

employment, to whom is it essential that it should receive artificial respiration or succour by subsidies? Not the consumers, certainly, for they must have benefited from the cheaper cloth, from abroad. As for seeking "fair play without dispensations" this, logically, can only mean free trade, something obviously beyond the ken of Mr. Jones. He concluded with the argument that the economy of Burnley is balanced on three pegs:— coal, cotton and light engineering and that these must not be dislodged. Thus, whatever the future holds, coal, cotton and light engineering must continue to support (indefinitely?) the economy of the area. No lesson has been learnt, however elementary, from the example of, say Luton where new industries flourish and grow as the fashion for wearing hats (among men) gradually declines.

In replying for the Board of Trade, Mr. Niall MacPherson described how the Cotton Re-organisation Schemes were designed to enable the industry to compete with other countries. The reason he gave for allowing Commonwealth free entry was that it helped to increase their standard of living. (What about ours?). He also added that as we depend on exports it is necessary to try to remove obstacles to trade. This makes more sense and would be common knowledge even to children if monopoly interests had not perverted economics to suit themselves. The Schemes included in the 1959 Act were intended to encourage the industry to modernise by scrapping and replacing. Nearly half of the total installed capacity in spindles and two-fifths of the looms were scrapped at an estimated cost to the Treasury of £10.6 million. Mr. MacPherson confirmed that all the labour displaced had no difficulty in finding new jobs.

The other side of Government assistance involved Government grants for re-equipping and modernising, up to one quarter of the cost. So far 697 applications involving grants of £10.1 million had been received, but this was unfortunately below expectations, due, so the Parliamentary Secretary thought, to lack of confidence. (Confidence in whom?)

Mr. MacPherson indulged in considerable statistical juggling with the import figures in order to justify Government actions. Nearly 60 per cent. of cotton imports come from Hong Kong and Spain and are limited by inter-industry agreement, while imports from Japan, Formosa and the Sino-Soviet bloc are subject to control by quota. Piece goods are imported from Western Europe, the United States and Canada. Should imports again increase, the President of the Board of Trade would consider what action should be taken under the Short Term Geneva Agreement, although as from September next, a five-year agreement will take effect which, if accepted would: "Be subject to the reservation that it (the Government) would not be committed by the Arrangement to allow increased access of low-cost textiles to the British market." How does this square with the statement that: "We are bound to remove obstacles to trade?"

The Parliamentary Secretary emphasised that restraint

on Asian Commonwealth countries would be necessary throughout the period of re-organisation and re-equipment of the cotton industry. He said: "There is no certainty in this world, and it is not possible to give the cotton industry—or any industry, for that matter—complete certainty as to the future." And he added that at present, owing to Common Market negotiations, there is more than the usual uncertainty.

Then came the following priceless statement: "Although low-cost imports now account for about 30 per cent., of the market . . . the remainder of the market is there for the industry to win in competition with countries whose standards of living are much the same as our own, providing it re-equips." An odd kind of "competition" considering that the re-equipping is nothing but a subsidy. And what has "equivalent standards of living" to do with it since we apparently need protection also from countries with a *higher* standard of living (for instance cars from the U.S.A.).

From both Government and Opposition comes a mixture of muddled thinking and special pleading seeking to mask the interests of specialised sections of the community, whether these be employers or employees. Neither side seeks to apply a clear principle to economic problems of this kind and stick to them. Almost accidentally, some one says just the right thing and we get a shaft of light on the whole problem, but these lapses are very soon clouded over by subsequent remarks.

This issue is simple. Either trade is good or it is bad. There can be no half-measures. When half-measures are resorted to, the situation becomes farcical and absurdities spring up like mushrooms.

Legislation for Privilege

BEFORE duties can be imposed under the Customs Duties (Dumping and Subsidies) Act, 1957, the Board of Trade has to be satisfied not only that dumping or subsidisation is taking place but that this is causing or threatening material injury to a British industry and that action would be in the national interest."

This is the official view put forward by the Parliamentary Secretary to the Board of Trade (Mr. Niall MacPherson), when the House on March 21, was asked to approve an anti-dumping duty of £3 per ton on ammonium sulphate originating in the Soviet Zone of Germany.

A short-term gain from buying in the cheapest market, enables the consumer to raise his living standards, for as a result of the gain he can demand other products. Whether or not the goods he buys have been subsidised abroad should not concern him. Nor does he need "protection" from a lower cost of living in the "national

interest". But the consumer, of course, is not meant to come into the picture; the national interest simply does not include him. He is expected to shed tears over the "material injury" done to a monopolistic British industry by exposing it to competition.

To support the arguments of private interests — mis-called national interests—economic principles have been deliberately distorted. For instance, foreign producers, and governments, are often accused of seeking to destroy British industries by dumping. What is glossed over in these arguments is the fact that trade is a two-way process, and imports, whether "dumped" or not, must be balanced by exports. Thus, if one industry declines another is boosted.

Further, involved in the rights of the individual is the right to impose his own pattern of demand upon producers, whether they be British or otherwise. By introducing anti-dumping legislation this freedom is nullified.

Although this Order concerning duty on ammonium sulphate was eventually agreed to by a majority of 125 to 96 the majority of the speakers at least seemed aware that they were dealing with a far from straightforward question and in many instances they displayed a sound knowledge of fundamental economic truths. Unfortunately this did not prevent the Order from being passed.

EXTRACTS FROM THE DEBATE

MR. DOUGLAS JAY (Labour, Battersea, N.): "We in this country are trading with Russia, Spain, Portugal, China and a number of other countries of this kind with whose political policies we do not sympathise, and I do not see why we should take any different attitude to East Germany on political grounds. Therefore, it seems to me that this House ought tonight to examine this Order from a strictly economic point of view . . . Since we are told that I.C.I. is selling at £10 a ton in India, can the Hon. Gentleman say whether he considers that to be dumping?"

SIR CYRIL OSBORNE (Conservative, Louth.): "The farmers in my constituency have asked me to oppose this Order . . . I understand that in addition to the duty of £3 per ton which we are now asked to impose, there is already a £4 per ton duty which has been in existence, as a protection, for over twenty years. So, tonight, the House is being asked to give to I.C.I. which has a virtual monopoly in the supply of sulphate of ammonia, a protection of £7 per ton . . ."

"I should like to remind my Hon. Friend of what was said by the *Financial Times* about this matter on March 10. This is the background to the whole situation:

'The fact seems to be that all producers are prepared to offer some of their surplus output for export at prices much lower than could be sustained over the whole of their production—and I.C.I.'s sales in Ireland, cited to show that U.K. prices are too high, fall into this class.'

"It is known that I.C.I. has offered a 10,000 ton con-

tract to Pakistan at £12 a ton, but it was beaten by the Americans. Therefore, it is reasonable to suppose that this vast quantity, over 100,000 tons, has been sold abroad at about £12 a ton. If I.C.I. could afford to do it overseas it can afford to do it at home . . . I understand that the bulk of this chemical is produced at the Billingham works, which are over thirty years old and which, in terms of chemical engineering, are well past being really efficient."

MR. JULIAN SNOW (Labour, Litchfield and Tamworth): "We also see in the newspapers that it is proposed to cut down imports of butter from the Continent. We are talking about the farmers and their interests tonight, but should we not sometimes think about the consumer? In the event, it is the consumer who pays, through the farmer, to the monopoly interests of I.C.I. Because we are to cut down butter imports from the Continent, the price of United Kingdom produced butter is to go up."

MR. G. B. DRAYSON (Conservative, Skipton): "I want to say something about the cavalier way in which the Order we are asked to approve tonight was introduced. The application was made in July last year. Interested parties were able to submit their respective cases to the Board of Trade. They did so. They were told that the matter was being considered. Nothing was heard about this project from July, 1961, until half-past-three in the afternoon of Friday, 2nd March, when a Press statement was made . . . Already there were ships loaded with this produce coming across the Channel. Why should firms which had been bringing in cheaper sulphate of ammonia and helping British agriculture and mixers be treated in this way?"

DAME IRENE WARD (Conservative, Tynemouth): "I am getting awfully tired of hearing that prices are going up. I am only too thankful when I hear that some prices might come down. I cannot help feeling that some interests in this country always want to keep prices up. If I.C.I. had to sell its surplus production to Eire because of the volume of imports into this country from East Germany, I do not see why it did not enter into competition in this country and reduce the price of its products here. That would have been a very good and stimulating form of competition."

MR. NIALL MACPHERSON (Parliamentary Secretary of the Board of Trade): "I am asked: why is it I.C.I. can sell at such low prices—for example to the Republic of Ireland? The answer is, of course, the one I have already given, that the company is in competition abroad and prices are extremely keen, and competition is extremely keen, and those prices have to be matched . . . We are quite satisfied that this matter has been fully investigated and that damage is threatened. I do not say that it actually occurred; it does not need to occur. But I hope I have made it plain that it is in the national interests that damage should not occur. I hope that the House will accept the Order."

And, shame to say, it did.