

SUGAR UNDER PROTECTION—By **Georgé Winder**

(With acknowledgments to the "Free Trader," September—October, 1949, and the Author.)

War spawns innumerable customs tariffs. Among the most notable of these are the duties against sugar, which have long existed in most of the States of Europe.

During the Napoleonic wars, when Nelson's fleet was blockading the mainland, the Frenchmen discovered that, with difficulty, sugar could be obtained in commercial quantities from the humble beet. This war-time expedient, with the aid of heavy protective duties against the produce of the sugar cane, has become, in times of peace, the principal source of sugar in France, Germany and in most of the smaller countries of Europe.

Great Britain was more fortunate. She continued to obtain her sugar inexpensively, chiefly from the cane grown in her Colonies.

LORD SAMUEL'S CONCLUSION

The first Great War and the events of the earlier years of the armistice caused her to follow the European example and to protect a home sugar beet industry. The cost of that protection was long ago revealed by Sir Herbert (now Viscount) Samuel in a superbly illuminating article on "Beet Sugar and the British Taxpayer" in the *Nineteenth Century and After* for August, 1931 (pages 153-163). Sir Herbert demonstrated in the year 1929-30 the value of the sugar grown in Great Britain at world prices was £4,389,000 and that the assistance given by the Government towards growing this sugar amounted to £7,830,000. This was equivalent to a grant of £22 9s. for every acre of land under sugar beet. It also represented a sum of £400 for every man employed in the industry.

Much water has flowed under Westminster Bridge since Lord Samuel wrote this famous exposure, but the sugar beet industry is still highly protected and subsidised, costing fully as much to-day as then. The cost, however, is a little more difficult to elucidate as bulk buying obscures the true position.

"DEFICIENCY" PAYMENTS

Last year the price paid to the refiners was 4.94 pence per lb., a price which, being well above world parity, conceals a very large subsidy. The price, however, was insufficient to cover the costs and profits of the industry, and so at the end of the year the Government gave an additional "deficiency" payment of £3,441,756. Over the past ten years this "deficiency" payment has averaged £3,222,000 per year.

The total cost of these two forms of subsidy require a full knowledge of overseas prices to ascertain exactly, but part of the cost is reflected in the price paid for sugar by our confectionery manufacturers. This is 54s. 6d. per cwt., against the world price of 34s. For the important by-product, glucose, it is 65s., against a world price of 27s.

Confectionery was once a very important export of Great Britain, but it is naturally greatly handicapped by such an unfair imposition placed upon its raw material for the benefit of another section of industry. The sugar industry claims to save us dollars. There is little doubt that, owing to the injury to our exports, it is losing them.

COST TO THE PUBLIC

As far as the British public is concerned, the cost of protecting the sugar industry is concealed by a series of

controlled prices which appear to be based not on value but on use. The housewife, for example, pays 5d. per pound for sugar, while the bee-keeper pays 7½d. In the long run, of course, the money the housewife saves in the shop is paid by her husband in taxation.

With the Government as the sole first buyer of all food, customs tariffs have lost their full significance. Protection can be given in the price paid by the Ministry of Food to the local producers. However, when bulk buying ends, as we hope it will, customs tariffs are still in existence to fulfil the protective function at present exercised by the Minister. Meanwhile, they bring to the Exchequer some £7,000,000 a year, for, in any case, three-quarters of the sugar we consume must be imported.

The sugar duties mark a step in our Imperial policy which should make them particularly obnoxious to those who believe in the future of the British Commonwealth and Empire. The Import Duties Act of 1932 will never be praised by any Free Trader, but it has one redeeming feature. With very few exceptions it does not in the main impose tariffs against the products of our fellow British subjects beyond the seas.

In our Dominions, Imperial Preference has invariably meant protective tariffs against the Empire, their disastrous consequences being hidden by a still higher duty against the foreigner. Great Britain has done more to save the economic unity of the Empire by refraining from indulging in this perverted form of patriotism than by any other single act.

AGAINST THE EMPIRE

The outstanding exception to this British policy is the sugar duty. This has been directed not only against the foreigner but against the Empire. It has been imposed in spite of the submissions made to the Imperial Parliament by the Legislatures of Jamaica, Trinidad, Barbados and the Leeward Islands. As in most cases of Imperial Preference, the harm done to the Empire by the protective duty is far greater than any benefit derived from the preference.

The historian of the future will look upon the breaking-up of the economic unity of the Empire by tariff barriers (all erected under the cloak of Imperial Preference) as one of the outstanding disasters of history. Great Britain, however, in largely refraining from this Empire-breaking policy, is indefinitely delaying the final dissolution. None the less, the sugar duties constitute a most dangerous exception to this policy.

For the purposes of these duties the Empire is divided into two parts. One comprises the Colonies, Protectorates and Mandated Territories to which Section II of the Finance Act of 1932 applies; the other, the balance of the Empire.

Against the first we demand a duty on sugar which rises according to its polarisation from 8s. to 17s. 6d. per cwt. Against the second a duty ranging from 6s. to 14s. per cwt. is imposed. Against the foreigner the duty ranges from 10s. to 23s. These duties, when the world price for sugar is low, amount to more than 100 per cent.

ENGLISH COOLIE-LABOUR

One of the arguments often used against Free Trade is that it subjects the Englishman to competition with coolie labour. Strange to say, this competition exists in England

only in the case of the sugar industry and is itself the result of protection! Sugar beet growing still belongs largely to the era of the hoe, and the hardest, most monotonous and most coolie-like occupation in Great Britain is sugar beet hoeing. In spite of this back-breaking toil, the hoer does not produce enough wealth to support himself and his family and must be subsidised in his efforts by the State.

Owing to these subsidies we see the sugar beet fields in East Anglia, but we do not see the fields of grain or mangolds which would exist had Government assistance for sugar beet growing not been forthcoming! Nor do we see the workers in the factories who would be employed producing goods to send to Jamaica, Trinidad, Barbados and the Leeward Islands to pay for a plentiful supply of cheap sugar!

It is strange that this industry is among those threatened with nationalisation. The industry is not an asset to be nationalised but a liability to be liquidated. Nationalisation would only tie this liability more tightly round the necks of the people of Great Britain. The sugar refining industry appears to be extremely well managed. Management costs work out at less than one farthing per pound of sugar. When we recall that the cost of protecting the industry is probably ten times that amount, we can see at once that the enemy of the worker is not free enterprise but its negation, bulk buying and protection.

AN EX-SOCIALIST'S AWAKENING

Extract of letter appearing in the "Daily Telegraph," October 28, which is printed here with due acknowledgment to the newspaper and its correspondent.

"Sir,—I am a 'key' mechanic employed by the London electricity supply industry. During 40 years in this industry I have been an active supporter of the Labour Party, a trade unionist, and a shop steward. I have put in much hard work during my life to carry my Socialist theory into effect.

"As a practical man I cannot be blind to the rather obvious fact that, as a manufacturing country, we must run our industry efficiently or go under. That we are now in danger of going under is, I fear, also evident, and I believe that the cause is the elimination of the 'Third Power,' as represented in the past by the hated 'capitalist' acting through his directors.

"In bygone days this over-riding power kept both men and management up to scratch through a keen self-interest, as in efficiency lay their profit. To-day this influence has gone, but self-interest remains unchecked as the motive to which we all react, from top manager to lowest labourer, and there is a clear-cut urge for all of us in the industry, as it is at present, to be slack. For, in simple words, the more a job can be made to cost the more we get out of it.

"To the ordinary manual worker with a tradition of hard times due to past unemployment, the duty to 'make work' is almost a religion. The sins of past bosses are to blame for that. If a low-paid man can slack during normal working hours and then make up the loss by overtime, it is more than likely that he will do so if he can get away with it. It is not to be expected that he will display any high moral sense of duty if such fibre is lacking in his so-called superiors.

"As a working mechanic I can say from my personal day-to-day experience that this type of 'ca-canny' is rampant. In my own trade the same men are doing the

same job in the same way with the same tools and materials, yet 'man hours per job' have more than doubled during the past three years. On that score, I could meet any challenge with proof.

"Why don't I myself set out to reform? I do, so far as I am allowed by the weight of opposition. One serious objection is that as a member of a trade union I should be kicked out from my trade, which is my living. This I should be ready to fight, but there is another and greater bar which I cannot fight—the opposition of the whole united strength of the managerial class.

"This may sound absurd—a manager who will not let his men work—but it is a fact. At every level, from foreman to chief engineer, there is an association which fixes wage or salary. The grade is fixed by the number and cost of the staff controlled. I am a charge hand because I have six men; if I do the job with fewer men I lose my pay, so six men it is. My engineer was single-handed, and, therefore, low in grade. By introducing a mass of paper work he procured—first one, then two, three—an army of assistants. As the army grew so did his grade, and his salary, without increase in work.

"Before the war my department had one engineer, one assistant, one foreman. To-day the volume of work done is perhaps a third of pre-war, yet the department has been split into three sections, each with its bloated staff. My own sub-section has two engineers and three foremen to supervise seven mechanics. . . ."

"TRADE UNION EMPLOYEE."

"London, E."

THE GOETHE BI-CENTENARY

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Es erben sich Gesetz' und Rechte
Wie eine ew'ge Krankheit fort;
Sie schleppen von Geschlecht sich zum
Geschlechte,
Und rücken sacht von ort zu Ort
Vernunft wird Unsinn, Wohlthat Plage;
Veh dir, das du ein Enkel bist!
Vom Rechte, das mit uns geboren ist,
Von dem ist leider nie die Frage.

Faust, Part I.

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Laws and rights are handed down,
Inherited like lasting ills,
From age to age they drag their course,
And stealthy spread from place to place.
Make sense to nonsense; good deeds a drudge.
Woe's thee, that thou art child and heir!
But of that right we have by birth—
Of that, alas, there's ne'er a word.

(L. & L. Translation).

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