

Trade Blight Over Europe

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The present state of the world makes a restatement of the case for Free Trade imperative. This must show clearly that it is not only in the economic interests of all people that Protection should be abandoned but that the adoption of Free Trade is vitally necessary for world peace and for halting the present colossal expenditure on armaments.

In the past forty years the idea has grown up particularly among people of the younger generation who have had no experience of Free Trade, that nothing can be done without the aid of Government. But Government causes grave injustice when it takes money from one section of the community and gives it to others probably less deserving. Government judgment in these matters is notoriously warped by political requirements—a glaring example being the recent decision to take from taxpayers £30 million to give to Lancashire cotton manufacturers. Nothing, it is thought, can be achieved without a conference and without the services of hundreds of bureaucrats with their loads of relevant material evidence. Nothing, it is thought, can be done without discussions between traders and governments and more especially between governments and

governments. And the extraordinary belief has come into existence that we cannot even trade with Russia without its being a government-to-government operation.

There have been lengthy discussions about the proposed European Free Trade Area, and, more recently, about yet another proposed combination of countries who will give each other special trading facilities. Because they are discriminatory, Free Traders believe these schemes are harmful and because they are rigid they can take little account of the constant changes that are taking place in the world economy. Free Traders in Britain have freely expressed opposition to our country joining the so-called European Free Trade Area. Those in Britain who supported the scheme were protectionists who saw it as a larger market for their mass-produced goods. Fear that they might be kept out by duties imposed at the behest of their European competitors also strongly influenced their attitude. These are purely selfish motives and have no relationship to the gigantic issues which face all the nations and Britain in particular.

PROTECTED AGRICULTURE

Some people in Britain, calling themselves Free Traders, mistakenly regarded the European Free Trade discussions as a step in the right direction and they participated in them for that reason. The stumbling block has been protection of agriculture. Successive British Governments have been so heavily committed to protecting the farming community that their hands have been tied, and without freedom in that respect there was no possibility of progress in any international trade discussions.

From the outset true Free Traders contended that unless Britain abandoned agricultural protection and European farmers thereby were enabled to sell freely in Britain there was no possibility that the negotiations for a Free Trade Area would succeed. On the other hand, were

agricultural protection abandoned there would be no need to enter into any agreement whatsoever. That is still, and always will be, the situation. Nevertheless, the discussion served the useful purpose of once again helping to bring back respectability to the words "Free Trade."

It is in the interest of the British people as consumers and their friends throughout the world to trade one with the other and to make the best possible bargains as between individuals and trading enterprises. It matters not at all whether foreign governments put up barriers against British goods. In their countries there will always be surpluses for disposal in exchange for something which Britain will be able to supply either directly or indirectly. It would be advantageous to Britain to be the only Free Trade country but Free Traders want all peoples to enjoy the benefits of unfettered commerce and they believe that if Britain opens her ports other countries may follow suit.

THE PARENT OF NATIONALISM

Protectionism is the parent of nationalism. It is a form of isolationism which insists on national ownership and the building up of industries which would never have been founded on the basis of economic operation. The effect of artificially maintaining industry in uneconomic operation is to reduce the markets for goods which might come in more cheaply from abroad. This subjects to severe strain the financial resources in "nationalistic" countries, and as a result their currencies are constantly reduced in value. If every country were to produce only what is natural to its soil and climate and to the abilities of its people its finances would be such that it could afford to buy abroad—trading as individuals—many things which would be regarded as helping to improve the lot of the people.

The stability and strength of currencies are of transcendental importance in the present economic situation. Money was created to facilitate transactions. For many

years before 1914 goods, money and services could be freely exchanged because of the impregnable strength and stability of the pound sterling. It was possible to enter into long term agreements with complete confidence that the money received at the end of the contract would be of the same value as it was at the beginning. Good money facilitated the free exchange of goods in a most astonishing manner and as a result the true well-being of the people continually advanced. Now it has to be recognised that while good money facilitates the exchange of goods and services, bad money, or the fear of bad money, not merely fails to perform the proper functions of money but actually prevents the straightforward carrying out of business transactions. They have to be surrounded by all kinds of devices providing for a great variety of change in conditions; there have to be a great variety of underground methods with which to meet obligations or to safeguard against loss.

MONOPOLIES AND PRICE RINGS

Protectionism in Great Britain has built up the monopolies and price rings of capital and labour. It has given excessive and unjustified powers to sections of the community such as the National Farmers' Union and the Trades Union Council and the vast body of trade associations. Where the monopolies of capital have led to the nationalisation of industries such as coal and the railways, the buying power in the community has moved more and more into the hands of government and government-controlled organisations. Today in Great Britain the biggest buyer of almost everything is directly or indirectly the Government.

Accordingly, this question of preventing cheap imports is something of more than ordinary importance in relation to the finances of the government and the process of inflation. A colossal burden is placed on the people

because the Government, as the biggest buyer, puts up prices against itself firstly by restricting imports and secondly by tolerating the monopolies spawned by protection. Only Government can cause inflation for it alone has the power to borrow on its own paper issued through the banking system. It has been doing so on the grand scale. The restoration of unilateral Free Trade in Great Britain is the one sure remedy for a policy of inflation—and the only way without creating great hardship for the people.

THE UNEMPLOYMENT BOGY

Nothing is further from the truth than the common belief that Free Trade would bring mass unemployment, and that Government should continually pour out money to maintain full employment. Great Britain abandoned Free Trade in 1915 when she taxed imported motor cars and so-called luxuries in order to save shipping space during the war. There was a brief period of relaxation but broadly speaking from that hour one process of protection led on to another. This brought rigidity into the economy of the country—there grew up resistance to change. This resistance is the cause of large-scale unemployment: the consequent pouring out of government monies in attempts to prevent its recurrence in turn tends towards inflation.

The figures broadly tell the story. In the forty-two years before 1914 during which records were available the volume of unemployment averaged 4.5 per cent and never exceeded 11.4 per cent of the employed population. In the inter-war years the average figures were 13.1 per cent and the highest figure reached in 1932 was 22.1 per cent. But of course, these figures though interesting are not the most important fact in the situation.

During the Free Trade years the duration of unemployment for by far the greater part of those unemployed was a matter of days or weeks while seeking new employment

or through slackness or changes in trade. In the inter-war years the duration of unemployment was not days or weeks but months and years—and it was then for the first time that we heard the words “chronic unemployment.” That chronic unemployment was due to rigidity and resistance to change. And resistance to change involves an unwillingness to accept lower prices during abundance and lower wages when the productions cannot be sold at higher prices. Restoring to the people the opportunity of buying from the cheapest market either at home or abroad helps to make these adjustments easier and to provide continuously new opportunities for employment.

BAD AND GOOD CAPITALISM

Access to the raw materials of the world, whether they be the raw materials of manufacture or the raw materials of living, promotes individualism as against the movement towards monopoly and the Totalitarian State. And it can truly be said, I believe, that a true Free Trade economy is the only answer to Communism. Protectionist capitalism as we have had it for many years past is bad capitalism for it promotes many evils which are clearly visible to the majority of people and it has the effect of discrediting capitalism as a whole. It is therefore, a weapon in the hands of the Communists. Free Trade capitalism provides opportunities for the humblest people to rise to the high ranks in society. It prevents that stratification of society which breeds envy and hatred at home and through the promotion of mutual interests helps to bring the people of the world together. But protection on the other hand creates tensions.

I have but touched the fringe of a great subject. The future of the world, and particularly of Great Britain, depends more on the Cause which we in this movement have at heart than on anything else that can be done. We are engaged in the greatest peace movement of our

time. Finally, I would say this. Though we are here gathered together in friendship, all inspired by a great idea, our task is not to go around the world telling other peoples what they should do. Instead it is to recognise that there are certain things which are definitely in our power—to take such steps as may be possible to influence affairs in our own countries. That is our legitimate function. That is what the Georgeists have been doing in Great Britain. They have been a small group carrying on a great task and their influence has been far greater than their numbers. We, in the Free Trade Union, are proud to be associated with people of such quality and character. We hope that in closer association we shall be able to bring about the great changes which will promote the well being of our own people and by example that of all people throughout the world.