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THE OTTAWA CONFERENCE

The ingenuity of statesmen has been exercised in devising schemes of taxation which drain the wages of labour and the earnings of capital as the vampire bat is said to suck the life-blood of its victim. Nearly all of these taxes are ultimately paid by that indefinable being, the consumer; and he pays them in a way which does not call his attention to the fact that he is paying a tax—pays them in such small amounts and in such insidious modes that he does not notice it, and is not likely to take the trouble to remonstrate effectually. Those who pay the money directly to the tax collector are not only not interested in opposing a tax which they so easily shift from their own shoulders, but are very frequently interested in its imposition and maintenance, as are other powerful interests which profit, or expect to profit, by the increase of prices which such taxes bring about.—*Progress and Poverty*, Book VIII, Chap. IV.

The Ottawa Agreements compel the British Government to tax the British people with new or additional taxes on a large range of foodstuffs and raw materials imported from foreign countries. These articles include wheat, one kind of maize, husked rice, butter, cheese, eggs in shell, preserved milk, eight kinds of fresh fruit, preserved or dried fruits, honey, linseed, cod liver oil, linseed and other vegetable oils, chilled or frozen salmon, unwrought copper and magnesium chloride. The taxes on wheat, at 2s. per quarter; maize, at 10 per cent *ad valorem*; linseed, at 15 per cent *ad valorem* and copper at 2d. per lb., are new taxes. These articles had free entry under the Import Duties Act, and they have been brought under tribute apparently without any consultation with the British Tariff Commission which was supposed to examine every proposal for new or additional tariffs. In the case of the other foodstuffs and raw materials, already taxed 10 per cent under the general tariff, the Imperial agreement has raised the duty either by adding to the *ad valorem* rate or by converting the duty into a tax on the weight or the number of the foreign articles.

It is provided under the agreements that the British Government must not, without the permission of the Dominions, take off the duty now imposed on a number of foreign articles including raw materials like timber, zinc, lead, asbestos, leather, tallow; and foodstuffs

like fresh fish, canned fish and meat, barley, macaroni, dried peas, dressed poultry, meat extracts and what not. This prohibition is to hold good for five years.

For the further benefit of Dominion producers at the expense of the British consumer there is to be a restriction of imports of foreign beef and meat by means of quotas deliberately worked so as to raise prices.

Ottawa has put the coping-stone upon the Protectionist ramp of the past twelve months. Imperial Preference means the exclusion, by tariffs or quota, of the competing foreign article, while the produce from the Dominions comes in free. The price of all goods will be increased and the increase in the case of the Dominion produce goes directly into the pocket of the Canadian or Australian or Newfoundland or New Zealand farmer or manufacturer. The benefit will not stop there. It will ultimately reach the pocket of the person or persons who own the natural resources on which and from which the imports from the Dominions are produced. In other words, Imperial Preference is a scheme well calculated to enrich land monopolists in the Dominions, just as the British tariff, for the so-called "protection" of British farmers and manufacturers, will not really help any industry, but in the end only raise the rent of the fields and sites where the favoured industry is carried on.

The general outline of the Agreements was made known on 20th August, but the country had to wait for the fuller details until 12th October, when they were published simultaneously throughout the British Empire. Meanwhile, on 28th September, following a Cabinet meeting to consider the report of the Ottawa delegates, Lord Snowden and the Free Trade Liberals sent in their resignations. The Administration has been reconstructed, still calling itself a "National Government," with a number of places filled up from the ranks of the Liberal Nationalists, the followers of Sir John Simon and Mr Runciman.

Lord Snowden and the Free Trade Liberals who joined the Government in October last year, have explained in their letters of resignation and in subsequent speeches why they could no longer remain in office. The Ottawa bargains, with all they mean in added taxation and increased barriers against trade, have been too much for them. In passing, it is difficult for genuine Free Traders to understand how they could sit in the Administration while it passed such protectionist measures as the Abnormal Importations Act, the Horticultural Duties Act, and the General Tariff. It is common knowledge how they solaced themselves with the conviction that their presence was necessary for the sake of the more immediate tasks the Government had in hand. As to this reasoning everyone is entitled to his own opinion. The point is that they left the Government when the nefarious and predatory policy of Ottawa was revealed. As men holding to the principle of Free Trade, they had no alternative.

During the course of the Ottawa Debates, the House of Commons was informed that the Russian Trade Agreement had been denounced, and that a new agreement would be made enabling the British Government to take action against any so-called "dumping" of goods into the British market. The British Government is expected to stop the "dumping," for example, whenever the Canadian lumber interests feel injured or aggrieved, because the British consumer is buying Russian timber at cut prices. Nothing shows up in a more startling light the nature of the bargaining at Ottawa than the perfectly frank admission by Mr Chamberlain in the House of Commons on 21st October that the Russian Trade Agreement had been denounced for the special

and peculiar advantage of the lumber trade in Canada.

The Prime Minister's contribution to the debate (18th October) was to ask, in effect, why all this fuss about the Ottawa Agreements? After all, the invitation to Ottawa had been accepted not only by the National Government, but also by the Labour Government, and rightly accepted. The Labour Government had agreed to go to Ottawa, and they knew that the negotiations at the 1930 London Conference would be resumed in Ottawa at exactly the point where they had left off. They knew perfectly well that the Ottawa Conference, if successful, could only result in something in the nature of tariffs, and foodstuffs would have to be included somehow or other. If the Labour Government had been against tariffs they should have stopped the proceedings and intimated they would have no part in a Conference of the kind.

This is a very interesting and significant sidelight on the working of Mr MacDonald's mind on this or any politico-economic question. He was the head of a Government, pledged by all that is sacred to the maintenance of Free Trade. The events of the past twelve months have justified the standpoint of the United Committee when it declared in its Manifesto at the General Election that neither the Prime Minister nor his associates from other Parties would be asked to consider the niceties of any particular tariff or the question whether tariffs might be wise or not. They would be presented with the full Tory programme, and be required to act upon it, or leave the Government. Mr Ramsay MacDonald has decided to remain in the Government and his excuses remain with him.

One of the refreshing developments of the tariff experience as it affects hosts of industries is the loud and angry protest of numerous manufacturers against these Ottawa Agreements. If it were not so tragic it would be farcical. The manufacturer thought, when the general tariff was under way, that here at last was the opportunity to get a market for his own wares, with or without the exploitation of the British public; and all his influence and all his agencies were engineered to put the tariff into effect. Now the manufacturer discovers that tariff means preference, and that preference means higher prices for the raw materials he must use, and he wants to know by what trick or mad policy the British Government has decided to tax linseed and copper—to take two examples. Copper was one of the things that Mr Chamberlain himself put on the free list when the Import Duties Bill was under debate.

But loud as the protest of British manufacturers is against the new and increased import duties as such, it is nothing to their alarm in the matter of the Russian Trade Agreement. They are afraid that any action taken against Russian imports into this country may mean reprisals that will cut down a flourishing and growing trade in the export of machinery, tools, etc., and the possible transference of that business to other countries. The manufacturer who called for protection, and his name is legion, has been caught in his own trap. He made sentiment for tariffs in his own interest, never realizing that two can play at that game; that there never was a tariff which could clearly discriminate between the manufactured article and the raw material, and for the simple reason that what is the finished article for one industry is the raw material for another.

The bringing of goods into the country without the permission of Customs officers and without paying toll is punishable by fine or imprisonment. It has been constituted a law-made crime. The moral side of the question is that the forces of the State suppress the individual when he claims his right to buy where he likes and sell where he likes, to exchange the produce

of his labour for the goods another has produced. He becomes an enemy of society: his act infringes some legalized trade monopoly or cheats some vested interest of its profit. Just so the liberator was regarded who, in helping the slaves to run away, destroyed so much "capital value" belonging to the slave-owner.

The moral decadence of a community is fast approaching which does not see in the Protectionist scheme of things the process of general loot, as brazen as would be the forcible entry of a landowner or his agent, a manufacturer or his men (or, for that matter, some Canadian or Australian) into someone's home, demanding at the pistol-point tribute out of the family earnings. What makes the plight of the householder more acute is that a uniformed policeman stands by to guard the burglar; and round the corner is the lawyer ready with the argument that the householder is partly compensated for his loss in the fact that a British manufacturer, perhaps in Sheffield, can commit a lesser robbery on purchasers of goods in the Dominions—lesser, because bargains were made in Ottawa that did not give "our people" just as much Imperial Preference as they gave to the Imperial patriots in their trading over here.

The offence of the real Free Trader who would break through the tariff barriers and bring abundance on this earth is manifold. He would aggravate the fall in price that would-be economists say is the cause of our distresses; he would take from honest people their legally anticipated gains, and that without compensation; and if he had his way he would deprive the Treasury of its revenue and shake every special privilege to its foundations.

The time has come for the radical Free Trader who will stand for the principle on moral grounds and uphold liberty in its widest and fullest expression. He will call for the abolition of every sort or kind of taxation levied on trade and industry. He will give the answer to tariff policies and relate Free Trade to the Taxation of Land Values. He will claim for each the equal right to use the land and demand for all the common right to the public value attaching to the land. He will show that here lies the remedy for poverty and unemployment and that this is the way by which the State and the municipality shall obtain their proper revenues. He will take the case for Free Trade out of the craven and fumbling hands of those who, professing to defend Free Trade, talked always in terms of mere expediency, made no protest against indirect taxation and could not or dared not combine the freedom to produce with the freedom to exchange wealth.

We have tariffs, preference, restrictions, quotas, and the general hold-up of trade for two main reasons. One is that unemployment exists, and the other is that Parliament is determined to get public revenue from indirect taxation. The truth is that tariffs were wanted for revenue purposes by the financial interests that live and thrive on low wages and poverty. The idea that a tariff will protect a home industry against competing foreign industry helped to get the vote and voice of manufacturers for a Protectionist policy; and the idea that the work necessary to produce the goods would be diverted into the home channels gained a ready hearing from the unemployed millions. How much actual "protection" has been accorded to any industry is a question not difficult to answer in view of the desperate condition of every Protectionist country. Nowhere has the policy bettered the condition of industry or employment; on the contrary. Customs duties have succeeded in nothing but in shifting the burden of taxation from concentrated wealth and from monopoly and privilege to the earnings of the working people.

A. W. M.