

The Battle Against Protection: An Historical Survey to the Present Day

PART II: CAVOUR AND TURGOT

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INTRODUCTION

TODAY it is commonly believed that free trade can be preserved, extended and restored only through international treaties. Cobden was often presented with this argument and, unfailingly, he rejected it. What, he often asked, is the purpose of a government who actually permits protection resorting to an international remedy? Far from being a resort to a remedy, it is a most effective resort to a means of greater international protection. No, he stated, both the ill and the remedy exist at home.

The European Community is possessed now in theory of an authority to determine the trading arrangements of its members. The theory may one day be tested when a fundamental deadlock is encountered between Westminster and Brussels. Alternatively a deadlock may be avoided by the member countries putting into practice their ideal of a European Community. Often we read of all night sessions of bargaining between the trading ministers of the member nations. At the conclusions of such meetings the nine ministers return to their capitals to proclaim the great advantages which they have gained and the slight disadvantages they have conceded. This exercise may be considered an ordinary example of political persuasion, but it cannot be pretended that the European Community taken as a whole, has benefitted by their bargaining. Indeed this Community would have gained, or lost, no less perhaps had the Ministers spent the night gambling in Monte Carlo.

The Anglo French Commercial Treaty 1859-60

In 1859 the relations between Britain and France were becoming strained and to create a harmless mutual interest Cobden agreed to negotiate a bilateral Commercial Treaty. He agreed on one condition, all the concessions to trade with France should be granted also by Britain to the rest of the world. For he knew that a mutually exclusive treaty would, by excluding the interests of the rest of mankind, create a most dangerous common interest.

In France Cobden witnessed the strength of their protectionists. They were more powerful than the interests which he had displaced in Britain. Yet the concept of free trade had been introduced to modern Europe by the French economists less than 100 years earlier. Although the French Revolution had destroyed all the liberal traditions of France, they had been implanted in the minds of a group of English and American statesmen and thinkers during the second half of the eighteenth century. Later these principles flowered amid the rise of liberalism during the nineteenth century in Britain.

IN Piedmont, during the 1830's, science and liberal enlightenment were regarded as the works of the devil and those, like Cavour, who studied them were labelled by the secret police and by the Court as dangerous men. Cavour therefore looked beyond the confines of Turin for other examples and concluded that England had most to teach him. He studied the history of England and of Ireland. He applauded the British Constitution, whose institutions and conventions he took as models. He also studied the rise of English Liberalism and became an ardent believer in the freedom of trade.

After he had made a visit to England in 1843 he wrote an extensive article on the issue of the Corn Laws. "When an economic system", he wrote, "is recognised as being contrary to reason, justice and equity, when its best defenders are reduced to using argument of convenience and opportuneness, such a system is sapped at its base; the least unforeseen shock, the least extraordinary circumstance will overturn the whole edifice."¹

He also spoke on the same issue to the Society of Political Economy in Paris shortly afterwards. He avowed that he would uphold the principles of free trade in Italy and a seasoned listener sarcastically remarked, "Ah Count, those plans of yours are of a kind men concoct at the door of a minister's office, and throw carefully out of the window as soon as they have got inside." Cavour replied almost angrily, "That may be your policy, Sir, but for my part, I give you my word of honour, that if ever I rise to power, I will carry out my ideas or relinquish office."²

In 1850 his idealism was put to the test when he was appointed Minister of Commerce in the government of Piedmont. Ranged against him and against a weak government were firmly entrenched protected interests. Direct measures designed to dismantle the protected system were bound to fail. Perhaps the enthusiasm of that meeting in Paris had allowed Cavour to overlook one of his earlier writings in which he had stated, "In the system of the Universe there are two orders of things utterly distinct from each other—the order of principles and the order of facts."³ Reluctantly he adopted the device of international commercial treaties, because although they would not restore free trade, they would at least reduce the level of protection and they would secure access for trade between Piedmont and the large trading empires. In proposing one such treaty to the

1. *The Early Life and Letters of Cavour* Vol. by Whyte p. 298.
2. *Cavour* by E. Dicey p. 123.
3. *Cavour* by E. Dicey p. 46.

House of Deputies at Turin in 1852 he reveals a radical desire for direct reform at home.

"I believe these arguments to be just, unexceptional, and evident . . . I think I have proved that duties which are protective of the soil have the effect of inflicting a tax upon the consumers to the benefit of the growers, and especially, I will even say exclusively, to the benefit of the proprietors of the soil. This, Gentleman, is a crying injustice, which is impossible to justify by the light of reason. Property, to be respected, must not enjoy any favours, which are not the necessary and legitimate consequences of the economical arrangements of the country . . . I believe that property is the groundwork and the foundation of social order; but it is precisely because I wish to see the principle founded on a solid basis, and because I wish it may be able to resist the attacks of Utopists and demagogues, that I wish to see it rest upon the solid foundations of justice and equity and not upon the quicksand of privilege and monopoly."

His term as Minister of Commerce was short and in 1852 he was appointed Prime Minister to attend to political rather than economic questions. Before entering public life he had written on the relationship of economic science and political government.

"We do not pretend to assert", he wrote, "that political economy either can, or ought to aspire to regulate the movements of the political world. The principles it proclaims, the facts it attests, the truths it brings to light, are necessary elements in the consideration of every problem connected with the social order but they are not the only elements nor the most important ones. There are others of an infinitely higher order, which are entitled to be considered. Political economy, as a science, relates exclusively to the production of wealth, and to the means by which it is distributed. But wealth is not the only object

which mankind in its social capacity ought to search after; it is not the sole actuating principle of nations, and the acquisition of it does not constitute the special duty of government. Society has been established by man, not merely for the purpose of satisfying his physical wants, and of increasing the amount of his physical enjoyments by the accumulation of the products of industry, but also, and more especially, for the purpose of developing and bringing to perfection his moral and intellectual faculties. Political economy is not entitled therefore to assume to itself any absolute dominion in this lower world. It ought only to occupy the second place, and be as it were the youn-

ger sister of these arts and sciences which determine the laws upon which the development, the intelligence and the morality of nations depend."

Cavour did not mean that in the realm of politics the scientific principles of Political Economy could be contorted to answer to any political caprice. He predicted that the rise of Communism and all movements tending to that extreme would pose the greatest hindrance to the clear-minded study of Political Economy. Nor did he imagine that these forces can be effectively countered by scientific argument alone.

"The Philosophers and the political economists," he wrote, "may easily refute in their studies the errors of communism; but their labour will be in vain, unless all honest men, putting into practice the great principle of universal benevolence, act upon the hearts of mankind, as science acts upon their minds."

Drawing together the predominant elements of Cavour's life—his innate liberalism, his respect for science and his indomitable desire for the unification of Italy—Professor Botta uttered a most fitting memorial;

"Cavour made self government the object of legislation, political economy the source of liberty, and liberty the basis of nationality."

M. TURGOT

DURING the second half of the eighteenth century

France moved steadily towards a Revolution whose seeds had been sown many centuries earlier. In 1774 Louis XVI, aged only twenty two, appointed M. Turgot as Comptroller General of Finances (who held more power than our Chancellor of the Exchequer). Within twenty months Turgot had introduced economic and political reforms which answered to the pressing needs. For a brief time the dreadful progress was arrested and entirely different possibilities were opened. The young King then faltered, fell victim to an evil conspiracy, dismissed Turgot and allowed his precious reforms to be reversed.

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Turgot learnt the principles of Political Economy early in life from M. de Gournay whom he describes in these two passages.

"He was free from self interest, from all pride, without slavery to his principles . . . he lived only for, and aspired towards, the public good, he delivered his sentiments in a simple manner; they were emphatic only by virtue of the reasons for them, which he had the art of placing within the reach of all minds with a luminous precision."

And, the critics of M. de Gournay were:

"accustomed to receive successively all opinions as a glass reflects images without retaining any of them, accustomed to find everything probable without ever being convinced, to ignore the intimate connection of effects with their cause and to contradict themselves continually without being aware of it or

placing any importance on it—these men are only astonished when they meet with a man inwardly convinced of a truth, and deducing from it consequences with the rigour of an exact logic. They let themselves listen, they listen next day to propositions quite contrary; they are surprised not to see in a thoughtful man the same flexibility. They do not hesitate to call him a fanatic and a man of systems. If the arbitrariness or the folly of making everything bend to his ideas instead of applying his ideas to things, is the characteristic of the spirit of system, assuredly Mr. de Gournay was no man of systems."

M. de Gournay was a contemporary and a fellow spirit of the celebrated Dr. Quesnay. Whilst sharing complete agreement over the principles of political economy, neither Gournay nor Turgot ever associated themselves with Quesnay's group. Yet these two are generally labelled along with the followers of Quesnay, as Physiocrats (those who acknowledge the Rule of Nature). It is necessary, however, to distinguish the followers of Gournay, because the former had no interest in theoretical speculations, whereas the latter so multiplied them after Quesnay's death that the truth of their profound and simple principles were for all purposes buried.

Before continuing with M. Turgot's exposition of political economy, it is necessary to remove another unnecessary misunderstanding which has been sown by economic writers. Without number they have concluded that the original French Economists were a quaint collection who subscribed to such flat-earth notions as the one that the farmer is the only source of wealth. In fairness they have been helped in such an absurd conclusion by loose translations of the French originals. But Turgot never held such a belief, for to have so done, he would have to close his eyes to the existence of gardeners, fishermen, quarry men and miners. For him to assert that the farmer was the only source of wealth is as absurd as an idea today that British Leyland is the mother of all production.

During his official duties Turgot was more concerned with restoring freedom of trade within France than across its frontiers. Internal trade was beset with monopoly, privilege and corruption and it is not surprising to read that Turgot had to deal with famine and food riots; for these are the natural consequences of such a selfish system.

His exposition of Free Trade, evidenced by the two passages below, was as impeccable as his treatment of all the branches of political economy.

"I believe indeed that ironmasters, who think only of their own iron, imagine that they would gain more if they had fewer competitors. There is no department in commerce in which those who exercise it do not seek to escape from competition and who do not find sophisms to make the State believe that it is interested at least to exclude the rivalry of foreigners whom they easily represent to be the enemies of

national commerce. If we listen to them, and we have listened to them too often, all branches of commerce would be infected by this spirit of monopoly. These foolish men do not see that this same monopoly is not, as they would have it believed to the advantage of the State, against foreigners, but is directed, against their own by those fellow subjects - sellers in their turn - in all other branches of trade."

"Whatever sophisms the self interest of some commercial classes may heap up, the truth is that all branches of commerce ought to be free, equally free, entirely free; that the system of some modern politicians who imagine they favour national commerce by prohibiting the importation of foreign merchandise, is a pure illusion; that this system results only in rendering all branches of commerce enemies one to another, in nourishing among all nations, a germ of hatred and of wars, even the most feeble effects of which are a thousand times more costly to the people, more destructive of its wealth, of population and of happiness, than all those paltry mercantile profits imaginable to individuals, can be advantageous to their nations. The truth is that in wishing to hurt others we hurt only ourselves."

Protection applied internally or against the freedom of foreign trade is an economic disease. It cannot be regulated by a government or a bureaucracy as they wish, because it infects the whole economic organism and thereby enlists entrenched support. To allow protection to exist "on a limited scale", "for a temporary period", or "for strategic reasons" are often the illusory reasons retailed by politicians. But protection is no respecter of mankind or of nations and can run until every individual becomes, in his economic dealings, an island unto himself, and an enemy of all his fellow men.

Turgot regarded the power of taxation as the most effective means of destroying economic injustices and restoring a just distribution of wealth. He abolished the *Corvée* (derived from *cura via*, or care of the roads) system whereby all road building was carried out by forced and unpaid labour, replaced the oppressed with professional contractors, and levied the taxation from the source reserved by Nature. The roads (in Limousin) were transformed, the people were relieved, and the value of the adjoining land soon increased in excess of the tax placed upon it.

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Turgot first studied theology at the Sorbonne and at the age of 23 he delivered an address in Latin which opened with this passage:

"Placed by his Creator in the midst of eternity and of immensity, and occupying in them but a point, man has necessary relations with a multitude of things and beings. At the same time his ideas are concentrated in the individuality of his mind, and in the supremacy of the present moment."

Turgot abandoned his theological studies and trained as a lawyer. At the age of 26 he became a Master

of Requests, or a Magistrate. Eight years later he was appointed Intendant, or provincial governor, of the province of Limousin. During his administration, which lasted thirteen years, he introduced whatever reforms he felt were needed and which his delegated authority permitted. His single aim was to enhance the public good. He adopted for this purpose a policy of explaining all the reforms to his subordinates in great detail and thereby inspiring in them a zeal equal to his own.

In 1774 he was appointed Comptroller General of Finances by Louis XVI. Before he accepted the office at such a time, he explained the economic condition which he would inherit and the opposition which his reforms would attract. The young King assured him of his wholehearted support, even if need be against his own Court. Soon Turgot became the most effective minister of that administration and hardly any aspect of government escaped his attention. In January 1776 Turgot presented six proposals to the King's Council and to Parliament. These proposals were framed to destroy a whole hierarchy of corruption. The Council and Parliament objected strongly. Nonetheless, the King found the proposals derived from principles which were not answered in the arguments of the Council or of Par-

liament. He ratified them and wrote to Turgot in March, "The more I think of it, my dear Turgot, the more I repeat to myself that there are only you and myself who really love the people."

A conspiracy to unseat Turgot was concerted between various members of the Court and Marie Antoinette, the young Queen. The King succumbed and in May dismissed Turgot. The Liberals, notably Voltaire and Condorcet, were shattered, not only by the dismissal but also by the reversal of those six proposals. So too was Turgot, for he feared for the safety of the King and his nation. Within seventeen years the King was guillotined and the nation had undergone a bloody revolution.

Although Turgot died in 1781 at the age of fifty four, and therefore did not have to live through the Revolution he had predicted its coming in this passage which he had written at the age of twenty three.

"Unhappy are those nations in which false principles of government have actuated their legislators. . . . Almost all have neglected to keep open the doors for the improvements of which all the works of man have need, or have neglected to make the means of these easy. . . . The only remedy for abuses that remain - Revolution - is one sadder than the abuses themselves."