

PARLIAMENTARY DEBATES

EMPIRE FREE TRADE

Debate in the House of Lords

The much-advertised "Empire Free Trade" campaign was given further publicity when Lord Beaverbrook raised the question in the House of Lords on 19th November.

Lord BEAVERBROOK said: By Free Trade within the Empire we mean a movement which is to develop the resources, the industry and the commerce of all parts of the Empire to the fullest possible extent and for that purpose, so far as may be possible, to make of the whole British Empire one economic unit, to do everything in our power to break down all obstacles to Free Trade within the Empire, and to make the financial resources of the Empire more fully available for the benefit of all parts of the Empire. We hope to carry out these proposals by building up such tariffs against the foreigner as may be necessary to realize those ideals.

Our plan is not the plan put forward by Mr Chamberlain in 1904. In saying that, I do not wish to dissent in the very least from the Chamberlain programme. On the contrary, I was a supporter of that programme and a humble follower of Joseph Chamberlain. But our plan does differ from the Chamberlain programme. It differs in this respect. The Chamberlain plan proposed a tariff wall around Great Britain. It was insular Protection, subject to reciprocity in favour of the Dominions and Colonies. Our plan is a tariff wall around the whole Empire and, of course, the building of that tariff wall is conditional upon reasonable response from the rest of the Empire. The Chamberlain plan proposed a duty on Empire foodstuffs, subject to rebate. We do not propose any duty at all on Empire foodstuffs, but we declare that Empire foodstuffs shall be free of duty if our plan can be carried into effect. In 1896 Mr Chamberlain, with a proposal for our plan before him, actually rejected it. He gave as a reason for rejecting it that the burdens that Great Britain would have to bear were so huge, because of her immense foreign trade, in proportion to the advantages, that Britain would be carrying a much heavier load than our fellow-subjects overseas.

The total imports of the Empire amount to £2,200,000,000 yearly. Of these total imports of £2,200,000,000, only £900,000,000 are brought in from one part of the Empire to another, leaving a surplus of £1,300,000,000 imported from foreign countries. We believe that this immense surplus of £1,300,000,000 offers us an opportunity which alone makes our plan worth while.

Referring to the internal Free Trade established within the Dominion of Canada, in the United States of America, in the Australian Commonwealth and in the German Zollverein, Lord Beaverbrook said that a Union of the Empire can be secured "because it has been reached elsewhere in similar circumstances." He quoted many figures of imports and exports in relation to his general contentions and maintained his belief that the Dominions would consent to come within a fiscal Union with Empire Free Trade and a tariff against the rest of the world. "I am told," he said, "that the greatest difficulty is that the British electorate will never consent to a tax on food. . . . There will be no increase in the cost of food under our plan, because there will be no shortage. There will be a surplus."

The Government Reply

The PAYMASTER-GENERAL (Lord ARNOLD): You cannot have what the noble Lord calls Free Trade within the Empire unless you first make Great Britain a Protectionist country. Time after time attempts have been made to induce the people of this country to desert their allegiance to Free Trade, and these attempts have always failed. They failed again last May. I say that the mandate of His Majesty's present Government is to maintain Free Trade, and they will do it.

So far as Free Trade within the Empire is concerned, Great Britain gives it now. Of course, that does not

satisfy the noble Lord. He wants more than that. He wants not only that there should be Free Trade for the Dominions here, but that other countries should for the future have tariff duties set up against them. He said so in his speech and he said so in the article in which he adumbrated this policy in the *Sunday Express* of 9th July this year. He said:—

"The policy is quite simple. . . . Tariff barriers between Britain and the Dominions would be knocked down. The barriers against the rest of the world would be set up."

Although his scheme is to some extent a variation of the scheme originally put forward by Mr Joseph Chamberlain, yet in essence it is very much the same thing as Mr Joseph Chamberlain put forward when he began his campaign for Imperial Preference in 1903, when he said in those words, quoted so many thousands of times: "If you want to give preference, you must put a tax on food." That is just as true now as it was then, and, to do the noble Lord justice, he faces it. He is quite frank. He says, in effect: "That is what we are out for, we are out for a tax on food."

On the other hand, he did suggest that in return for putting a tax on foreign imports of food, and probably other things, Great Britain will get free entry for her manufactures into the Dominions. His words in his article on 9th July were:—

"The British manufacturer will also get the right of entering the Dominions, the Colonies and the Protectorates free of Customs tax."

I challenge the noble Lord to state what is his authority for holding out any such prospect. Where is there the slightest evidence that the Dominions will be prepared to do anything of the sort?

Mr Amery said, on 14th October, after returning from Canada:—

"There is a general disposition for freer trade in the Empire by the extension of mutual preference, but I cannot say I found any one (in Canada) who believed the abolition of internal duties as between Canada and Great Britain was possible, at any rate in our time."

The *Morning Post* said:—

"We are interested to see"—this was on 8th July—"that Lord Beaverbrook proposes what he erroneously thinks is a new policy of Free Trade within the British Empire, and a Customs barrier around it. That policy, unfortunately, was proposed—and rejected—at the first Colonial Conference, since when the Dominions have gone so far in tariffs, both for protective and revenue purposes, that they are not in the least likely to abolish them."

The whole policy of the noble Lord is so remote from reality that already it has been materially changed. For instance, in reply to a Canadian correspondent who had asked certain questions, this is what the noble Lord said:—

"The difficulty, of course, is that industries have grown up in the Dominions behind a tariff barrier directed as much against Great Britain as against the rest of the world. If we were asking the Dominions to allow British manufacturers the right of free entry, I can well understand your dismay. But we are not asking this at all."

We see that, at a very early stage, the policy of Free Trade within the Empire has been abandoned. Just recently there has been issued a booklet, "Empire Free Trade." This booklet has whittled down the original scheme by two very important provisions which, in effect, make Empire Free Trade impossible. For instance, on page 6 the noble Lord speaks of the free entry of British goods into the Dominions. But a little later, on page 14, he says that the latest basis of the policy means that,

in the first place, a measure of protection for certain industries called "key industries" is absolutely essential, even against imports from other portions of the Empire.

But what is a key industry? So far as the Dominions are concerned, with their comparatively small manufacturing equipment, a case could be made out for nearly every industry except purely luxury industries being called a key industry.

Then the noble Lord goes on to say that duties for revenue purposes are to be allowed. According to this provision of the noble Lord, we should apparently be able to keep all such duties by saying that they were for revenue purposes; and, of course, in the Dominions in their present state, since they cannot get the same portion of revenue from Income Tax and Death Duties as we can, they could make out so much the stronger case for some of these duties being kept on as revenue duties.

But what becomes of Free Trade within the Empire if this kind of thing is going to happen? The original scheme has gone. It has vanished. If goods are to get the right of entering the Dominions free of Customs Tax, that is one thing; but if you are to have all these duties allowed, it is a totally different thing.

What is the good of the noble Lord coming here and saying that there are enough cattle in Australia to supply us with all our beef, when of our total imports last year, retained for home consumption, of £35,100,000, somewhere about £26,750,000 came from the Argentine? And if the Argentine supplies were eliminated—the United Kingdom is her principal customer—Australia cannot possibly make up the deficiency.

New duties upon foreign imports would inevitably have the result of raising prices to the consumer. These duties, so far as the home consumer is concerned, would inevitably raise the price of the imports by the rate of the duty—the imports from the Dominions, as well as the imports from foreign countries, and to the same extent. The foreign imports which pay the duty must be sold at a price which includes the duty, and the Empire import would be sold at the same price. That is due to a simple economic law, that you cannot have two prices for the same thing in the same market at the same time.

His Majesty's Government do not believe in this plan of trying to promote Imperial unity, to bind the Empire more closely and to make it more prosperous by a system of preferential tariffs and differential rates.

You are not likely to increase Imperial unity and stability if the Empire comes to be associated in the minds of the people of this country with dearer food and a higher cost of living.

After Lord Arnold had spoken on behalf of the Government, Lords Cushenden, Bledisloe, Daryngton, Elibank, and Salisbury (Conservatives), Parmoor (Labour) and Beauchamp (Liberal) took part in the debate. It was apparent from the Conservative speeches that Lord Beaverbrook's friends in the Upper House by no means share the enthusiasm for his policy to be found in the *Daily Express* and the *Evening Standard*, papers in which Lord Beaverbrook has a controlling interest. The Tory speeches were patronizing, but were thoroughly sceptical throughout.

In connection with the Beaverbrook campaign the following messages, both published on 22nd November from the *Times* Correspondents in Ottawa and Canberra, are of particular interest:—

"Ottawa, 20th November.—Lord Beaverbrook's Empire Free Trade proposals have attracted widespread attention throughout Canada, but no sympathetic response of serious dimensions. The general feeling is that, however desirable Empire Free Trade may be, it is at present an unattainable ideal because no Dominion will jettison its protectionist policy, and Great Britain has not approached the point of willingness to abandon free trade."

"Canberra, 21st November.—Lord Beaverbrook is unlikely to receive encouragement for his Empire Free Trade plan from Australia. For one reason, the Commonwealth is too deeply committed to the experiment of building-up secondary industries to think of withdrawing the powerful support afforded by Protection, at least at this stage."

THE UNEMPLOYMENT DEBATE Colonel Wedgwood's Speech

Taking part in the debate in the House of Commons on 4th November following Mr J. H. Thomas's statement of his schemes for "making work," the Rt. Hon. Josiah C. Wedgwood, D.S.O., said:—

The country as a whole is tumbling to the fact that by spending this money you do not help unemployment; you merely postpone unemployment. The one thing we want to develop is productive industry. Productive industry must start and can only start by the application of labour to land. If the primary trades—the building trade, the agricultural trade, the mining and quarrying trade, the iron and steel trade—cannot get access to their raw material, not only will they be out of work, but every other trade in the country will be out of work. If you dam the stream of production at the source, you may well expect to find unemployment lower down.

If you want to solve the unemployment problem, you have to make it easier for the men in the primary trades to start work; that is to say, you have to make land cheaper and raw materials cheaper. There is no other way of helping production. Make land cheaper, help capital to be cheaper, and you will help labour to get useful productive work. There is no other way. I was delighted to hear from the right hon. Gentleman's speech to-day that it has become obvious that you cannot go on spending money on making roads in this country solely for the benefit of the riparian landowners. We hear that that is to come to an end, and that we are going to have some scheme for preventing the landowner getting that increased value. It is said that we shall have an Act of Parliament this year. I have not much faith in it, but I hope it will be true. But that is not the key of the unemployment question. It is not that we should prevent landowners from robbing the public of money spent on making road improvements, on drainage, on coast erosion, and what not; what we want to do is to get all the land of this country cheaper by making it expensive to own land, so that owners may be anxious to get rid of land to people who want to use it.

I apologize for having been compelled to drag in the land question, but, believe me, it is no good anybody on the Labour benches talking about solving the unemployment problem till we have got at the land. That first, and then all else will be given unto you. If we go on supporting as cures for this curse tinkering legislation, such as squandering public money on things people do not want, when we have to face the electorate at the next election we shall find unemployment worse instead of better, and we shall not have used the chance we have of really breaking the land monopoly in this country.

SCOTTISH LAND VALUE RATING BILL

First Reading Carried

In the House of Commons, on 27th October,

Mr SCOTT (Liberal—Kincardine) asked leave to introduce a Bill to provide for the taxation for local purposes of land values by town councils of cities and burghs in Scotland. He said the Bill only applied to Scotland, but its principles were capable of universal application.

The main operative clause laid down that every city and burgh in Scotland should have the power to levy a land value assessment on the capital value of the land within its boundaries. The Bill provided that not more than 25 per cent of the total revenue derived or derivable from rating during the previous rateable year should be raised on land value assessment. The city or burgh might begin by raising only 5 per cent of its rating revenue by land values and after it had learned the amount of revenue that could be raised and the value of the properties then it could extend the process. The city or burgh must allocate the revenue derived from the assessment pro rata to the several accounts. The persons who paid the rates were to be the proprietors of the houses, factories, workshops, and mills, subject to those proprietors having the right to