

The Moral Case For Free Trade

by S. W. ALEXANDER

Conference Address by a Briton

OLDER people are distressed at what they see around them. The fact that we have once again refused to face the issues that confront the nation by devaluing our currency provides abundant evidence that we are approaching a crisis of great magnitude. When a currency is debased it represents moral and economic defeat. It means that while many people still believe they are getting more wages they are actually getting less, because the value of the paper money is reduced. Devaluation of the currency was not an inevitable process. It could have been avoided by honest government.

To find one of the most important elements originating our present situation we have to go back to 1931 when the late Sir Montagu Norman, Head of the Bank of England, was defeated by a press campaign in his effort to maintain a sound currency and restore the free trade policy in its fullness. From that day onwards the protectionist policy, which had recommenced with the McKenna duties in 1915, gathered strength. It culminated in the notorious sweeping protective duties of the early thirties, and it was that protectionist philosophy that has provided the basis for the socialist elements we now see around us . . .

The policy of free trade is complementary to a sound money policy for the value and stability of the currency were buttressed and strengthened out of the accumulation of wealth resulting from trade without government discrimination. Any protectionist policy could not do other than weaken the currency and lead on to other evils.

The cause of economic freedom is the cause of individual liberty and per-

sonal responsibility. The free trader is the man who is willing to treat human beings as responsible adults able to manage their own affairs, and who seeks no special favors for himself or his friends, for he recognizes that special favors can be given only at the expense of others. The cause of freedom is essentially a moral issue, and it is only when free trade is seen in this context that it will again be able to command the dedicated support of any substantial body of people.

It has to be recognized that the essential freedoms of religion, of opinion, and of action, can have no effective safeguard where a man is not free to employ his own money and property as he sees fit, and to strive by this means to attain a proper independence. In a country where the individual citizen is dependent on officials for permission to earn a livelihood in his own way he dare not freely express his opinion. A state monopoly of economic power leads directly to a monopoly of education and the press, and thus to the state's control over all the organs of opinion. Our country has already gone a long way on the road to a kind of automatic censorship.

The intermediate system also undermines freedom, and once international trade has become an important economic activity it is clear that the imposition of protective tariffs to discourage certain imports, unfairly advantages certain privileged sections of the community at the expense of others. In a protectionist economy the power of the state is used to line the pockets of some private citizens at the expense of others.

Quite apart from its economic ill effects protectionism is thus immoral in

itself; but it also leads almost necessarily towards ever greater state planning and state control, and thus tends towards the communist system. People will not consent indefinitely to having to pay unnecessarily high prices for certain goods for the sole benefit of one section or other of their fellow citizens; they will demand instead that they too be protected, and that the whole economy be planned and organized "for the good of all." Protection makes the demand for coercive centralized government planning irresistible, but once such a system of planning is introduced, freedom is dead. Political and religious freedoms require a free economy, but a free economy cannot survive inside a country in the absence of free trade externally. A free economy is acceptable only when it is genuinely free—when each citizen has a fair field for his enterprise and no section of the community is specially favored. In a world where international trade is important, honest capitalism is inseparable from free trade. In the long run the cause of free trade and honest money is thus the cause of liberty itself.

When we look at the world as a whole the case for free trade becomes

overwhelming. Protection is unfair to the domestic consumer and the foreign producer and is thus a cause of international tensions. While a free trade policy will not prevent wars, a nation that provides a world market place for the distribution of goods and services will find many friends around the world. When countries refuse to accept cheap commodities or manufactured goods coming from the poorer countries, and offer them economic aid instead, it amounts to pauperization—whereas a free trade policy would give them the opportunity to benefit by earning a livelihood. The primary need in international economic relations is for justice rather than charity — and justice means free trade.

We see great emphasis placed on "internationalism" of many kinds, such as an internationalism that often results in a misplaced and rather naive faith in the United Nations and other international organizations. But there is a true internationalism and that is the free trade policy. This issue is of vital importance to the whole of mankind. Our country should once more take up leadership where Montagu Norman and his friends were compelled to leave off.

Complete Texts of 23 Conference Addresses for \$2.50

Out of the wealth of wisdom radiating from the recent congress in Wales we offer in this issue only two shortened speeches. Further reflections from the varied program of important topics may be expected next month.

The 12th conference of the British-based International Union for Land Value Taxation and Free Trade was held in Caswell, Wales, September 7-14. For those who could not attend many of the notable addresses are available in attractive booklet form. The complete set may be ordered on payment of £1 or \$2.50 from V. H. Blundell, the conference secretary, who is also editor of *Land & Liberty*, at 117 Vauxhall Bridge Road, London S.W. 1, England.

This invaluable collection includes complete talks by Misses Mary Rawson and Julia Bastian, and Messrs. S. W. Alexander,* David B. Ascher, Ronald Banks, N. Bilitch, Gustav Bohnsack, Robert Clancy, Roy Douglas, F. Dupuis,* W. D. Farr, F. R. Giggs, Ted Gwartney, P. R. Hudson, A. R. Hutchinson, Mitchell S. Lurio, F. McEachran, Dr. Rolland O'Regan, R. J. Rennie, Victor Saldji, W. Thompson, Woodrow W. Williams and a Hong Kong Correspondent.

* Capsule versions of the two talks in this issue give but a hint of the high quality of the conference material.