

produced elsewhere. The need for large importations of food and of raw materials for our industries has led to the organisation of the means for making these importations, i.e., banking, insurance and merchant shipping, in which industries it is not denied that our country is pre-eminent.

Furthermore, the fact that we have been willing to buy from anyone who gave the best value for our money has caused the whole world to be ready to sell to us; the largest area of supply has been at our service, and we have had the organisation necessary to draw from it.

The fact that our wheat supply came in differently from such various sources as Russia, India, Australia, Argentine, North America, has been a great protection against failure of supply, natural or artificial. The same is true to a less striking degree of other articles.

Our industry, being freely exposed to competition, has had to be efficient in order to survive. Many cases could be given where an industry, having grown fat and lethargic on prosperity, has been the subject of foreign competition, and of this competition succeeding until the home industry, finding no help forthcoming from outside, has reformed itself and regained its prosperity by recovering its lost efficiency. The boot trade some years ago will illustrate this.

(2) **REVENUE.**—A Protectionist tariff—like all systems of taxation based upon consumption—causes the taxpayer to pay in proportion to his necessities of expenditure rather than in accordance with his ability to contribute. Moreover, when the whole of the articles consumed are subject to taxation, the State receives all that the consumer pays. But when only a portion is so taxed the State receives only a portion of the consumer's payments, the balance going into private pockets either to swell the profits of the producer or to induce him to carry on a business which he cannot do as efficiently as somebody abroad.

The effect of this is to diminish the solvency of the State, and that precisely in proportion as the tariff is successful in its Protectionist object.

(3) **POLITICAL HONESTY.**—The power by a tariff of granting artificial prosperity to individuals or localities is an obvious source of political corruption which in practice is an almost invariable concomitant of the Protectionist system. This great evil Free-trade avoids.

(4) **INTERNATIONAL GOODWILL.**—The grant to foreigners of free liberty to trade to foreigners removes one cause of international ill-will.

Many think that the aggressive militarism of Germany has been stimulated by the extreme Protectionism (almost amounting to exclusion) of the French colonial system, and by the threat of loss of valuable trade contained in the proposals of preferential trading between the various parts of the British Empire. In this connection, it must be observed that the adoption of a Protectionist system by the

United Kingdom would deprive us of our justification for requiring India to practise Free-trade, and that the adoption of Protection by India and the Crown Colonies would cause the rest of the world to accept less willingly the fact that British domination extends over so large a part of the world. It would also mean that the defence of the Empire could only be secured by a much enhanced expenditure.

It is now suggested that in consequence of something learnt during the War the Free-trade system ought to be abandoned or modified.

Which of the four main foundations of the Free-trade argument has been weakened by our experiences?

**NO. 4 INTERNATIONAL GOODWILL.**—The horrors of this War have surely strengthened the argument in favor of avoiding any policy likely to inflame international ill-will in future. No person unfit for a lunatic asylum can wish that human beings should be deprived of any honorable reason for desiring peace on earth. The value of the goodwill of neutrals must be equally manifest to all.

**NO. 3. POLITICAL HONESTY.**—Nothing that has happened during the War can make anyone less anxious to protect statesmen and legislators from temptation in this respect.

**NO. 2. REVENUE.**—The United Kingdom—the only Free-trader—is the most solvent of the Entente Powers, and is now supporting the whole edifice on its financial side. An amazing revenue has been raised with comparatively little discontent. On the other hand, the Protectionist countries have been obliged to abandon their protection to a considerable extent in order to obtain goods urgently required, while such discontent as exists in the United Kingdom is due mainly to the rise in the price of commodities brought about by natural causes which could only have been further accentuated by a Protectionist tariff.

**NO. 1 ECONOMIC.**—Free-trade has been nobly vindicated by the War. Compare the positions of France and the United Kingdom.

By the enemy's occupation of the principal manufacturing districts, and the withdrawal of the bulk of the active male population for fighting, France has been obliged to import from overseas on credit.

As her Protectionist policy had prevented the development of her mercantile marine or her ports, this would have been physically impossible but for the assistance of the United Kingdom; as it is, it has been difficult, and has placed a great strain on a mercantile marine containing half the world's tonnage.

Had the United Kingdom been an unfriendly neutral, France and Italy must have collapsed for economic reasons.

The fact that the United Kingdom has by its Free-trade policy kept the door open to all the products of the world has enabled us to draw on all the resources of the world in our own and our Allies' time of necessity. To this we