numbers depends on winning them. Had they seen the matter in its true light and realised that foreign markets only mean the gain of *greater convenience at lower costs* and not the very existence of their industries, many a struggle would never have been carried on. They have yet to learn that only a *change* in the kind of employment and not its *amount* is the issue at stake, and that such an issue is not worth the risk of bloodshed. To dispel this illusion is to promote the cause of peace.

Let men of all nations but see that the gain or loss of foreign markets leaves intact their own natural resources and that from these natural resources spring the maintenance and employment of every home worker. They will then cease to cast covetous eyes on foreign markets or look with fear on their threatened loss.

By all means let us have all the foreign markets we can get, but if our object be to gain more industry and fuller livelihood for our people we must make a start by securing for labour and capital easier access to our own natural resources without which there can exist neither industry at home nor trade abroad.

Increased production, trade and well-being will then follow of their own accord. To-day our natural opportunities are fenced round by legalised barriers, and the communal land value is allowed to flow into private pockets instead of being taxed into the public treasury. In these two main ways is our productive

industry (and therefore our purchasing power) lessened and general depression (easily though falsely attributed to lack of foreign outlets) is the result. If we are to bring prosperity and purchasing power to our people it will not be done by turning our eyes to the ends of the earth, treating trade as invasion, and seeking to impose our goods on distant peoples, but by breaking down the barriers which obstruct access to the source of all industry and wealth.

If each nation does justice to its own citizens by removing monopoly barriers to the use of their own land, trade both external and internal will, without any forcing by government develop of itself a perfectly natural way to the lasting benefit of all. Commerce will then show itself for what it really is—co-operation; not warfare—and the world fellowship so ardently desired by every trade reformer will come within our reach.

(2) True Free Trade and Laissez-Faire

If we were trying to express current opinion on fiscal policy we should say that though, as a principle, free trade cannot be controverted, it is out of the question for one country to adopt it so long as others refuse. Most protectionists go thus far towards free trade and very many free traders go thus far towards protection.

But no man can have fully grasped the free trade argument who does not know that even were every country but one to maintain its barriers it would richly pay that one to demolish its own. No man has mastered the free trade case who does not see that. Trade benefits both buyer and seller. If every party but one labours under the delusion that this is not so and chooses to deprive himself of the benefit by tariffs, quotas or prohibitions, is that any reason why the remaining party, not similarly illusioned, should do likewise? If all countries but one restrict the wealth-bringing stream of imports, is that any reason why the one that remains should do the same?

Only an unreasoning superstition, based on the belief that imports are injurious, makes us believe that no one country can demolish its barriers so long as others maintain theirs, and the fact may as well be faced that free trade will have small chance of acceptance so long as this superstition prevails. Why is this and many other demonstrably absurd notions regarding commerce so widely credited? There must be some reason why we accept as true such ridiculous notions as that a people gets rich by sending things away, and poor by bringing them in; that it is better for things to be made within a country than for them to be bought outside even though they can be bought outside more

cheaply; that the foreigner who sends us the things we want is depriving us of our livelihood; that to accept goods made by the cheap labour of Japan, for instance, must bring wages in England down to the Japanese level. Why do such illusions survive despite all free trade argument? It is surely possible to find the reason for these fallacies and we believe it to be that the true free trade case is seldom stated in its entirety.

If it is to be advocated with full force, freedom cannot be split up into compartments and presented in bits. Yet that is just what has been done in presenting the free trade case. The doctrine of freedom as advocated by orthodox free traders is seldom applied beyond the sphere of external commerce. Trade has been dealt with as if it were quite independent of production. It has been assumed that fiscal freedom would be fully attained if tariffs and other hindrances to foreign trade were swept away, while the much greater burdens now imposed on productive industry have been completely ignored. Yet trade is indissolubly bound up with production, so that every penalty imposed on production must produce its effect on trade. A tax on the making of a motor-car or the building of a house at home is as flagrant a violation of free trade principles as a tax on goods imported from abroad. Were foreign trade delivered from every tariff, quota and restriction, full economic freedom would still be unattained if the burdens and penalties now imposed on production were allowed to remain.

Production is the necessary antecedent of exchange, so that any restriction imposed on production must find its expression in restricted exchanges. Yet it is a fact that the greater part of present taxation, both national and local, is levied in such a way as to penalize production.

Free traders must know that there is not the slightest need to continue raising revenue on present lines. They must be aware that there exists a public fund which comes into existence as a result of the associated wealth-producing efforts of the citizens and of the services performed by government, and that this fund could be drawn on by government to pay for its services without imposing any burden whatever on industry or commerce. This purely communal fund is the land value or economic rent of the country; present taxes on commerce and on production are resorted to only because the community permits its natural revenue to flow into private pockets. To turn this fund into the public treasury is in direct line with the free trade policy of breaking down barriers and with the development of that policy into wider fields.

Were the conception behind free trade policy thus carried to its natural issue, absurd notions, such as those referred to earlier in this paper, could no longer find the general credence they now

enjoy; for the false environment which makes error appear as truth would be changed to another in which things would be seen as they really are. Men's thoughts are influenced by the environment in which they live, and if they live in a society where opportunities are limited, where work is scarce and fear of unemployment ever present, outlook on economic questions is distorted and different from what it would be if opportunities for employment offered themselves without limit and were accessible equally to all, free from every obstruction.

Where work is hard to get it becomes a prize eagerly sought after. Where the number of jobs is restricted it is inevitable that would-be workers left behind in the race for employment should regard their successful rivals with scant favour, more especially if these rivals should happen to be foreigners. In this environment, should the foreigner do us the very real service of supplying the cheap goods we want, we give ready credence to the protectionist who tells us this foreigner is doing us an injury by *depriving us of the work* that properly should be ours. Regarding work as the end to be attained, we readily believe there would be more jobs at home were foreign goods shut out by tariff, quota or prohibition. *In the environment of work-scarcity*, the perfectly sound free trade argument that imports cannot displace home labour because we at home are employed in making the exports that pay for the imports, is pushed aside as too abstruse and debatable.

If conditions were secured in which work was no longer regarded as a prize because (all obstructions between the would-be worker and natural resources being removed) it comes to all who have needs to satisfy as naturally and as plentifully as breathing the air of heaven, the outlook on economic questions would radically alter. We would then for the first time see the foreigner who sends us things we want as one who does us a valuable service, and we would laugh at the protectionist who tells us that the foreign manufacturer is taking away our livelihood and robbing us of work.

It is therefore the bounden duty of all who know the advantages of economic freedom to trace unemployment and lack of opportunity to its source. They will find it to spring from obstructions placed in the way of access to Nature's workshop. To remove these obstructions and burdens should be the free trader's most congenial task, for it is but his own policy more widely extended. He already demands removal of obstacles to trade: let him go a step further and demand removal of obstacles to production.

The present policies of nations are the direct negation of any such notions. State management, control, planning, and crushing taxation of productive enterprise become more and more the order of the day. It is not recognized that most of the difficulties in

which industry and commerce find themselves are the direct consequences of governments' own action, past and present, and that what we now need is not further legislation to mitigate the effects of prior mistakes, but repeal of the legislation from which the troubles spring. It is because of persistent meddling by government with the legitimate efforts of producers to gain a living that the world is now suffering from poverty amid potential plenty. The State obstructs by levying taxation on productive industry; it obstructs by imposing tariff taxes on exchange; it obstructs by quotas; it obstructs by exchange restriction; and above all it obstructs by allowing the community to be robbed of the economic rent of land, the natural fund from which the expenses of government should be drawn.

To reverse all this should be our policy; to sweep away restriction, to cease interference, to establish equal freedom to produce and to trade and then let things take their course, in a society free from monopoly, privilege and injustice. This is the policy of *laissez-faire*, much abused and much misrepresented but none the less the sound policy when *properly interpreted*. The best the State can do is to get off the backs of producers; freedom is part of the always beneficent "Rule of Nature," to be interfered with at our peril. Nearly all the political and economic distresses can be traced to the failure of governments to make their laws harmonize with the natural order. If only let alone, if only allowed to work themselves out in freedom, things would automatically adjust themselves in a way advantageous to the whole community *always provided equal rights are recognised with privileges for none*.

The maxim *laissez-aller, laissez-faire* is a maxim which has been emasculated and misrepresented because its first two words have been ignored. As Professor Alfred Marshall has pointed out:—

"The phrase is commonly misapplied now. It simply means that everyone should be allowed to make what he likes and as he likes; that all trade should be open to everybody . . . that persons and goods should be allowed to travel freely from one place to another without being subject to tolls and taxes and vexatious restrictions."

If we were at French lessons, never having heard of the economists, and were asked to translate the words "*laissez-aller, laissez-faire*," a perfectly literal rendering would be: "give way and let things be done."

One could apply this in many homely ways. The industrious tenant might say to the landowner: "Kindly step aside and stop levying toll on my earnings; who are you to come between me and the product of my labour?" The town council bent on some municipal development and meeting with difficulty in acquiring

the necessary land, might speak in the same way. The working woman taking her family to the cinema and finding the price of seats raised because of the entertainment tax, might beg the tax collector (virtually standing at the door and depriving her of part of her earnings) to step aside and let her pass in.

The full phrase was never intended to imply, *as it critics would have it*, that we are to accept without question present conditions which have been brought about by unjust institutions, and let things take their course in the belief that all will come right of itself. It *does not* imply that sweated labour, unemployment or bad housing conditions are no concern of the State. It means that we must trace these things to the causes that give rise to them, remove those causes and then leave the natural order to take its course.

The duty of the State is therefore to clear the way (*laissez-aller*) by repealing the laws that restrict or penalise production, or maintain privilege; and then respect "the natural order of liberty" (*laissez-faire*) by preventing future interference with the equal right of all men to work for their living. "Clear the way and let alone." "An equal chance for all and no favour to any."

Thus fully stated the doctrine of *laissez-faire* is supreme, challenging all who declare it to be a policy of merely letting things slide; and thus understood it applies in special degree to private appropriation of the rent of land, which is the greatest of all violations of the principle of equality of opportunity. The State legalises the private appropriation of rent, which is the community's natural revenue. Finding itself without its natural revenue, it is then forced to commit the second wrong of levying tribute on men's earnings when they embark on trade or industry. Were the full *laissez-aller, laissez-faire* principle applied, the State would cease this wrong and restore to the community the value of its land, the rent that never should have been taken from it. Freedom both in free production and trade would then be attained. This is the *laissez-faire* policy applied to the full. Pull down barriers; let commerce and industry get on in freedom.

In the last resort there are but two roads along which we can travel! Either we may attempt to improve present conditions by State action, arbitrarily controlling, planning and regulating productive activities and piling law upon law to deal with the evils that flow from these restraints; or we may seek to find where our institutions depart from the Law of Equal Rights, bring them into line with that law and leave men free to earn their living in any legitimate way they choose sure in the knowledge that none can exploit them.

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