

A
STRANGLE - HOLD
ON
TRADE

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THE MENACE OF THE QUOTA SYSTEM •

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11. They readily lead to *international friction*, and to wars of quotas and counter-quotas.

12. They are a vicious form of *economic nationalism*, and are based on the false idea that a country can help itself by damaging the interests of other countries.

APPENDIX.

OBITER DICTA.

The Prince of Wales on Economic Nationalism.

The Prince of Wales proposed the toast of the new American Ambassador, the Hon. Robert Bingham, at a dinner given by the Pilgrims in London on 30th May, 1933. In the course of his speech, the Prince of Wales said :—

“ If our present sufferings have the result of bringing home to us all the vices of economic nationalism, then this great depression may well pave the way for a future permanent prosperity for all of us, and bring us nearer to that ideal day when there will be no more poverty.”—(*Scotsman*, 31st May, 1933.)

The American Ambassador on Protection.

In his reply Mr. Bingham said :—

“ For years the majority of the American people have believed that the higher the tariff the higher wages and the general level of prosperity in the country would be. Now they have learned the grim lesson that with the highest tariff the country has ever had more than 13 millions have no wages at all. By bitter experience they have learned how unfounded this tariff doctrine is. They have learned how impossible it is to continue selling when they do not buy, and they are at last prepared through proper agreement to lower tariff barriers, so that international trade may begin to move again.”—(*Scotsman*, 31st May, 1933.)

Mr. Baldwin on Trade Restrictions.

Mr. Baldwin said in the House of Commons on 23rd June, 1932 :—

“ All the restrictions taken together will show the House what an appalling amount of grit there is in the whole machinery for the circulation of goods, and until that grit is removed and the machinery is lubricated little progress can be made. . . .

“ Another form of restriction . . . is the question of quotas. The quota is a very dangerous weapon.”—(*Official Report*.)

Mr. Chamberlain on Imports and Exports.

Mr. Neville Chamberlain said in an address to the Leeds Chamber of Commerce on 24th January, 1933 :—

“ There are certain fundamental truths which will out, even though they may lie concealed for a time. In the long run, all payments to a foreign country must take the form of sending goods or rendering services.”—(*News-Chronicle*, 25th January, 1933.)

Mr. Runciman on the Quota System.

Mr. Runciman said in a speech at St. Ives on 2nd February, 1933 :—

“ There is still a great market for Britain in Germany. I only wish the German Government would put a stop to that insane quota system which has become the curse of European trade. An attempt to shackle the amount of exports entering Germany must cramp her own industries.”—(*News-Chronicle*, 3rd February, 1933.)

Lord Runciman on Subsidies.

In an interview published in the *News-Chronicle* on 15th December, 1933, Lord Runciman said :—

“ The policy of the subsidy is neither sound trading nor sound finance. . . . Neither a company nor a country can get out of a dirty mess by defying natural laws.”

Quotas and Shipping.

Lord Essendon, presiding at the General Meeting of the Houlder Line, in London, on 15th January, 1934, said that the tonnage owned by the company had been reduced in the last three years from 86,390 tons to 64,990 tons—a reduction of approximately 25 per cent.

“ The restriction (he said) on meat imports during the past 18 months has produced a progressively serious effect upon the revenue-earning capacity. The shipments of meat from South America to this country during 1933 were further reduced and resulted in a reduction of freight for all the lines of over £200,000, compared with the previous year. Again, shipments to Continental destinations—which some few years ago were very considerable—are now practically non-existent. Under our Government quota arrangements additional restriction on frozen meat shipments will take effect during 1934, with further consequent reductions in prospective earnings.”

“ Furthermore, it is only too evident that under existing conditions we cannot contemplate any extensions of our fleet because we have no reasonable expectation of any development of business so long as restrictions and quotas continue.”—(*The Times*, 16th January, 1934.)

The Co-operators' View.

The Co-operative Party, though in alliance with the Labour Party, is opposed to Import Boards and other restrictions upon trade. At the Annual Conference of the Co-operative Party at

Nottingham on 14th April, 1933, Mr. Alfred Barnes said in his Presidential address :—

“ The wholesale introduction of protective duties upon imported food-stuffs, the application of subsidies, quotas, and regulations of imports to an increasing number of food commodities, the deliberate monopolistic object of the Agricultural Marketing Bill, were cumulative evidence that trade growth was being removed from determination in the open market to the bettering of vested interests on the floor of the House of Commons.”—(*Scotsman*, 15th April, 1933.)

Testimony from France.

France has had a longer experience of quotas than this country, and an address on the subject was given at the French Chamber of Commerce in London on 5th December, 1933, by M. Jean Proix, Directeur du Comité d'Action Economique et Douanière.

“ M. Proix analysed the menace of the quota system. It had disturbed the healthy traffic in goods, he said, and had created a monopoly for the benefit of those importers who had been granted import licences under a faulty system, which had resulted inevitably in an increase in prices at the expense of the consumer. The quota system, once a small infant, was now a man and threatened to become a giant. . . . The question of individual freedom was at stake.—(*The Times*, 6th December, 1933.)

The MacDonald-Roosevelt Statement.

As a preliminary to the World Economic Conference, Mr. Ramsay MacDonald visited Washington and held conversations with President Roosevelt from 22nd to 26th April, 1933. At the close of the discussions, a statement was issued jointly by Mr. MacDonald and President Roosevelt, which contained the following passage :—

“ Commercial policies have to be set to a newer orientation. There should be constructive effort to moderate the network of restrictions of all sorts by which commerce is at present hampered, such as excessive tariffs, quotas, exchange restrictions, etc.”

Expert Commission for the World Economic Conference.

The following are extracts from the Draft Annotated Agenda prepared for the World Economic Conference by the Preparatory Commission of Experts :—

“ Finally, there must be greater freedom of international trade. It has already been pointed out that one of the most significant features of the present crisis is the fall which has taken place, not only in the value, but in the quantum of world trade. This fall has been partly caused, and has certainly been intensified, by the growing network of restrictions which have been imposed on trade during recent years. Every country seeks to defend

...by imposing restrictions on imports, which in the end involve a contraction in its exports. All seek to sell but not to buy. Such a policy must inevitably lead to an increasing paralysis of international trade. Governments should set themselves to re-establish the normal interchange of commodities."

The Preparatory Commission specifically condemned the quota system, because—

"Quotas nullify the advantages resulting from commercial treaties by making their provisions ineffective as regards commodities to which the restrictions are applied."

A Sidelight from Russia.

In Soviet Russia there has been State control of internal and external trade for many years, and a "Five-Year Plan" which has given rise to the catchword "planning" among Socialists elsewhere. By contrast with "the droves upon droves, the hundreds of thousands, of pigs," which worry Mr. Walter Elliot, the position in Russia is very different, as shown by the following message published in *The Times* on 6th December, 1933 :—

"There were rejoicings in official quarters in Moscow during the week-end over an unusual event—a trainload of fat pigs arrived to relieve the 'meat famine' of the capital. The best and most authoritative account of the arrival is given in *Pravda* (issue No. 329), which represents the occasion as a red-letter day in the annals of Soviet food supplies organised by the State.

"According to *Pravda*, Comrade Mikoyan, a member of the Council of People's Commissars, personally met the train at the Moscow station. The pigs were accompanied by a brass band playing triumphant music, and delegations of workmen from the factories of Moscow were there to 'see the sight.' Commissar Mikoyan and his staff walked along the ranks of pigs, after which Commissar made a speech in which he declared that he had not seen such a fine lot of pigs for a long time."