

**"COMMERCIAL TREATIES
AND FOREIGN
COMPETITION". A TREATISE
ON "FAIR TRADE", PP. 3-47**

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"Commercial Treaties and Foreign Competition". A Treatise on "fair Trade", pp. 3-47 by C. Halford Thompson

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C. HALFORD THOMPSON

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“COMMERCIAL TREATIES AND
FOREIGN COMPETITION.”

A TREATISE ON

“FAIR TRADE.”

BY

Charles
C. HALFORD THOMPSON, F.S.S.

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PREFACE.

It will probably be decided before Parliament again meets whether the Commercial Treaty of 1860 with France is to be renewed, and with what alterations.

The following pages have been written to shew the injury that has been done to our manufacturing trade by that Treaty, and by the many others that sprung from it. If we wilfully tie the same burden round the necks of our manufacturers for another ten years, it is but too probable that long before the end of that period, many of our staple trades will be in the same position in which our once flourishing silk trade now is.

I have also endeavoured to shew what the real meaning of a "Fair Trade" policy is, and when we see how slight a blow would sever the connection between us and our colonies, a policy is at least worth consideration, which claims to be able to weld the colonies and dependencies of Great Britain, with the mother country into one powerful Empire.

C. HALFORD THOMPSON.

CLAREMONT, EXETER,
20th September, 1881.

COMMERCIAL TREATIES AND FOREIGN COMPETITION.

The past two years have made a vast change in the position of those who then dared to raise their voices in favour of something like fairness in our commercial relations with foreign countries. The Press, as a rule, was closed against us, and if by any chance articles advocating such views did succeed in getting inserted, Editors considered it their duty to guard themselves against any suspicion of being infected with such heretical opinions by some such footnote as this, which the Editor of *Fraser's Magazine* appended to an article by the present writer, that appeared in their columns in February 1879, viz. :—“ This article is inserted without adoption of its principles, as a statement on the *pro*-side of a policy which is often alluded to, but chiefly known, perhaps, through the attacks of its opponents.”

I confess I did not myself think that the change would come so soon, but its having done so, gives good hope that our policy may be reversed before permanent injury has been done, and that above all, our colonies may yet become united in interests with the mother country.

The present uncertainty regarding the renewal of the French Treaty renders this an especially favourable time to consider whether it is or is not desirable for us to renew this Treaty on the old terms, if the French are willing to do so, and as our commercial relations with France were the forerunners of all our Treaties with other nations, the consideration of the effects of that Treaty to a great extent will help us to judge whether any Treaty with a foreign nation ought to be entered into, except on a basis of reciprocity. According

to Professor Leone Levi,* the great authority on Free Trade, the Treaty of Commerce, which was made in 1860 with France, "inaugurated a new era in the commercial policy of many countries in Europe." I quite agree with the assertion, but the question for us to consider is this, viz. :- Was the policy which dictated the Anglo-French Treaty one that favoured *British* interests or was it only, as the Professor afterwards said, one in which the principles of the "Treaty were in accord with the *best interests* of the *French* nation"? That it was in accordance with French interests few who look into the matter will doubt, although some French manufacturers would like to see the present high duties levied on our manufactures by France made entirely prohibitive, and still to have the power of exporting their own goods to this country free; but the advantages to England are more difficult to discover, and even the penetrating eye of a skilled observer like Professor Leone Levi cannot discover much mutuality in such an agreement. At the time this Treaty was signed, our Government grandiloquently denied any desire to make a *bargain*. As Mr. Gladstone† put it, "This is a *reciprocal* instrument if you like, *but a bargain it is not*, for you are giving nothing to France that is not a gift to yourself, and you are receiving nothing from France except measures from which France confers a benefit upon herself." The right hon. gentleman must have had peculiar notions of what a "reciprocal instrument" meant. Anything more wanting in the very elements of reciprocity than the French Treaty would be difficult to conceive; and as to giving nothing to France that is not a gift to ourselves, the figures that I am about to give will make the truth of that assertion rather questionable.

The effect of returning to the policy of 1859 would be to

* Vide *Journal of the Statistical Society*, Vol. xl, pp. 1 and 3.

† Then Chancellor of the Exchequer.

at once greatly reduce the import of French manufactures into the United Kingdom, for they could not hope in most cases to compete with our own unless they were imported here free of duty. At the same time the French would probably make their tariff prohibitory to most of our manufactures, and we should lose our export trade to France. Let us see what that export trade is worth, and for this purpose I ask special attention to the following table (which is a digest of the two tables in the Board of Trade Returns), showing the imports and exports of manufactured goods from and to France for 1880.

NATURE OF MANUFACTURES.	IMPORTS		EXPORTS	
	FROM FRANCE.		TO FRANCE.	
		£		£
Brass and Bronze Manufactures	26,111	..	9,073
Caoutchouc Manufactures	153,612	..	25,743
Chemical Manufactures	299,454	..	223,876
China and Earthenware	141,465	..	193,794
Clocks and Watches	292,155	..	8,325
Cork Manufactures	206,321	..	nil.
Cotton Manufactures (including Yarn)	823,658	..	1,775,355
Glass	257,506	..	25,378
Hardwares and Cutlery	nil.	..	174,161
Hides, Tanned	569,905	..	nil.
Iron and Steel Manufactures	118,014	..	387,073
Lace	410,198	..	nil.
Leather Manufactures	1,700,145	..	262,205
Linen do.	75,903	..	305,512
Machinery and Implements	nil.	..	695,678
Musical Instruments	192,518	..	12,534
Oil Seed	72,537	..	125,366
Ditto other sorts, unenumerated Manufactured	77,906	..	89,623
Oil Seed Cake	71,732	..	nil.
Paper	152,841	..	65,390
Painters' Colours	84,411	..	98,267
Silk Manufactures	9,588,633	..	909,849
Skins and Furs (manufactured)	533,057	..	127,892
Sugar, <i>refined</i>	2,342,912	..	74,331
Woolen Manufactures (including Yarn)	4,690,362	..	3,395,147
Unenumerated Articles of Manufactured Goods*	..	845,063	..	2,450,102
Total	£23,627,419	..	11,314,334

* £1,797,627 worth of *unenumerated* manufactured goods were imported from France in 1880, a large proportion of which might fairly have been included in this table, but as it is impossible to say what proportion of them came into competition with Home manufactures, they have been excluded altogether, thus making the balance against ourselves less than it otherwise would have been.

In this table those articles only are entered in the imports from France, which are also made in this country, and which, therefore come into direct competition with our own manufactures.

What then would be the consequence if French manufactures were excluded by import duties from this country and our own manufactures entirely excluded from France?

The result would surely be, that £23 million worth more would be sold in this country which had been manufactured by Englishmen instead of Frenchmen, and that at least £12,000,000 would find its way into the pockets of Englishmen instead of Frenchmen. The gain would probably be more, as France does not make all our manufactures at home and could not afford to exclude all. In addition to this, if the principles of the National Fair Trade League are adopted, a vastly increased export would arise to our Colonies who would take British manufactures and exclude foreign ones.

Reserving for future consideration the effect of this Treaty on particular trades in this country, I will now glance at the advantages which we are at present supposed to enjoy through its operation, and enable my readers to judge, whether they counterbalance the very great injury, that I have shown is done by it to our manufacturing trade.

To discover these advantages, it will first be necessary to consider what the provisions of this Treaty were, and for this purpose we cannot do better than again refer to the paper by Professor Leone Levi*—an enthusiastic admirer of the Treaty—who will not fail to fully inform us of all the benefits which we either have extracted, or are likely to extract from it.

The Professor informs us that by this Treaty France engaged to abolish all prohibitions, and admit certain articles of British produce and manufactures at duties not exceeding

*Vid *Journal of the Statistical Society*, Vol. xl, pp. 3-13.

30 per cent. *ad valorem*, to be further reduced to duties not exceeding 25 per cent. from October 1, 1864. England, on the other hand, bound herself to abolish the duties on French silks and other manufactured goods, and to reduce the duties on French wines and brandies. As regards coals, France engaged to reduce the import duty, and both contracting parties engaged not to prohibit exportation of coal, and to levy no duty upon such exports. Each nation was to have the benefit of any concessions made by the other to a third Power, and was also bound not to make any prohibition of importation or exportation against the other which should not at the same time be applicable to all other nations.

In the eyes of Professor Leone Levi this Treaty conferred a great benefit on England, by "placing all her manufactures under the wholesome and invigorating influence of free competition"—a free competition which the French knew a great deal better than to allow their own manufacturers to suffer from, and which they took advantage of in every way, subsidizing their manufacturers, to enable them to flood our markets with their goods, taking away *labour* (and therefore *wages*) from our working classes, while at the same time an almost prohibitory tariff prevents us from getting a market there in exchange, except at an enormous disadvantage, all which entails the reduction of the cost of production almost to starvation point for our workmen. Neither British manufacturers nor British workmen object to the "invigorating influence of free competition," if it were but FAIR competition, and if our manufacturers were admitted on equal terms to the countries from which that competition comes; but it is needless to say they are not admitted on any such terms.

The advantages that Professor Leone Levi sees in the Treaty may be briefly summed up as—first, that it "recognises the right of the community to buy in the cheapest and sell in the dearest market," which it certainly does NOT do practically, for the heavy import duty levied by France, effectually pre-