

2. ADAM SMITH AND FREE TRADE

HOW FAR did the publication of *The Wealth of Nations* in 1776 influence Britain in her economic policies? Dr. Roy Douglas examines the context into which the philosophy and economic thinking of Adam Smith fits.

Born at Kirkcaldy, Scotland, in 1723, Adam Smith held the Chair of Moral Philosophy at the University of Glasgow. After writing his great book he became Commissioner of Customs until his death in 1790. His book coincided with the American Declaration of Independence which put an end to an economic system called Mercantilism. Smith was much influenced by the ideas of the Physiocrats who believed the recuperative powers of the human body would set things right. Matters should be allowed to take their own course; trade should not be regulated; people should be free to decide their own patterns of living, act on their own judgements - to the general good of the community. "Let trade be *free* and the Unseen Hand of Providence will ensure that men seeking their own interests will succeed as well in advancing the interests of others."

Lord Shelburne, Prime Minister in 1782, held this view and was working towards a settlement with the Americans based on trade liberation - but was too late to save the American colonies. He could see however that it was important for Britain that these colonies should expand, grow prosperous and increase the market for British goods, rather than be tied to an economic and political union they did not want.

William Pitt the Younger, who became Prime Minister in 1783, was also much influenced by Adam Smith and made some concessions to free trade: a reduction in the tea tax, for example. With the French wars Pitt forgot his economic principles and trade with Europe was largely geared to the war itself. After the war the Corn Law of 1815 was devised as an expedient, not so much as a system of tariffs but as an embargo on foreign foodstuffs. Parliament was motivated by a desire to be economically self-sufficient should war strike again.

After twenty years of warfare the doctrines of Adam Smith gradually became popular again. By 1820 the merchants of the City of London were petitioning Parliament for a new economic policy - urging that the principle of buying in the cheapest market and selling in the dearest was as beneficial to the nation as it was to the individual trader.

In 1823, William Huskisson, then President of the Board of Trade, made a number of reforms in the direction of free trade. The embargo on foreign corn

was replaced with a sliding scale of import duties. A long period of political, rather than economic reform followed, although one of the most ardent free traders, Richard Cobden, was writing widely and by 1838 after a disastrous harvest, the Anti-Corn Law League was set up to campaign for repeal of the 1815 Act.

Another movement competing for attention was Chartism, directed towards political reform. By the 1840's prosperity returned and both movements declined. In 1846 the Corn Laws were in fact repealed and foreign corn allowed freely into the country. Prosperity lasted for nearly thirty years during which time nearly all the remaining restrictions on trade were removed.

Although there were many factors that brought about the whole free trade movement, it must be said that the intellectual power of Adam Smith, and the depth of his analysis, pointed the way.

3. HISTORY THAT MIGHT HAVE BEEN

HOW would the industrial revolution have been affected had our political leaders chosen LVT instead of income tax to pay for a war? This paper attempts to rewrite the history of Britain from 1800 showing how land-value taxation might have altered our industrial society at its foundation.

One reason for exploring this idea is to look more closely at class divisions which hardened with the industrial revolution, while the growth of factories destroyed not only the craftsman's skill but his work satisfaction. As the new machinery redistributed incomes and raised the level of wealth for most people, strife on the factory floor - the US and THEM conflict - is one legacy from the industrial revolution that still plagues us.

The end of the 18th century also saw the beginning of the great enclosure acts - along with increasingly loud crys for land reform. Tom Paine who shouted as loudly as any, went into exile in North America; Thomas Spence, who advocated that land rent be used to support the poor, maintain the roads and encourage agriculture, was arrested. Society was dominated by a landed aristocracy of about 300 families and these not only held estates but controlled Parliament.

Between 1780 and 1815 Parliament passed 2,900 Enclosure Acts which affected a quarter of Britain's arable land. While on the one hand this had the effect of raising productivity it also created the landless peasant, once the smallholder or farm worker with his own plot.

Arthur Young, an advocate of enclosure, realised only too well that the poor were "grossly injured" by