

**ENGLAND UNDER FREE TRADE.  
AN ADDRESS DELIVERED TO THE  
SHEFFIELD JUNIOR LIBERAL  
ASSOCIATION, 8TH NOVEMBER,  
1881**

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England under free trade. An address delivered to the Sheffield junior liberal association, 8th November, 1881 by George W. Medley

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**GEORGE W. MEDLEY**

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*DELIVERED TO THE SHEFFIELD JUNIOR  
LIBERAL ASSOCIATION, 8th NOV., 1881,*

BY

GEORGE W. MEDLEY.



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## ENGLAND UNDER FREE TRADE.

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I HAVE the honour of appearing before you this evening for the purpose of delivering to you an address, which I have entitled "England under Free Trade."

Now, these are very wide terms. In their full meaning they cover a vast field of inquiry, and, if I were to attempt to traverse that field throughout, I should have to take in political, social, agricultural, commercial, artistic, literary, and other matters, which I have no intention of doing, for which there is no time, and for which I certainly have not the requisite ability. With your permission, therefore, I propose to confine myself to the one great subject indicated by my title, Free Trade, only touching on some of the others by way of argument or illustration.

In fact, our inquiry will resolve itself into a chapter of what is termed the Fair Trade Controversy.

That controversy turns, as you are aware, on the question whether the commercial policy we have adopted for the last thirty-five years has or has not contributed to the public welfare; and, consequently, whether we ought or ought not to maintain that policy.

The question may be put shortly thus:—Is Free Trade a success or a failure?

But, before we proceed further, let us define what we mean by the term Free Trade as just used. In the abstract, Free Trade may be defined as that state of affairs in which the nations exchange with each other their various products untrammelled by hostile and prohibitory tariffs. Protection, on the other hand, is that state of affairs in which the nations are hindered from this free exchange by tariffs imposed for that special purpose.

Well, we all know that Free Trade as thus defined does not exist. We are said to be living under Free Trade, but in a strict sense that is not so. We are living under a system in which our imports alone are free; our exports to some of the principal markets not being free. It is only as regards our imports that we enjoy perfect freedom; and it is for this reason that the present *régime* has been called One-sided Free Trade. It will now be our task to inquire whether this has been, as regards our national welfare, a success or a failure.

Now, all parties to the controversy are agreed as to the benefits Universal Free Trade would confer on mankind. So far as I can make out, no one whose opinion is of any scientific value denies that if Free Trade were universal, it would be of infinite advantage to the human race. There are some among us, however, who maintain that partial Free Trade—such as that under which we now live—is prejudicial to the country which opens its ports to foreign productions, and beneficial to the country which, on the other hand, shuts out, as far as it can, by prohibitory duties, the commodities of other nations. And this is just the point of the discussion. Let us call to mind why it is that Universal Free Trade is so beneficial. It is because a vital and energetic principle which political economists call “Co-operation of Labour” is brought into most efficient play. Free Trade in a natural manner causes each nation to produce those commodities which are most suitable to its soil, and to the circumstances and the genius of the inhabitants of the particular region; and to exchange the commodities thus produced for the products of other nations, who, in like manner, have their own peculiar advantages and industries. In such happy circumstances energy, invention, and enterprise are allowed full play, and, as regards wealth, there is a constant tendency, by means of more extended division of labour, and improvement of processes, towards the maximum of production at the minimum of cost. “But,” as Mill says, speaking under the head of “International Trade,” “the economical advantages of commerce are surpassed in importance by those of its effects, which are intellectual and moral.” “Finally,” a little

further on he says, "commerce first taught nations to see with goodwill the wealth and prosperity of one another. Before, the patriot—unless sufficiently advanced in culture to feel the world his country—wished all countries weak, poor, and ill-governed but his own; he now sees in their wealth and progress a direct source of wealth and progress to his own country. It is commerce which is rapidly rendering war obsolete, by strengthening and multiplying the personal interests which are in opposition to it. And it may be said without exaggeration that the great extent and rapid increase of international trade, in being the principal guarantee of the peace of the world, is the great permanent security for the uninterrupted progress of the ideas, the institutions, and the character of the human race."

As I have before remarked, all parties are agreed as to the economic advantages of Universal Free Trade, but there are some who, while admitting to the fullest the economical, or £ s. d. side of the Free Trade doctrine, maintain that it has also a political side. They admit that Free Trade tends to achieve the maximum of production at the minimum of cost, but they say that there are other things to be considered besides the accumulation of the greatest possible amount of wealth. One of the things to be considered, they say, is the necessity of educating a community in such arts and manufactures as its resources are naturally fitted for, but of which, except for Protection, it would remain ignorant. And another thing to be considered, they say, is this:—that so long as human nature is what it is, and nations are liable to go to war, it is not only prudent and statesmanlike, but absolutely necessary, in view of such a contingency, to endeavour to render their country as far as possible independent of the foreigner. And thus, according to this school, the doctrine of Protection may be reasonably maintained.

Now, I have two remarks to make concerning this doctrine. As regards the education of a people in an industrial art by means of Protection, it may safely be conceded that if the protection be withdrawn when the lesson is learnt, no great harm would be done, and a great



benefit might be conferred. But, we know from experience that this is most unlikely to happen; and that when once Protection has been admitted into a commercial system it becomes the most difficult thing in the world to get rid of it. Then, with regard to the contingency of war, how different are the views of the school of which I speak from those held by that association to which I have the honour to belong—the Cobden Club! While the school referred to seems to be always contemplating and preparing for the contingency of war by means of hostile tariffs, we are striving might and main to render war impossible, by preaching our commercial gospel of peace!

As you are all aware, Great Britain stands alone among the nations as a free-trading country. It is natural to inquire how this is the case, how it is that people, acute, thoughtful, and intelligent, as, for instance, the French, the Germans, and the Americans, cling to the doctrines of Protection, while we alone adhere to those of Free Trade? A full answer to that question, gentlemen, would occupy more time than we have at command this evening. I must content myself with just indicating the direction in which I believe the causes of this phenomenon are to be traced. I cannot help thinking that most of the evil is to be laid to the account of wars. Their cost necessitates the imposition of heavy taxation. The persons who impose that taxation are for the most part ignorant of political economy. They take the first impost that occurs to them, and they lay it on the people they misgovern. They know nothing of the possible consequences, in an economic point of view, of what they do. One of these consequences is the creation of interests which would never have existed but for this cause, which grow up, and which gradually acquire sufficient influence and power to render it extremely difficult to get rid of them. This difficulty I hold to be the great economic problem of the immediate future.

At the present moment we may see these causes in operation in France, Germany, and the United States; what is taking place there affording apt illustrations. We ourselves have suffered in times past from these causes, but

thirty-five years ago, we embraced Free Trade, and during that period we have been gradually emancipating ourselves from their baneful influence. The countries I have named, however, still cling to Protection, and there seems to be no immediate probability of their changing their creed. If I be asked—Is this not an astonishing fact? I should answer—Not at all. England has been ahead of the rest of the world in other things before now. We had our revolution, and settled matters with our king, a hundred years before France did; in the matter of the abolition of slavery we were thirty-five years before the Americans; while as to Germany, the Cæsarism, the militarism, the despotism which reign there, and which impoverish her, place her in some respects a hundred years behind us in the march of civilisation.

The ground is now sufficiently cleared, I trust, for us to take a survey of our position under what is called our one-sided Free Trade. The first thing to which I shall call your attention is the Board of Trade returns, which, as you know, give the particulars of our trade with the rest of the world under the heads of Imports and Exports. The totals of these, as you are aware, have been growing, with slight interruptions, ever larger and larger year by year, until last year the sum total of our foreign trade amounted to the stupendous figure of 697 millions, which figure seems likely to be eclipsed by that of the year which is now drawing to its close. Of this trade our imports amounted to 411 millions, and our exports to 286 millions, leaving an excess of imports of 125 millions. Now, let me remind you that it is in regard to this excess of imports over exports that the Fair Trade battle most hotly rages. The Fair Traders maintain that this excess of 125 millions is the measure of our national loss for 1880; while the Free Traders ridicule this view, and maintain, on the contrary, that it may more justly be considered a measure of our national gain.

In a little pamphlet call "The Reciprocity Craze," which I had the honour of writing for the Cobden Club, I made the assertion that this question of imports and exports consti-

tuted the *pons asinorum*, or "asses' bridge" of the Fair Trade controversy. Gentlemen, I reiterate that assertion, and, with your permission, we will endeavour to pass over this bridge, hand in hand, as it were.

The Fair Traders say something like this:—John Bull buys of the foreigner 411 million pounds' worth of goods, and sells him only 286 million pounds' worth, and they deduce from this that there is a balance of trade against him of 125 millions, which is a loss to him, by which he is so much the poorer; and that he is thus losing his wealth to the benefit of the foreigner, who has the best of the trade. And they maintain further that John Bull is getting poorer and poorer; that if the system goes on it must end in his ruin; and that all this is the genuine and unavoidable outcome of one-sided Free Trade. The Free Trader, as I have said, ridicules this view. He asks, in the first place, why the bare fact of our importing more than we export should be held to involve a loss—seeing that to get in more than one gives out appears to ordinary minds the only way of realising a profit.

And for the following reasons:—

In my pamphlet I asked this question—If a merchant export £100 worth of goods, and in exchange for them, imports goods worth only £100, how can he do otherwise than make a dead loss under the heads of freight, insurance, interest, and profits? Let us suppose the goods cost him £100 at Liverpool. He exports them to some foreign country, and, of course, has to pay freight and insurance. Let us say this comes to 10 per cent. On arrival at the foreign market the goods must therefore be worth £110. They must be sold, of course, and let us suppose the proceeds re-invested in goods for importation here. Again comes in the charge for freight, another 10 per cent, which, added to the £110, makes the goods worth £121 on arrival at our ports, independently of interest on the money used, and what our merchant may lay on as profit.

And so the £100 of exports comes back as £121, at least, of imports, and must do so as long as trade is carried on.

In further illustration, let me quote from Mr. J. K. Cross's speech in the House on the 12th of August. He