

MR SNOWDEN AT MANCHESTER

The Free Trade Principle

Mr Philip Snowden, M.P., Chancellor of the Exchequer, was the chief speaker at a Free Trade demonstration in the Manchester Free Trade Hall on 20th October (*Manchester Guardian* report). The meeting was one for the supporters of Free Trade irrespective of Party politics, and members of each of the three political Parties appeared on the platform.

Mr Snowden said: It has been said that every new generation must fight again the battle which its forefathers won if progress is to be maintained. We are experiencing that to-day. Our Free Trade policy is gravely menaced by a powerful combination of interested persons, a widely circulating newspaper Press, all aided for the time being by a temporary wave of world-wide trade depression.

I have always recognized the disadvantage under which Free Trade propaganda labours in comparison with Protectionist propaganda. We have to give a real examination of difficult and intricate, but vitally important, economic truths and facts, whereas Protectionist propaganda can appeal to personal and sectional interests and selfishness, and has no occasion to rely upon the accuracy of facts and figures.

One hundred years ago Free Trade rescued this country from the most deplorable economic condition known to the history of this country, caused by Protection. During this century our foreign trade has increased tenfold. Our national wealth has increased tenfold. Wages and the standard of living of our people have increased immeasurably. It has built up an export trade from this little country of ours double per head that of any other country in the world. In the last three years, of course, there has been more or less a general depression. And yet, in the last three years this effete country has sold more than £2,000,000,000 worth of British products, and we have sold them to Protectionist countries, mounting their high tariff walls by the cheapness and the superiority of Free Trade products.

We are told we are losing the home market. What are the facts? I find from the official figures that in the second quarter of this year production in Great Britain fell 8 per cent as compared with the first quarter. In Germany it fell 16 per cent. In the United States it fell 14 per cent. Now, during this time our exports have fallen by a much larger figure. What does that prove? That we are keeping to the home market. It proves that the home market is taking a larger quantity of goods. It is not so in Germany. It is not so in France, in spite of all the advertised prosperity of France. Home consumption in France fell last month as compared with twelve months ago over 15 per cent.

Our export trade depends upon the cost of production, and therefore we must be free to buy food and raw material in the cheapest market. Obviously, a duty will increase the cost of production. Lord Balfour once put, as he said, the case for Protection in a nutshell. "The object of Protection," he said, "is to raise prices." There will therefore be increased costs. Increased costs would ruin our export trade, because they can get higher prices in the home market, but they can't get higher prices in the world competitive market.

No Free Trader has ever said that you cannot benefit an isolated industry by Protection. Of course you can benefit it, in the sense of allowing it to make larger profits by the exploitation of every other class of production and the general consumer.

There is behind this movement for protective tariffs—and I speak of what I know, evidence is coming to me

in my official capacity of the truth of this statement every day—a sinister attack upon wages. They make no secret that costs of production must come down. They are afraid to make a frontal attack upon wages. Therefore, they mean to do it in this sinister and back-handed way, by depreciating the real value of wages, by increasing the cost of living for the benefit of the employer. When the costs of production rose, what would the employers do? Seek a reduction of wages. When the cost of living rose, what would the workmen do? Demand an increase of wages. And, therefore, this would lead us into interminable industrial strife and chaos.

The Government would not support any proposal which involved the taxation of food, raw material, or a general Protectionist policy, and that still remains the attitude of the Government. We have a great heritage to maintain, and to maintain it not only for ourselves, but for the world. Free Trade has withstood many assaults in the past, and I am confident that, if we will do our duty in this crisis, if we will bring home to the people the full, whole, solid facts of the case, we shall add one more victory to the great victories we have achieved in the past.

THE SILK TRADE UNDER PROTECTION

An interesting and informing pamphlet under the above caption is issued by The Free Trade Union, 69, Victoria Street, London, S.W.1, at 3d. It gives an account of how the silk and artificial silk duties came to be imposed; it also points out how the findings of the Court of Inquiry, published in 1924, were inconclusive, no recommendations being made.

The Chairman summed up against duties being imposed. He said that a number of types of imported silks, amounting, it is said, to 70 per cent of the total imports, had never been made in this country. In so far as these were concerned, there was no home industry to protect, and an import duty on them would only have the immediate result of increasing the price to the British consumer without promoting any increase of employment.

At the Inquiry it was conclusively shown that many of the imported silks were the raw materials of the British industries of dyeing, printing and finishing, as also for making umbrellas, quilts and fancy articles.

The pamphlet indicates that the trade was much surprised, when, in spite of the evidence, the duties were imposed in 1925. The duties being assessed by weight, these duties were made to penalize most of the importations of those silk manufactures which the Chairman of the Silk Inquiry referred to as never having been made here, by taxing them to the equivalent of 50, 75 and even 100 per cent of their value. Prior to their imposition, this country possessed the only free market for silk manufactures in the world, and had a very extensive entrepôt trade. This country took nearly half the entire silk productions of Lyons, Zurich and Como. In 1924 we re-exported £3,978,632 of silk manufactures, and in 1929 £1,374,935, or a fall of 65 per cent.

We can recommend this pamphlet to those interested in the question of how safeguarding works out in practice, and of how it must always cause more loss than gain.

"LAND VALUE TAXATION IN PRACTICE."

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