

## IMPERIAL PREFERENCE IN THE DOMINIONS DEBATE

On 20th April the House of Commons debated "Empire and Commonwealth Unity," on a motion by Mr. E. Shinwell (Labour, Seaham) declaring that "The United Kingdom should do its utmost, by close co-operation and regard for the different points of view of the nations of the Commonwealth, to preserve in time of peace the unity of purpose and sentiment which has held them together in time of war." Imperial preference was the dominant note of many of the speeches, and from both sides of the House much protectionist doctrine was heard. Winding up the debate, Mr. Churchill explained—for the first time publicly—the origin and the purpose of the qualifying words "with due respect for their existing obligations" which were introduced into the Atlantic Charter to blunt the edge of its Free Trade declaration. We comment elsewhere upon the tone and trend, and the political significance, of this debate.

Mr. E. SHINWELL: The Dominion countries can only survive by selling their primary products. But in order to dispose of their primary products there must be markets to absorb them. Where are those markets? Markets do not emerge simply because you are anxious to export; markets only emerge if you assist in creating them, and, having created them, maintain them. There is a British market still—one of the most important bargaining factors in relation to trade and commerce. I speak quite frankly and without any prejudice on the subject of fiscal policy. I think there has been too much talk of fiscal policy in the past and too little recognition of what was best for the country as a whole. After the war we shall have to export twice as much, and perhaps two and a-half times as much. Where shall we look for this increased trade? By all means have a trade agreement with the United States, but let us look elsewhere if we are seeking for markets to absorb our products. The Americans will discover, after the war, that a problem will emerge of how to dispose of their surplus products. Where are they to find markets? In our markets and by entering into agreements, one by one, with the Dominion countries, to their disadvantage and, subsequently, to the disadvantage of us all?

Sir ALFRED BEIT (Conservative, St. Pancras, S.E.): I will fight with all my strength against any proposal to sacrifice the substance of Empire trade and Imperial Preference for the shadow of universal co-operation, at least until and unless a state of full employment has been reached and has got beyond the realms of pious hopes. It would be suicide for us to abandon the only really powerful weapon in our armoury and to revert to those evil days—for I must call them evil—before 1932, when this country, which was no longer the world's dominant manufacturer, but possessed the most sought after world market and was obliged to receive all the world's dumped surpluses, while we stood by helplessly because we had no control whatever over our imports.

Mr. HENDERSON STEWART (Liberal National, East Fife): In the new world into which we shall enter when the war ends it is obvious to the blindest people that the British Commonwealth of Nations and the Empire probably offers us as a family of nations the best market of all for our goods. Therefore, it is in the primary interests of our working people that we forge now, and maintain after the war, the closest possible ties with other parts of the Empire.

Mr. B. RILEY (Labour, Dewsbury): We are liable to forget that we and the Allied Governments have pledged ourselves over and over again, in declarations, on what we regard as fundamental, if peace and prosperity are to be secured. We have said we shall further the employment by all States, great and small, victor and vanquished, on equal terms, of the raw materials of the world which are needed for their economic prosperity. The danger I want to warn the House against is the danger of overlooking that generally accepted objective in the post-war world that we are looking forward to. The second danger I see is that of lapsing into the old policy of the Ottawa preferential trade agreements. There may be a tendency to adopt the same methods that we adopted in the early thirties, of preferences in one part of the world and exclusion for others. If that is the case, we shall be ignoring the lesson of the war.

Mr. A. C. M. SPEARMAN (Conservative, Scarborough and Whitby): I advocate our doing everything possible to co-operate with the United States, first of all because we have promised to do so in Article 7 of the agreements for Lease-Lend and Mutual Aid. We have to give the United States every possible opportunity for co-operation with us. Anything less than this would make a very bad impression throughout the Dominions, and would strengthen the isolationists in America, who would claim that we have proved the correctness of what they had been saying for years. Before 1932 there were many people who thought that Imperial preference would solve all our difficulties. I think the results have shown that that hope was not justified.

Sir EDWARD GRIGG (Conservative, Altrincham): It rests with the Government to leave no room whatever for doubt about where we stand on this question of using our own market for the benefit of the British family first. Do not let us sacrifice our liberty, which is vitally important to us, to the Commonwealth, to India, and to the Colonial Empire, for nothing better than words in a charter which are of no practical effect.

Lt.-Col. ELLIOTT (Conservative, Kelvin-grove): The whole course of the future will be one in which organisation, in the years immediately after the war, is bound to play a much larger part than it did in the years of that uncontrolled scramble which we dignified by the name of Free Trade. It did not lead either at home or abroad to such beautiful results that we should erect it into one of the Beatitudes of the Scriptures.

Mr. ARTHUR GREENWOOD (Labour, Wakefield): We have heard talk in the past about protection and tariffs, preferences and so on. I do not believe that these terms, protection, tariff reform, Ottawa and preferences have any meaning whatever in the middle of the 20th century. I think that as a great economic unit, with enormous possibilities, the British Empire must invent a new terminology. I do not believe the real development of the Empire can come to us if we think in terms of the old tariff reform formulae. We would gladly aid, as far as I am concerned, in every kind of way, the development of all our potential economic resources in the Empire. I should not like to say any word which might be used in the United States against our honest and sincere intentions, but Britain and her brotherhood of Allies in the Commonwealth can never become the hewers of wood and drawers of water for the United States. We cannot become

the vassals of the United States, and I think we are entitled to say so.

Mr. H. DALTON (Labour, Bishop Auckland; President of the Board of Trade): With regard to Imperial Preference, perhaps I might be permitted to recall that one of the first votes I ever gave in this House, as long ago as June, 1925, was in favour of increasing the margin of Imperial Preference. Debate was taking place on a proposal of the Government of that time to reduce the duties upon Empire imports of sugar, dried fruits, wines, spirits and tobacco. Considerable debate developed between Mr. Thomas and Mr. Snowden, as he then was, the former holding that to reduce these duties would be, incidentally, to reduce the cost of living. Mr. Snowden held that it would not be to promote Free Trade as he thought he understood it. Following a discussion at a Labour Party meeting it was decided to allow a free vote in the House. A minority of us voted in favour of extending the margin of Preference, and with the aid of a few Conservatives we managed it. I make this little historical excursion in order that it may not be thought that the Labour Party in the past has taken an unreasonable or pedantically uniform view, in opposition to Imperial Preference. As time has gone on, even those who were opposed to Imperial Preference have been converted to its great practical value. With regard to trade with the rest of the world, this also must be greatly expanded if we are to get the exports and imports which are necessary. Quite clearly, the United States market is an enormous one, and it is much to our interest to have access to it, particularly if this can be negotiated on rather better terms than we used to have before the war.

Mr. H. J. S. WEDDERBURN (Conservative, Renfrew W.): The speech of the hon. Member for Seaham showed not only his patriotism but a good deal of courage, since he could never have felt perfectly certain that all the opinions which he expressed were quite so acceptable to his political supporters as they obviously were to his opponents on this side of the House, including the President of the Board of Trade, who proved, beyond the possibility of doubt, that he voted for Imperial Preference in 1925. This is a subject on which we would all do well to revise many of the opinions we have expressed in the past. There is one speech on Imperial Preference of the Prime Minister's which I have most often had quoted against me. "Sentiment by the bucketful; patriotism by the Imperial pint; the open hand at the Exchequer; the open door at the public-house."

The PRIME MINISTER (Mr. Churchill): They might quote me right, anyway.\*

Mr. WEDDERBURN: If you want to have a full economic partnership with the other members of our Commonwealth, you cannot achieve that partnership under a system of unrestricted individualism either in commerce or finance. Neither Free Trade in goods nor Free Trade in money will do for us, or for our Empire in the world of to-morrow. I think it is generally recognised that our economic circumstances after the war may oblige us, for a very long time, to restrict the total volume of our imports and to give priority to those things which we most require but which we cannot produce at home.

Sir PERCY HARRIS (Liberal, Bethnal Green): I have never been repentant about

\* See the quotations we give in another column.—EDITOR L. & L.

my attitude to the Ottawa Agreement, but the Ottawa Agreement is there, and obviously, in 1944, after we have been comrades in arms, we should not throw over the principles of that Agreement without discussion or mutual consent.

We cannot leave out of the picture the United States. In this Debate the Lend-Lease Agreement has loomed rather large. On 23rd February, 1942, we signed an agreement with the United States arising out of a policy of Lend-Lease. Clause 7 of that Agreement has been mentioned on several occasions, and I think it is one which should be quoted in full, because there has been some misunderstanding about it. Clause 7 says: "In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under Lease-Lend Act, the terms and conditions shall be such as not to burden commerce between the two countries but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To this end they shall include provisions for agreed action by the United States of America and the United Kingdom open to participation of all other countries of like mind directed to the expansion by appropriate international and domestic measures of production, employment and the exchange of goods which are the material foundation of the liberty and welfare of all peoples."

These are the important words: "to the elimination of all forms of discriminatory treatment in international commerce and to the reduction of tariffs and other trade barriers; and in general to the attainment of all the economic objectives set forth in the Atlantic Charter."

When we signed the Ottawa Agreement, we thought it was a purely domestic matter not affecting the economic and political problems of other nations. It was interpreted very differently on the continent of Europe and in America. Many felt that if the great British Commonwealth was to be closed to their trade they must devise their own economic policy. It may be that Hitler would have achieved power anyhow, but it was a great stimulus to his rise, this gesture of ours at Ottawa which seemed to point to the closing of one of the greatest markets in the world for their goods. We do not want the public to feel that we have learned no lessons by the happenings of the last 20 years. We do not want it to be suggested that the British Commonwealth is going to be a closed Empire, that the world is going to be divided into economic groups. This is the way to lead to a third great war.

Colonel PONSONBY (Conservative, Sevenoaks): . . . After all, Russia makes its trade arrangements for its own benefit. America does the same, and Portugal has built up its empire during the last few years entirely by preferential arrangements. Before the war, in Morocco, the French barriers were so high that no outsider could look over them. Why we should be in the least diffident about introducing and continuing the same system I cannot understand.

Major STUHOLME (Conservative, Tavistock): There is nothing immoral or "dog-in-the-manger" about Imperial Preference. The United States, Russia and the French Empire have used it 100 per cent. Our moderate preference guarantees a stable market for the countries of the British Commonwealth, and it is of vital importance not only to this country, but even more so to the other Members of the Commonwealth.

Mr. F. J. BELLENGER (Labour, Bassel-la): It is impossible for us to engage

in trade with the Dominions on the basis of unrestricted private enterprise, as we did in the 19th century. I would say to hon. Members on the Liberal benches that it is impossible to hope that we are ever going to give them back Free Trade, which only made private enterprise possible in the 19th century. Free Trade as we knew it in the 19th century has gone, and with it many of the features of Free Trade—private enterprise. Such matters as dealing with imports by import boards have to be considered. We must have some Government regulation of trade, and that means, as I understand it, that we shall have negotiations, between the Governments of this country and the Dominions in order to settle the volume of imports to be brought into this country. Can we, even from the Dominions, import just what food importers in this country like to import? If we are to look after and to encourage the agricultural industry in this country, we have to restrict some of the food imports coming from our own Dominions.

The PRIME MINISTER (Mr. Churchill): I have no intention of passing my remaining years in explaining or withdrawing anything I have said in the past, still less in apologising for it; but what I am concerned to do is to show to the House, and also to Members of my own Party, how strictly I have, during my stewardship, safeguarded the structure of Imperial Preference, which has arisen out of the controversies and achievements of the last 40 years, against any danger of being swept away in the tumult of this war. At my first meeting with the President of

the United States, at Argenta in Newfoundland, at the time of the so-called Atlantic Charter, I asked for the insertion of the following words which can be read in that document: "With due respect for their existing obligations." Those are the limiting words, and they were inserted for the express purpose of retaining in the House of Commons, and the Dominion Parliaments, the fullest possible rights and liberties over the question of Imperial Preference. Again, in February, 1942, I did not agree to Article 7 of the Mutual Aid Agreement without having previously obtained from the President a definite assurance that we were no more committed to the abolition of Imperial Preference than the American Government were committed to the abolition of their high protective tariffs. The discussions as to how a greater volume of trade and a more harmonious flow of trade can be created in the immediate post-war years in agreement, leaves us in every respect, so far as action is concerned, perfectly free. I am convinced myself that there should be a careful, searching, far-ranging discussion on the economics of the post-war world, and a sincere attempt made to reconcile conflicting interests wherever possible. There must be a wholehearted endeavour, begun in good time, to promote the greatest interchange of goods and services between the various communities of the world, and to strive for that process of betterment of standards of life in every country without which expanding markets are impossible, and without which world prosperity is a dream which might easily turn into a nightmare.

## LIBERAL LIBERTY LEAGUE

The economic and political freedom of Liberalism is the keynote of the nationwide appeal that has been despatched to individual Liberals and constituency associations. Three leaflets were enclosed: "The Liberal Assembly and the Uthwatt Report"; extracts from the many letters welcoming the formation of the League; and "Statements on Liberal Policy," quoting declarations of Sir Henry Campbell Bannerman, Richard Cobden, Sir Edward Grey, Winston Churchill, Walter Lippmann, John Stuart Mill, Lord Oxford and Asquith, Sir Robert Peel, Anti-Corn Law League, Lionel Robbins, Lord Samuel, Adam Smith, Herbert Spencer and Alexander Ure, Lord Strathclyde; copies may be had on application to the League's office, 4 Great Smith Street, S.W. 1.

The Liberal Assembly, which should have been held 18th to 20th May, has been postponed with no date given. The League submitted a substantive resolution of its own for the agenda, and amendments to two of the official resolutions.

[The text of the League's resolution appears in another column.—EDITOR L. & L.]

A public meeting was held in the Houldsworth Hall, Manchester, on 28th April, presided over by Councillor Sydney Needoff, B.A. (Com.); other speakers were Ashley Mitchell (Huddersfield), Douglas E. Moore (Sheffield) and A. W. Madsen (London); also in the Exchange Hotel, Liverpool, on 2nd May, when Councillor W. H. Ledson (Secretary of the Liverpool Liberal Federation) presided, supported by Messrs. A. Mitchell and A. W. Madsen. At both these meetings speakers stressed the point that the League had been formed to uphold the conception of a free economy; that the way to better social conditions is not through superimposed controls on the part of the Government or by putting industry under the care or assistance or discipline of the State; the true way is by abolition of

monopoly and special privilege, opening of British ports to the commerce of the world, irrespective of what other countries may do; it is to liberate production and trade and to offer full scope to private enterprise so emancipated; and, most fundamental, to establish a free land system giving every encouragement to occupation and use and securing for the community, as its just revenue, the value of land (apart from building and improvements) that rightfully belongs to it.

A conference on Land and Housing, organised by the Home Counties Liberal Federation on Saturday, 29th April, was attended by members of the League, when Mr. S. Martin, press secretary, was one of the panel of a Brains Trust which concluded the proceedings.

Most Liberals have known that the words "with due respect for existing obligations," in Article IV of the Atlantic Charter, meant a qualification of the ideal of Free Trade which the article gives as the aim of the U.S.A. and Great Britain; therefore, Mr. Churchill's belated admission that freedom to continue Imperial Preference was unaffected did not come as a surprise, but the weak opposition put up by the Liberal representatives in the House has caused much despondency amongst the rank and file in the country. The action that should be taken to present a more uncompromising front will be considered at the next executive meeting of the League on 15th June. One thing is certain: a "fighting front" must be presented at the forthcoming Assembly Conference of the Liberal Party.

Mr. C. GENDALL HAWKINS, recently adopted as prospective Liberal candidate for the Chislehurst Division of Kent, said in his introductory address that he supported the Liberal principle of the Taxation of Land values, that the Uthwatt proposals were a dubious compromise, and as such could not be tolerated, and he was 100 per cent. for the League.