

# Synthetic Sympathy

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ALWAYS READY to note any indication of a fall in the cost of living since the return of the Conservative Government, I soon spotted an item in the *Daily Telegraph*, July 3, announcing that shirts were coming into Britain at a dockside price of four shillings each. While the Conservative Government can hardly claim the credit for this, it must be welcome news to many who find it difficult to balance their personal budgets. The shirts are coming from Portugal and a British manufacturer is quoted as saying, "Even when the price is doubled to cover inland distribution costs, it is impossible for us to compete."

According to an investigating team sent to Portugal, textile wages there are one shilling an hour for men and sixpence an hour for women, with some child labour allowed.

Now this presents a clear example of the classic argument of protectionists that home manufacturers are undersold because of the cheap wage rates operating in exporting countries. At the moment, home producers cannot do much about it, for Portugal is a member of the European Free Trade Association, set up with Britain as leader and of course free trade is the keynote of the Association.

But is there anything we in Britain can do about these shockingly low wages in Portugal? Suppose we organised a great demo to march through the streets and demand that Britons pay more for these shirts, in order that higher wages can be paid to Portuguese workers. The

banners could read: "Double the Price of Shirts and Help Portugal." Of course, if we were able to persuade people—the retailers, the wholesalers and the importers—to offer twice the price being asked at present for these shirts then the Portuguese manufacturers would straight-away increase the wages of their workers—or would they? The simple economic fact is that the wages of these shirt makers in Portugal are determined by the wages of others in Portugal doing comparable work and not by the price they can get in other countries for the shirts.

But perhaps we could strike a blow for the Portuguese workers by refusing to trade with Portugal. We would tell the Portuguese manufacturer to stuff his shirts, as we will not be a party to sweated labour. Would the manufacturer in Portugal then see the error of his ways and pay higher wages to his workers? Hardly. The chances are that if we refused to buy these shirts, or if the government were persuaded to ban them from the country

entirely, the Portuguese shirt workers would not then have low wages, they would have no wages. And what kind of favour to them would that be?

But what has always puzzled me about this argument for protection (which always generates synthetic sympathy for the poorly paid workers in other countries) is that if it is valid we ought to *welcome* imports from countries where wages rates are higher than our own. But here of course the argument collapses. A very odd situation would arise if we regulated our imports according to the wage rates prevailing in exporting countries. One does not even have to study the theory of comparative costs in order to be able to see the difference between the rate of wages paid to workers manufacturing a given product and the total wage costs that go into manufacturing the article. If one man with a high wage rate and with modern equipment can manufacture an article more cheaply than four men on a lower wage rate yet with a higher *total* wage cost, then the irrelevance of wage rates is seen yet again. But since when was economics a strong point with the protectionists?