

Britain's Free Trade Masquerade

Lord Peel's passing in England recently, noted widely in the press over here, brought to many who have been initiated into the fascinations of economic history recollections of Britain's development during the course almost of a century—91 years, precisely—from a country which nominally adopted the commercial policy of free trade to one which is foremost among the protectionist nations.

Lord Peel was the grandson of Sir Robert Peel, who a century ago was a Tory of Tories, bitterly opposing the passage of the Reform Bill by the British Parliament. Becoming Prime Minister for the second time in 1841, and for a period resisting the efforts of Richard Cobden and the Anti-Corn Law League to repeal the corn laws, he at last in 1846 embraced the limited free trade ideas of the League, proposed and obtained the passage of a bill greatly reducing the duties on imported grain and leaving only nominal duties thereon, which subsequently were entirely abolished.

These corn laws were an elaborate system of legislation regulating Great Britain's home and foreign grain trade. They enhanced the price of foodstuffs and were supposed to encourage and protect British agriculture from foreign competition. The growth of manufacturing in England, and the idea that low wages would enable Britain to become the "workshop of the world," led the manufacturing interests to believe that lower food costs would enable them to lower wages and compete more successfully in the world market. Singularly enough, they gained a large competitive advantage while employment and wages increased.

Why Britain stopped half way in her tariff reforms, substituting a revenue tariff for a protective tariff, has not been sufficiently publicized. Debates in Parliament at the time show, however, that there were plenty of Tories as well as Liberals who saw clearly enough that to abolish the tariff as a source of public revenue would necessitate the raising of revenue some other way, and the land

and its rent was the most obvious and promising source of such revenue.

During the remainder of Sir Robert Peel's life his party, a wing of the Tories called "Peelites," held the balance of power in British politics. The benefits conferred by this theft of a Liberal policy were such, however, that protectionist sentiment died out. The lower tariff was called a "free trade tariff" and Britain masqueraded as an exponent of Free Trade until recent years, when she became convinced that, amid the towering tariffs and vexatious import quotas set by other countries, she was being made a "goat" and resumed the protectionist policy.

To date, Britain seems to be prospering under protection. It is a delusive prosperity due largely to the nation's feverish endeavors to enhance her armaments. From this distance, the only advantage reaped from the bringing of new industries to the country, whose products are enhanced in price, seems to be ab-

sorbed by the owners of the lands needed for the location of the new industries.

Britain's landowners in general, however, can scarcely be said to be profiting from the results of the last war, the world conflict. The taxation of industry and trade since the war has imposed on them so great a burden that they can scarcely sustain themselves and rentals have suffered in consequence. The income taxes, far more drastic than those of the United States, have taken heavily from the rentals remaining, and the great estates of the country are being gradually broken up.

This breaking up of great estates, however, can be of little if any benefit to the country until the burden of the public revenue is placed where it belongs and industry and trade are free.

—Stephen Bell

See: "Progress and Poverty," p. 254; "Protection or Free Trade," p. 14, pp. 291-295, pp. 324-325; "Teachers Manual (P.F.T.)," L. VI, Q. 28.