

Breakdown of European Protection

How Agricultural Protective Tariffs have failed when needed most

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One of the stock arguments of Protectionists before the war used to be that any Free Trade system was unsatisfactory and even dangerous because applicable only to a state of international peace, it would collapse in time of war. With this argument they made great play, using it as the basis of all kinds of sentimental appeals. Now, however, that we are at war, it has been revised; it is after the war that Protection is to save us. This volte face is an instance of the Protectionists' appetite for theories and dislike for facts. What are the facts? A Free Trade Country is financing the Allied combination, whose Protectionist members are dependent on it for supplies of all kinds. Moreover, those same Protectionist countries have been driven to find refuge in Free Trade. They have, in fact, discovered that Protection was a luxury they could not afford in war; in time of peace it kept their people poor; in time of war it threatened to starve them.

The Tariff Controversy at the Outbreak of War

What was the position of the Tariff controversy in July, 1914? At home, it seemed, indeed, that the final victory of Free Trade was almost assured. In spite of agonised protests here and there, the Conservative Party had found itself compelled to abandon the Protective tariff of foodstuffs on which it had risked its existence, and on which it had fought three disastrous General Elections. He would be a bold prophet who would have predicted a long life for the remaining tariff on manufactures. The enthusiasm was out of the Tariffist movement, its confidence was gone, and a little thing would have killed it altogether. In most of the other States of Europe, both those that have joined in the war and the neutral countries it was altogether otherwise. In spite of protests from the people, never did Continental Protection seem more firmly entrenched. Bit by bit most elaborate tariff schemes had been built up, regarded as scientific by their framers, and at least entitled to any praise due to perverted ingenuity. One of the main activities of Continental statesmen since the Franco-German War had been to surround each country with a ring fence of Protection, which, by 1914, had become about as complete as anything of the kind can ever be. It was no light task they had accomplished. Against the reason of economists, the protests of the people, and the inevitable drift of modern industry towards closer commercial intercourse, they had rolled their burden up the hill. The lobbying, the intrigue, the broken pledges that all this involved, will probably never be recorded; but at least the Protectionists might consider their system established. Certainly, few of them doubted that it was so.

Today the whole system is in ruins. Except in the Slav countries to the east, where the production of corn is in excess of the home demand, hardly a country, whether engaged directly in the war or not, has been able to maintain its food tariff; while in many of the most important scarcely a vestige of it remains. History might be searched in vain for so sudden and complete a collapse of a considered and painfully worked out policy. The "rain that rained away the Corn Laws" has its sequel in the great calamity that has fallen upon Europe. We need not call on the Protectionist to look at the relics of the past; he has only to consider the facts of our own day.

Germany's Scientific Protection

Nowhere did Protection appear more firmly established than in the Central Empire. German thoroughness had won from Protectionists the praise of having constructed a really "scientific" tariff. With a powerful, arrogant, and class-conscious Junkerdom to support it, and an official class, industrious and efficient beyond belief in applying any scheme, wise or otherwise, one might have thought the German Protective tariff secure enough. According to information from the Board of Trade what happened to the German tariff in 1914 is as follows:

On September 17, 1914, H.M. Minister at Copenhagen forwarded a list (in German) of the articles in respect of which Customs Duties had been suspended by the German Government up to that date.

This list, which is a lengthy one, includes, inter alia, bread, beans, butter, eggs, poultry, edible fats, fish, meat, prepared alimentary products, cereals and flour, potatoes, cheese, cattle, pigs and sheep, margarine.

The Board of Trade have also a copy of a German proclamation, dated March 8, 1915, which temporarily suspended the Customs Duties on a large number of other articles, including certain fruits, game, arrowroot, sago and tapioca, sugar and yeast.

It is not known whether these lists are complete,

or whether the exemptions from duty have since been abrogated, in whole or in part.

And now, if anyone can manage to convey a cargo of wheat to Hamburg, the scientific Protectionists of Germany will not exact 11s. 10d. a quarter duty on it. They are more likely to award him the Iron Cross.

The Break-down in Austria-Hungary

The rulers of Austria-Hungary are less "scientific" than Germany and less thorough. Consequently, they came less rapidly to the conclusion that agricultural protection must go by the board. On October 9, 1914, however, they made a beginning, and suspended the duties on wheat, spelt, rye, oats, barley, maize, buckwheat, millet, peas, beans, lentils, meal and products made from meal. In February of the following year the duties on condensed milk, sago, tapioca and similar foodstuffs, followed. Then, by successive decrees in March and April, the tariff on cattle and meat disappeared, and by the end of the latter month Austria-Hungary had swept away its elaborate food tariff altogether. With one amusing exception. Apparently the Austrian Protectionist could not find it in his heart to give up everything. The taxes on bread, on vegetables, on dairy produce, on bacon, poultry, fish and all other meat had gone, but he could not bear to do without his duty on pigs, as long as it was humanly possible to maintain it. In March,



GIRL WHO HELD UP GERMAN CORPS

Miss Maudie Farmer, who won the Legion of Honour and Croix de Guerre at the age of 21. By her courage and presence of mind in lowering a sailing bridge over a canal after the retreating French had crossed and throwing the crank which the bridge was raised and lowered into the water, she delayed the march of an entire German army corps for 24 hours and afterwards saved the lives of 16 French soldiers. "Which saved by the same she said, 'I am so grateful, France is my only mother and I am ready to die for her.' She was twice sentenced to death but twice escaped just before she was to have been shot and eventually she joined the Red Cross as a nurse."

1915, then, when many things were going, he still continued his tariff on pigs weighing under 130 kilograms. By April he was driven to admit all pigs weighing over 69 kilograms. Here, however, for some time he sternly drew the line—the younger generation of porkers should not enter Austria untaxed. But the pressure of the times was too strong, and in October, 1915, the last vestige of the Austrian food tariff disappeared, and poor little piggy was free to join his older brethren in the Austrian larder.

Perplexity in France

Let us see, next, what has happened in the Allied countries. The Latin are even more Protectionist than the Teutonic peoples, and we may be certain that nothing but the most cogent necessity would have induced the French government to make any serious inroads on their Protectionist tariff. The French are a logical people, and we expect them when once they have accepted a general principle, in taxation or anything else, to carry it out with consistency and thoroughness. With the exception of Spain, which will be dealt with later, however, no country has met the exigencies of war with a more amazing and inconsistent policy. It is clear that French Protectionism was always theoretically in the ascendant, and that only the

flat impossibility of continuing any duty could compel the French government to suspend it even for a moment. And if at any time it became possible to go back to the old system, even for a time, French Protectionists seized the opportunity. The duties on maize and rice, for instance, suspended in August, 1914, were reimposed in March of the following year. France began earlier than anyone else by suspending the duties on wheat, spelt, meslin, flour, and bread on July 31, 1914. Cattle duties were suspended in the following September, and those on fresh meat on October 15, 1914. Duties on salted meat, potatoes and various minor articles of food and fodder, had disappeared earlier. The French government, however, were obviously undecided what to do. Decrees of suspension were annulled and again enforced in such a perplexing manner that shippers of foodstuffs to France hardly knew for some time whether their cargoes would be subject to taxation or not. At present, France seems to be free to imports of meat, eggs, butter, barley, maize and potatoes, but except for special consignments from the French Colonies the import taxes on wheat have been resumed. Possibly the large proportion of home-grown wheat used in France may be the cause of this exception.

Abolition in Italy While Still Neutral

Another Ally, Italy, was still a neutral country when the pressure of the war made a compulsory breach in her system of high protection. As early as October 18, 1914, the import duties on wheat, rye, oats, barley, white maize and unspecified cereals, flour, semolina, bran, edible pastes, and bread, also ship's biscuits were reduced by Royal Decree by amounts varying from 40 to 60 per cent. This was not enough, however, and on January 1, 1915, another decree abolished the duties altogether.

Portugal has been less thorough-going, perhaps because the population of Portugal is only about 150 to the square mile. Even she could not escape, however, and as the Board of Trade inform us "special measures have been taken allowing the government to import a certain quantity of wheat, concerning the importation of maize and rye at a reduced rate of duty, and relating to government control of wheat, etc."

The only Allied country in Western Europe that has not been compelled to relax its tariff on foodstuffs is Belgium, and apart from the fact that Belgium before the war had free trade in corn, it has, of course, been out of the Belgian Government's power to make any change.

Denmark and Holland, which imposed no protective taxes on food during peace have not altered this policy during the war. Their Free Trade policy may have been foolish, but as a mere matter of fact it has stood the ordeal imposed upon it and their case needs no further comment. It is worth noticing, however, that Great Britain, Holland, and Denmark, the free trade in foodstuffs countries, are the only lands in Western Europe that have not been compelled to change their policy during the war.

Foremost among the Protectionist neutrals of the West we must consider Spain. Here we have a record which must be reproduced in full in order to appreciate the desperate struggles to preserve Protection under circumstances which were obviously making it utterly impossible. Even in time of peace, it is rarely possible to preserve anything like stability in the Tariff policy of any Protectionist nation. The Tariff is always in politics, always in process of change or modification upwards or downwards. In Spain, the process has gone on with a giddy rapidity that must have driven importers in that country to the verge of madness. The trendant result, however, has been toward great reduction in nearly all duties on foodstuffs.

With Other Neutrals

Of the other neutrals Switzerland was apparently in difficulties as early as January, 1915, in which month "the importation, sale, etc., of cereals (wheat, spelt, barley, rye, oats, maize), of the products resulting from the grinding thereof, and of fodder was reserved exclusively to the State." Another decree in October of that year added rice and rice products to the list; while in February, 1916, raw and refined sugar were taken over in a similar manner.

In Sweden the Customs Duties on wheat and wheat flour were suspended in December, 1914; while even in sparsely populated Norway the government was compelled early in 1916 to apply for power to suspend the duties on grain, meal, and potatoes. Thus from Sicily to the North Cape