

THE INTERNATIONAL FREE TRADE CONFERENCE

Held in London last month under the auspices of the Cobden Club

By CYRIL JAMES

If the International Free Trade Conference on the 5th, 6th and 7th inst. emphasized one thing more than another to me as a visitor from Australia, it was the absence in my country of a broad outlook in the discussion of the whole question. The politicians, the Press, the labour leaders, the man in the street, advance or rebut protectionist pleas from only one point of view, which can easily be discerned in such questions as—"How can we compete against the cheap labour of foreign countries (Great Britain being a 'foreign country' for the purposes of protectionist agitation)?" "Why should we buy goods from abroad which we can make in our own country?" "Why should not Australia be a self-contained country?" The whole tone is separatist and selfish—naked and unashamed—and results in the densest and most wilful ignorance as to the influence of such a policy on the peace of the world and the rights of the poor of every country to the most abundant and unfettered distribution of the wealth of all countries. In wonderful contrast with this spirit were the speeches of the British and Foreign delegates to the Conference, none of whom in any case uttered a claim from his own nation, but on the contrary, advanced the demands of the highest morality, the rights of man as man, the necessities of the poor, and the clamant cry of a war-stricken world. In Australia this would be damned as impractical humanitarianism, but the gentleman must always be prepared to be called a fool by the gent whose only doctrine is—"ourselves alone."

The first subject discussed was "The World's Existing Economic Position: How far can it be remedied by Free Trade?" and was dealt with in an excellent paper by Mr. Hartley Withers of the *Economist*. The arguments were not new. How could they be? But they made plain the restrictive influence on production of the world's hostile tariffs and the enormous flip which would result from their abandonment. The principal speakers were Lord Beauchamp (Chairman), Lord Sheffield, Sir Hugh Bell, M. Yves Guyot, the distinguished French economist, and Mr. Charles Bevan of the Lancashire League of Young Liberals.

Lord Beauchamp noted four facts of importance, showing the machinery of the world, psychological as well as material, to be out of gear. (1) The actual destruction of capital was greater than by war, for depreciation had not been made up; (2) New nations now existed infected with the spirit of strengthening themselves at the expense of their neighbours; (3) There was a spirit of bitterness (new to England) amongst the wage-earners unsoftened in England by the improvement of their standard of comfort and the fact that the well-to-do classes had borne their share of the war burdens; (4) Employers were reluctant to go back to the old scale of profits. In the world as a whole the present economic position was marked by poverty which Free Trade could help to remove by freer distribution. Of this the experience of U.S.A. and Germany before the war, so often cited to the contrary, was a proof, for their prosperity was largely due to the abolition of tariff walls between their constituent States. The lesson to draw from this was that urged by Mr. Boyden, the American representative to the Brussels Economic Conference, that Europe should follow the example of his country by repealing all inter-European tariffs. It is noteworthy that this reference elicited the first spontaneous and general applause of the Conference. Lord Beauchamp claimed that Free Trade, as a strong

buttress of peace, and therefore of production, could not fail to improve the lot of the wage-earners and take away occasion for their bitterness. He instanced the fact that few countries had shown such signs of recovery as Free Trade Belgium,—a fact which alone should convince Tariff Reformers. The enormous benefit to England of her Free Trade policy had been splendidly demonstrated by her war-time strength and achievements. The weakness of Protection, confessed by the belligerent nations in their universal remission of duties at the outbreak of the war, pointed clearly to what was the necessary remedy for their existing economic position. His lordship concluded a fine address with the stirring assertion that workers for Free Trade were working for civilization.

Alas! Australia, how seldom your politicians strike that note when they review the tariff! But no. Their whole spirit from the spread-eagle Prime Minister downwards is speeding the disaster dwelt on by Lord Sheffield in the next speech, in which he proclaimed that we have to fight the moral poison of bad nationalism. Though very practical in his details he struck the same high note as the chairman in his recommendation of Free Trade as a moral message. This note ran through all sessions of the Conference.

The necessity of emphasizing it was shown by the attitude of M. Strauss, of Belgium, who rose early to say he could not take part in the discussions because of an open letter by Professor Arndt, of Germany, to the Cobden Club, advocating the revision of the Treaty of Versailles. To this, Lord Sheffield pleaded that we had a new world to make and must forget the prejudices of the old. Sir Hugh Bell expressed deepest sympathy with Belgium and France, and hoped they would receive the fullest possible reparation, but urged that, as we could not build on a foundation of hatred, it would be unwise to give too much consideration to the natural feelings of resentment. Sir Hugh, who spoke with great ease and finish of expression, limited himself to three points. *First*: Commerce is not conflict. The Protectionist considers his own industry alone, but it is an advantage that all the world should be prosperous. "I have never," he said, "been afraid in business as long as I could get someone to sell to me." *Second*: Free Trade squares morals and economics. *Third*: The Free Trader has all to gain and nothing to lose. He can afford to be a Free Trader though all the rest of the world be protectionist. "If all but one nation is to be protectionist, then I hope that country will be mine." "In preserving peace no League of Nations could be so effective as the league of all peoples in free exchange of their commodities."

M. Guyot supported this proposition so far as to say that it would have been best for the Treaty of Versailles to make Germany accept Free Trade.

Mr. Bevan struck a new note. The Free Trade movement, in his opinion, should have gone further than it did. The whole taxation system of England should have been revolutionized. At present it hampers production by taxing products and improvements. The incidence must be changed and building in the towns, for instance, should be encouraged by the exemption of improvements from all taxation whatever, national or local. The discussion so far had been on such partial lines that it was refreshing to hear this attempt to get its scope enlarged. Two or three other speakers supported Mr. Bevan, whose courage was well repaid by the evident heartiness of the assent of a large section of the audience. In a later session Professor Oppenheimer protested against any criticism of the law of supply and demand which did not take account of the fact that competition never had been free, and never would be free, till the land question—in his opinion the bottom question—had been solved.

At last Henry George's truth had spoken, been hailed by his friends, and made itself felt.

M. Lambert, though a staunch Single Taxer, did not labour the point, but rose mainly to dissociate himself from the views of his fellow-countryman, M. Strauss. He appears to have risen very splendidly above the provocation of his own losses, and was prepared to have Free Trade with Germany as, in his opinion, Protection was one of the chief causes of the war. He, therefore, favoured a revision of the Versailles Treaty in the direction of Free Trade.

HIGH PRICES

The limits of your space do not permit of very more than briefly referring to further sessions. The first set the key-note. The second introduced a very attractive personality in Dr. (Miss) Van Dorp, of Amsterdam, who read a paper on the High Cost of Living. Her paper was too good to be spoiled by synopsis, but it is worth while, in this time of price-fixing, to make a quotation or two. After dealing with the currency as a cause of high prices, she criticised price-fixing and the impeding of free import and export, by which production is withdrawn from its natural basis and pushed in directions it would never have taken if allowed to develop naturally, and said:—"There is a French saying giving a very clear notion of the value of supply and demand: 'The best remedy for high prices is high prices.' It sounds harsh, but it is an inexorable truth. Only when fixing of prices cannot influence production or import, where both are absolutely impossible, can it work advantageously against high prices of prime necessities. In all other cases fixing of prices will suppress production and in that way keep prices high. A policy like the one embodied in the Profiteering Act is a sop to Labour, but it works to labour's disadvantage." "There is only one guide out of the labyrinth—prices."

"Economically speaking, there exist no enemies but only friends."

"If ever, this is the moment for Free Trade all round."

"Free Trade has sometimes been denounced as a policy of cold selfishness. Nothing could be less true. Its paramount significance is as a moral agent. Protection, with her distribution of doles, leads to general demoralization. And, before everything—Protection does not result in war—it is war. Free Trade, on the contrary, aims at peace and goodwill among nations."

At the third session, M. Guyot and Sir George Paish dealt with the restoration of financial stability. Sir George Paish's paper was a masterpiece of expression and convincing force, and perhaps the most striking contribution to the Conference. Mr. J. A. Hobson's paper at the fourth session on the Open Door was historical and distinguished by the suggestion that Britain should surrender all her African Crown Colonies to the League of Nations for administration. Professor Gilbert Murray and Mr. Chas. Roberts both agreed, in their carefully-prepared addresses on the League of Nations, that the mandated territories under the Versailles Treaty ought not to become the trading monopolies of the custodian Powers. During this (the fifth) session, Professor R dlich, of Austria, said that he was speaking in England for the first time since 1914, before which he had been accustomed to spend his holiday every year amongst us. He was of the opinion that the war was largely due to neglect of and enmity to the doctrine and spirit of Free Trade. Cobden's motto for the club put the moral ground upon which the question should be rested. The situation was not without hope, for it must be borne in mind that fifty years before Cobden the spirit of the world was much more discouraging.

The sixth and closing session was in the hands of Mr. F. W. Hirst, who, after detailing the encroachments

on British Free Trade, enumerated as grounds of hope the facts that all classes were up in arms, almost all business men were opposed to Government control, many staple trades depended on export and would be endangered by Protection, and the Trade Unions were unanimous for Free Trade.

A VOICE FROM AUSTRALIA

Mr. Cyril James (Australia) said: Dr. Van Dorp in her able paper said that "the causes of high prices were twofold: the one concerned the goods the other the money." It has been suggested that in order to remove the first cause we must reduce the currency. The further consideration of the currency question has been vetoed by the Chairman, so I will content myself with stating the present world position as one of too much money and too little goods. Less money would do to facilitate the exchange of the goods now being produced. What is required is that the equilibrium between money and goods be restored. For this there are two remedies: one to reduce the world's paper money, and the other so to increase production that the too great quantity of money would become just enough to serve the money purpose of facilitating the distribution of the goods produced. This would be one of the most blessed miracles that had taken place in the centuries recorded in history. It seems almost inconceivable, but there can be no doubt, that production can be advanced at a far greater rate than it has been hitherto. Of the two possible remedies the second is by far the best because it means a universal relief of poverty through unprecedented abundance. The question of this afternoon's session is: "What can Free Trade do to secure this end?" There can be but one opinion. Trade, the exchange of goods, is perhaps the greatest productive agency ever devised by man, seeing that it is the greatest stimulant to that division of labour which secures that production shall in every case be left to the countries most fitted and best endowed for the purpose. The highest multiplication of the good things of life and therefore the greatest material benefit to mankind would take place if all countries traded freely with each other. None would be injured, for all would have to produce enough goods to exchange for those other countries had to sell, and all would be benefited, for all would share, not in a restricted, but in a maximum production.

Every country that adopts Protection is therefore an enemy to the human race. May I give an illustration? Australia, which I must admit is as one-eyed as any in its economic policy, is specially adapted for the production of pastoral, agricultural and mineral wealth. What is the influence of Protection on these pursuits? What can it be but blighting? The cost of production is enormously increased by the quite unnecessary opportunity given by a high customs tariff to manufacturers to charge artificially high prices upon articles necessary to these industries and the comfort of those engaged in them. A further effect is to confine activity to only superior soils. If, for instance, it will just pay a farmer to cultivate soil that will yield four bags of wheat to the acre because the Protective system levies a toll of one bag to the acre, it must follow that soil of three bags quality will not pay to be worked, and, as inferior soil is always far more abundant than superior soil, the whole world suffers by its non-cultivation, and the world's poor groan under a pressure they cannot (or do not) trace to its source. During the last four years the cultivated wheat area of Australia has been reduced by one half, and I have no hesitation in attributing the shrinkage more to the Protective policy than to anything else.