

BRITAIN UNDER PROTECTION

Mr R. M. Findlay has made a valuable addition to fiscal literature in his new book,* the purpose of which is to show, by facts and figures gathered from the experiences of different industries, the results so far of Britain's plunge into the crazy whirlpool of tariffs, quotas and inhibitions. The fiscal position as it stands to-day is unique in that it has developed with a dramatic suddenness which invites and facilitates the closest investigation. From Cobden to Baldwin is a far cry; yet the distance has been covered at a speed that surely constitutes a record in political aeronautics.

The drama begins with the crisis of 1931 and the distressful second Budget; and with its outcome in the formation of the National Government pledged to the avoidance of controversial party questions, and committed only to the stabilizing of the country's finances. Mr Findlay shows how the thin end of the protectionist wedge was adroitly introduced before the year ended in the form of a "temporary" measure designed to deal with certain alleged "abnormal importations." What followed upon this may here be learned in full detail, but it may be assumed that the subsequent proceedings, being practically of yesterday, are still fresh in the memories of politically-minded citizens. The Ottawa agreements are dealt with incisively. Mr Churchill's prophetic speech at the Colonial Conference of 1907 is quoted as showing that "preference" could only mean penal taxes on foreign goods and the raising of the prices obtainable by the colonies in this country to the level of the foreign goods plus the tax; and all at the cost of the British consumer. A contrast is drawn between Mr Baldwin's jubilation on the return of the British delegation over "a degree of success far beyond what was expected" with his later and modified view given in a broadcast talk that "with regard to Ottawa it may be well to suspend judgment till the facts are known," and his still later statement in the House of Commons, "What have we got out of Ottawa? Frankly I do not know. No one knows." The effects of the tariffs which "preference" has necessitated are traced in the contraction of our total world trade, in the greater difficulty foreign countries find in paying their debts to us in the form of goods, and in the engendering of fallacies such as that of "the compensating principle" supposed to neutralize the lower cost of production of some commodities in foreign countries; and the unreasonableness of which Lord Hugh Cecil exposed in his famous speech of 1925. Mr Findlay concludes with his own opinion that "We made a bad bargain at Ottawa. The agreements are bad business for ourselves and for the world. Sectional interests benefit at the expense of the many."

After some enlightening chapters on the injurious effects of retaliation on the part of foreign nations; on the complete failure of tariffs to function as a bargaining weapon; and on the "log-rolling" which is inevitable when mutual aid may be invoked in obtaining special privileges, there are a series of sections dealing respectively with Agriculture, Iron and Steel and Shipping; and showing in respect of each of these industries the unhappy results of recent protectionist legislation. These are followed by a well-reasoned argument calculated to lay to rest the "bogey" that has disturbed the sleep of Chancellors ever since

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Budgets assumed their present dimensions, and which is popularly known as the "balance of trade." There is also a chapter on "Dumping" in which Mr Findlay attempts to discover what dumping really is, and concludes, as we should have expected, that "it is a perfectly legitimate means of relieving congestion, and as such is universally admitted and practised."

Having imperfectly outlined the merits of the book, we should also indicate wherein we think it incomplete. Mr Findlay might have given his readers something of the underlying philosophy of free trade, or have pointed to the probable psychological repercussions of the protectionist theory and practice on the character of the people. For it is surely obvious that if a nation assents or is made to assent to deliberate infringements of its personal liberties, it must necessarily acquire something of a slave-mentality and lose that quality of independence and self-determination which lies at the base of all national greatness. Again, if the question is regarded from the ethical point of view it is equally obvious that habituation to protectionist practices must dull the sensitiveness to the moral law. The impulse to do to others as we would be done by cannot long survive the mental act of giving consent to unfriendly actions to neighbouring countries. The Golden Rule must go by the board—with what disastrous consequences Omniscience alone can foresee.

Finally we must charge Mr Findlay with a failure to recognize, as Richard Cobden recognized, that freedom to exchange products is only one-half of real free trade; a failure indeed to see the implications of his own political creed. Freedom to produce wealth unhindered by the obstacles that private ownership of land imposes is the primary liberty to which all considerations of exchange are secondary. A tax on the production of houses or motor-cars is as flagrant a violation of free trade principles as a tax on the importation of foreign goods. Free trade implies the complete immunity from taxation of anything and everything that is made by human hands. And if it be asked, "How, then, is the public income to be obtained?" the answer of the real free-trader will always be, "From the communal fund created by the people collectively and expressing itself in the value of the land and natural resources."

Here we reach the highest and ultimate reason for liberating both production and exchange from the shackles that have hitherto impeded them,—that *we shall thus allow Natural Law to distribute the rewards of effort according to its own standards of Justice and Equity*. The policy of open ports (commonly called free trade) will certainly bring greater material wealth to the country that practises it than will the opposite policy; but it will do nothing towards distributing that wealth equitably. Britain enjoyed eighty years' experience of the open ports policy, and at the end of that period the relation of the rich to the poor remained as at the beginning, except for such ameliorations in the condition of the "masses" as were due to influences outside the range of economic tendencies. Nothing but equal opportunity of access to the sources of production can ensure that each citizen of the country will receive the equivalent in value of the contribution he has made to the total production of wealth.

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