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EDITORIAL

“Enormously Different Free Trade”

“FREE TRADE” WITH EUROPE was discussed by the House of Commons in an exploratory debate on European Trade Policy on November 26. The Government having failed to produce in time the “something publishable” tentatively promised by the Chancellor, the debate took place on the motion to adjourn the House. Thus no vote was taken, and the six-and-a-half hour discussion, being in very general terms, added little to the scant details already publicly known or surmised about what may be involved. Yet it served the Government so well that Mr. PETER THORNEYCROFT, President of the Board of Trade, could complain of his difficulty when replying on the debate, because “so many Hon. Members agreed and there is less controversy than might otherwise be the case.” The President was able to claim that what had emerged clearly was “that we should now enter into these discussions with Europe with the firm determination to try to secure an acceptable scheme” whereby Britain could “associate” in “free trade” relations with the six countries now trying to form a Customs union—France, West Germany, Italy, Holland, Belgium and Luxembourg.

The only “discordant voice” raised, his own description, was that of Mr. GERALD NABARRO, the Conservative Member for Kidderminster. Reluctantly he consented to the Government entering into negotiations with the six Messina countries, but he expressed the belief that if British tariffs were reduced or removed, unemployment would be imported and unfair trading practices would proliferate. His ringing protectionist militancy, however mistaken, was perhaps preferable to the lip service paid to “free trade” by other protectionist speakers.

On both sides of the House were those who regarded British association as being less “dangerous” than our non-participation. They spoke largely about what they called the “negative advantage” of preventing West Germany from dominating a fast growing, lucrative market at the expense of Britain. Mr. Thorneycroft was among

those who were more enthusiastic. He supported the proposals for the hopes they gave rather than for the dangers they avoided.

Tacit acceptance of governmental interference with trade was very much in evidence. Similarly the proposal that Britain’s tariffs against European manufactured goods should be lowered, progressively and on a reciprocal basis, was represented as a gesture of some magnanimity towards continental producers—the high price which perforce had to be paid to buy entry to the European market for British manufacturers and exporters. The consumer in this country was tossed an occasional crumb of comfort. One came from the Chancellor, very much as an afterthought. But that afternoon the consumers’ elected representatives—if they were Tories—had their thoughts fastened on the glittering prospects of sending more wealth out of the country. Cheaper and more varied imports were a very minor, secondary consideration. Labour Members, on the other hand, were engaged in curiously paradoxical mental gymnastics, squaring the circle to such good effect that they were able to argue that “free trade” could and should offer opportunities to impose new controls. The nostalgic sound of the words “free trade” so captivated the only Liberal who spoke, Mr. ARTHUR HOLT, that he appeared to overlook the significance of the inhibiting quote marks round those words. Warmly he welcomed the proposal that Britain should associate with Europe in this way, and he argued that *if* Britain reduced and ultimately abolished her tariffs against the rest of the world in step with those against Europe, she would be a free trading nation once again. True enough, but that is not what is intended. Mr. Thorneycroft made that clear when replying.

There was a pitiable procession of speakers ready and anxious to endorse the Chancellor’s firm declaration that it was “vital” and “crucial”—*for Britain*—that agricultural and horticultural products should be excluded from

any "free trade" arrangements that might be made. Nobody present thought to comment on his contradictory assertion that an efficient home agriculture had been built up and that "some measure of support or protection is necessary if we are to maintain it." Obviously, though, if it were in fact efficient there could be no case for continued protection. The real truth of the matter was revealed in the course of a brief exchange between a Labour Member, Mr. F. MULLEY, and Mr. Thorneycroft, the latter frankly admitting in effect that people in this country are not to be allowed to buy cheap food because the Government goes in fear of upsetting the N.F.U.

It was Mr. Mulley also who first reminded the House that "there is an old saying that low wages are often dear wages," a free trader's argument that was repeated in various forms by a number of protectionists during the debate. Perhaps as a result less will be heard in future of the alleged threat presented by low-wage Japan.

There were two remarkable omissions from the debate. Not one of the twenty-six Members who spoke said a word about the absolute moral right of a man to exchange the products of his labour unhindered by governments, to sell where prices are high and to buy where they are low. That is a fundamental human right, second only to the antecedent and complementary right of a man to himself, and to his right to produce wealth. Nor was there any reference to the loss of revenue that would result from the removal of tariffs. At present taxes on imports yield some £500 millions annually to the Exchequer. There is no reason to believe that the Government contemplates "sacrificing" a revenue of that order, and so the question arises: which present taxes will be increased, or what new taxes will be imposed, if the negotiations succeed and Britain begins to lower her tariff duties? Government speakers should have dealt with this point.

The debate has confirmed us in the view expressed in our previous issue. This is *not* a faltering step towards free trade. It is a mere rearrangement by and for protectionist interests, analogous to the changes that took place politically in the Soviet Union after the death of Stalin. *Plus ça change, plus c'est le même chose.* In one sense, and to a certain extent, trade would be freed. In another, it would remain shackled, the plaything of politicians subservient to privileged interests. Any benefits which consumers might derive would be entirely incidental. Politically there may be much to be said for the integration of a large part of Europe which this scheme would help to promote, but this is neither the only way, nor the best way, to achieve that object.

We repeat: *The duty of the British Government is to institute the freedom of trade, to open the ports and to destroy the Customs Houses, disregarding entirely the behaviour of other governments in their trade relations.* And if that were done, it is probable that protectionist European governments would find themselves compelled to follow Britain's lead much as the British Government is now following theirs. Mankind and the cause of freedom would gain immeasurably thereby.

P. R. S.

NEW PROTECTIONIST MEASURES

WITHIN A FEW DAYS of declaring in favour of unhampered trade in manufactured goods with Europe, the Commons approved three measures in restraint of trade. They were: on November 19, a Ways and Means motion, paving the way for a Government Bill, on *Customs Duties (Subsidies and Dumping)*; on December 3, the *Import Duties (Exemptions) (No. 14) Order, 1956*, restoring the 10 per cent general *ad valorem* duty upon silica refractory bricks, which have been admitted free of duty since 1948; and on December 11, the *Draft British Egg Marketing Scheme, 1956*. Together these measures destroy any illusions that protectionism is waning in the Mother of Parliaments.

Introducing the anti-dumping motion, Mr. HENRY BROOKE, the Financial Secretary to the Treasury, said that the Chancellor regarded the proposed Bill "as an essential corollary to the efforts which the Government are making in the interests of our export trade to bring about the reduction and elimination of trade barriers throughout the world. The elimination of any barriers which restrict or restrain British exports from rising to the highest possible figure is highly important for the Chancellor in discharging his responsibilities for the economy as a whole." (*Our italics.*) What gibberish! As part of its grand plan to remove restraints on trade the Government seeks the authority of the House to impose new restraints.

MR. ARTHUR HOLT, Liberal, gave his qualified support. "Taking these powers is really a good thing if they are very carefully used, but they can become very dangerous weapons." And yet: "Personally, I am in favour of free trade without interference by Governments, and if exporters abroad wish to sell their products to us, I am in favour of buying them as cheaply as possible, whether they are below home cost production, or below their home price."

For the Labour Party, MR. GORDON WALKER said: "I support this Motion on the whole, because this is a sensible use of State action to prevent dumping and export subsidies which, of course, can be used to export unemployment."

What is it that prevents people who speak like that from seeing that goods are not, and will not, be "dumped" in Britain unless there is an actual, effective demand for them, and that in return British exporting industries will be kept busy making goods to exchange for them? Trade is a two-way affair.

MR. A. R. W. Low, the Minister of State, Board of Trade, explained the case for re-imposing duty on imported silica refractory bricks. They were taxed from 1932 until the duty was temporarily lifted in 1948 because it had been feared that the maintenance and expansion of coke ovens and gas plants would be prejudiced unless additional supplies could be brought in from the Continent free of duty. The anticipated shortage had not materialised, imports had not exceeded half of 1 per cent, and

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