

SWAN-SONG OF INTERNATIONAL TRADE

It is difficult to understand the attitude of the *Manchester Guardian* to the Trade Conference in London, as expressed in its leading article of October 28 if the Editor was serious. As a skit or as a piece of grim cynicism it would be a praiseworthy performance. Prefaced by the remark that the Conference has made a promising start and alleging that delegates were evidently anxious to remove "the worst of the restrictions" by which the nations have strangled one another's trade, the leader reflects a devastating discord of conflicting sounds. Without mark of remonstrance the *Guardian* picks up and soberly repeats one erratic theme after another, never a frown on its features which may be, we hope, a sign that it has not lost its sense of humour.

The Conference made, it was said, a promising start, but in what direction we shall presently discover. All agreed that there should be an International Organisation for increasing trade and therefore "regulating" the kinds of commercial policy which nations "may adopt." It is a prettily evasive phrase meaning little or nothing as you may choose but the breath of Free Trade is not in it. That can be observed at once if we listen more closely to what went on. British delegates accept the gradual (notice the qualification) elimination of preferential tariffs "but there will be hard bargaining about terms and temporary measures to soften the shock for some countries will be needed." We are left guessing whether this is the *Guardian's* own opinion. British delegates we are told would have preferred to set an upper limit to the size of tariffs instead of negotiating reductions, which steps us back to the collapse of the 1927 Geneva Conference crushing the Atlantic Charter under our feet. Next comes the bedevilment of reason by distorting the common meanings of words. America will cut tariffs by one-half in exchange for equivalent concessions—so named—by other countries, as though the removal or the lowering of the price-raising taxes which a Government levies on all its citizens (for the benefit of a privileged class amongst them) was a sacrificial offer of so much of the wealth and prosperity of the country, whereas truthfully it is the stoppage of law-made robbery which one citizen is enabled to commit over against another inside the tariff.

French delegates, obviously imbued with the notion that imports can be noxious, think the American proposals will not work until conditions of production in different countries are equivalent, but what equivalence means and when it will be reached would occupy that or any Conference to the end of time. No matter, the evasion served its purpose to make tariff-ridden countries a workers' paradise *internally* whatever harm it may be granted that tariffs do in the field of foreign affairs. Therefore France must keep quota restrictions and bilateral trading until its industries have been rebuilt and modernised.

The tune is taken up by the Indians and the Australians, by China, Brazil, Chile, Cuba and the Lebanon: "reduction of trade barriers shows little concern for the interests of industrially backward countries: if they are rapidly developing their industries they must regulate their trade: what matters is that the right industries should be chosen for development: some provision for industrialisation will certainly be incorporated in the charter." Protect, protect, protect, is the burden of the song. "Let us hold back the invasions of imported competing goods by putting up tariffs against each other and compelling consumers to buy only those goods and to pay those prices which we the delegates decide are fitted for a properly planned economy." The delegates can say, and the logical French will confirm, that this is no departure from the agreement with which the Conference started that the *worst* of the restrictions must be removed. They have indicated the *good* restrictions which should remain or be extended.

Having reached that point and having apparently accepted

the American proposals with these qualifications, most of the delegations, it is said, think that more positive steps are required "to expand trade and to raise the standard of living." But such steps are far away from any notion that barriers to production, other than trade barriers must be thrown down—high rents and prices for land for example, or the speculative withholding of land from use, or penalising internal taxation on labour and capital. Such considerations and all that relates to the private appropriation of the rent of land or privileged ownership of natural resources do not enter into the untried and unproved Keynes-Beveridge theories of expansionism which the Conference proceeded to swallow, along with the poisonous nonsense about the "importation and exportation of unemployment."

Never was greater gift made to the Protectionist doctrine than when the term "full employment," with all its equivocations and false implications, became the expression of deliberate policy to manage trade and spread the belief, now dearly held by Tories and Socialists alike (of which the late Coalition Government's White Paper, the documents of the Bretton Woods Agreement and Party political literature and speeches are eminent examples) that the inflow of goods can cause economic distress.

The rest of the reported deliberations of the Conference show the delegations boggling about the nature and extent of the "relaxation" of the trade rules which the new Trade Organisation would finally adopt and by relaxation is meant—so corruptly are words used—not the lifting of trade barriers, but their re-erection. In other words, the Charter should permit relief from the undertaking that trade would not be interfered with. British and Australian delegates wanted to have ready that provision "if unemployment develops" but others feared that this would lead to the restrictionism of the past. A compromise was suggested that there should be "quick and concerted policies of expansion" when a slump began, thus introducing the Keynes-Beveridge fallacy that employment depends on spending and the disastrous device of Budget deficits and inflationism. And there is more to it. Unemployment is definitely attributed to imports because the British delegates would "devise a formula" for deciding the degree of unemployment which would bring the "relaxations" (that is, the departure from free importation) into effect, and the fate of commerce would be in the hands of the statisticians and the new economic General Staff, basing all on this quite mad conception of things. Other kindred devices proposed were stabilised prices and buffer stocks, and the *Guardian's* sad uncommented and uncriticised tale of the Conference ends with the French view disagreeing that members of the international Trade Organisation should suppress business practices which restrict competition and with the opinion expressed by the French "and many others" that there are good cartels as well as bad!

At every point, said the *Guardian*, the Conference has to overcome great differences and the negotiations about actual cuts in tariffs will be still more difficult. If so, the outlook is black indeed. Have the lessons of the wars remained untaught and the warnings of all the most responsible statesmen of the world fallen on deaf ears? The short and swift answer to the bedlam crowd at that London Conference is to cut the cackle, to throw open all ports and frontiers to unrestricted trade, irrespective of what other countries may do. And indeed if a British Government were in being or were in prospect which took up again and developed the traditional Free Trade policy of this country, it would have no place in the company of the negotiators and the bargainers. Its attendance at a Conference of the kind would be superfluous for its markets would be freely open to the friendly commerce of all the world.