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W. Cunningham

Excerpt

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INTRODUCTION.

THE story of the rise and decline of the Free Trade movement has a practical bearing which renders it a matter of general interest at the present time ; but it has also a special attraction for students of political phenomena. The agitation may be said to have been unique, for it had its basis in a scientific doctrine. The history of all ages of the world has shewn the play of human aspirations and passions, of racial antipathies and moral ideals ; but it was left for the eighteenth century to make a great advance in formulating the knowledge of human society and of the conditions of its prosperity. The Free Trade movement as a political force owed its strength to the fact that it had a scientific character : this seems also to account for its limitations and defects.

The distinctive features may be rendered more clear if we contrast this new type of political force with another element which has at all times played a large part in the history of the world. Religious ideals and aspirations have frequently served to inspire political movements and military conquests. Religious feeling

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[More information](#)

entered deeply into all the conflicts of the pagan world; the advance of Islam, and the efforts of the Crusaders to repel it, were alike affected by religious sentiment. The same sort of feeling was an important factor in the struggles which arose in the eighteenth century about the possession of the East, and the colonisation of the New World. Religion, which is concerned with man's relation to God, has in all ages made itself felt in politics, since it claims to tell men what they *ought* to do, absolutely. But Science makes no such pretension; she is concerned with man's relation to external things. In the eighteenth century Economic Science had at last advanced so far that it was possible for such men as Turgot and Adam Smith to lay down a reasoned statement of the conduct that is *expedient*, with reference to the material prosperity of human beings.

Since their claims are so different, the response which is made to a political appeal will be very different according as it is made in the name of Religion, or on Scientific grounds. When a prophet appears, preaching some action as a duty divinely commanded to be done at all hazards, he works upon the emotions; and his doctrine seems infectious. If once it establishes a hold it may spread with extraordinary rapidity, as the crusading enthusiasm was caught up in so many parts of Christendom. The progress of a scientific principle might be expected to be much more tardy; time is required for the intelligence to be convinced as to the expediency of a new departure. There certainly was

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Excerpt

[More information](#)

INTRODUCTION

3

no sudden success in the diffusion of Free Trade principles. Pitt, who was entirely convinced of the wisdom of the new economic views, could not carry either the House of Commons or the public with him; but the opinions of Adam Smith gradually obtained a greater hold on the minds of men of education, so that about a quarter of a century after his death they had obtained very general acceptance in the Councils of the Realm.

It might be thought that, just because the scientific principles were built up slowly and accepted with hesitancy, they would hold their own more successfully within their limited sphere. This certainly was the feeling of many economists and publicists at the beginning of last century. The claim of Religion to give absolute guidance in political life appeared to have been hopelessly discredited by the disruption of Christendom, and such struggles as the Wars of the League in France and the Thirty Years' War in Germany, where both sides appealed to the will of the same God. But the reasoned treatment of what was expedient for the material prosperity of the country seemed to leave no room for such uncertainty. Their advocates thought that the new principles rested on a solid basis which could not be shaken. There was more than a trace of superciliousness in the way in which they spoke of less enlightened times. "The reign of Elizabeth though glorious was not one in which sound principles of commerce were known¹." Elizabethan

¹ *Parl. Hist.* xxvii. 564.

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[More information](#)

practice in restoring the currency, and laying the foundations of English industrial greatness, might perhaps have been studied with advantage at a time when cash payments were suspended, and all attention to technical training was discarded. But these men had no suspicion that the superior wisdom of which they were conscious would ever be called in question. They had no doubt that their principles must obtain increasing acceptance as education spread, and experience gave fresh confirmation. We see that the unexpected has happened; public confidence had been shaken, and it suffered a very serious blow when Gladstone insisted that economic principles were not applicable to the practical problems of Irish life, and might be fitly relegated to Saturn. Nothing has been more curious in the fiscal controversy than the difference of opinion as to the weight which should be attached to the opinion of scientific men dealing with their own subjects¹. Are we forced either to follow economic authorities blindly, or to repudiate them altogether? Is there no mean between the exaggerated deference which was shewn to the maxims of Political Economy in the middle of last century, and the undue disparagement to which it is exposed in the present day? We must face this question at once, for our whole attitude towards the Free Trade movement must greatly depend on our view as to the reliability of Economic Science as a practical guide in political life.

¹ Compare the excellent article by Prof. J. S. Nicholson, *The Use and Abuse of Authority in Economics* in *Economic Journal*, xiii. 554; also p. 125 below.

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Excerpt

[More information](#)

INTRODUCTION

5

The solution of the difficulty is to be found by keeping clearly in mind the necessary limitations of Economic Science: exaggerated expectations on the part of the public have given rise to natural disappointment. Human society is very complex and may be viewed in many aspects for purposes of investigation; Political Economy looks upon it as a mechanism, and considers the play of different factors. It assumes that all persons are actuated by a simple motive—the desire of wealth—and that their actions are in accordance with this dominant force. If we wish to investigate the material condition of society at a particular time, this is the point of view which it is best worth our while to take, so that we may obtain a clear analysis. It is not only convenient but it is sound. A great deal of social action does go on like a mechanism, under the operation of a well-known force, since every man is on the whole struggling for his own interest. But after all, this is not the whole truth; society is a mechanism, but it is not a mere mechanism. If we want either to diagnose the mischiefs from which a community suffers at any time or to suggest remedies, we must not be satisfied to analyse the mechanism of society, but we must study it as an organism with powers of self-adaptation to its environment.

It is easy to find other illustrations of the same sort of inadequacy, and of discussion that is sound so far as it goes, but still very incomplete. For many purposes we can regard the human body as a mechanism; an eight-oared boat is an ingenious and

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[More information](#)

carefully adjusted piece of mechanism. In rowing a race each individual must swing and strike the water with precision; style in rowing is not a mere fashion, but is closely connected with the application of mechanical principles as to the manner in which muscular force can be best applied. But neither a crew, nor any one of the individuals of which it is composed, is a mere machine. The coach has not merely to consider the principles of mechanics, but to be careful that the men are in the best condition; training is an element he must not neglect. When we pass from regarding a crew as a machine to recognise that it consists of several living beings, we enter on an entirely different order of ideas. It would be easy to shew that not only questions of hygiene but of morality may be involved in the composition of an eight; in rowing a severe race there may be risks involved which a man ought not to run, or time he ought not to spare. If we look at the crew as a mechanism we get information that is sound so far as it goes, but is neither final nor complete.

Economics treats society as a mechanism, and it gives us most valuable truth, so far as it goes; but it is never the whole truth. The analysis may be perfectly accurate, but it cannot, from the nature of the case and the point of view adopted, include all the elements that must be taken into account. So far as practical guidance is concerned, we must always bear in mind that the maxims put forward by economists rest on a foundation which is not perfectly

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Excerpt

[More information](#)

INTRODUCTION

7

secure, but that needs to be tested over and over again.

For our own immediate purpose of mere inquiry and description, this point must also be borne in mind: the varying fortunes of the Free Trade movement have been a most important element in English life for the last century and more. If we are to follow it intelligently in its growth and decline, we must not be content to concentrate our attention on economic phenomena, but we must take account of many affairs which are indirectly and remotely but none the less really connected with the story. It is only in a dead subject that we can sever the nervous from the alimentary system; in the living body they are constantly reacting on one another. Quotations of prices and rates of wages for the last century are dreary reading, if we are content to regard them as illustrations of the operation of supply and demand, and to insist that in each bargain each individual was pursuing his own interest as he conceived it. To understand the changes of social condition and physical opportunity, which made it possible for the man to take from time to time a different view of his interest, is essential to a real grasp of the actual course of affairs: but this must lead us away from the strictly economic aspect to political and social history. We cannot be satisfied with mechanical analogies. We must look at English society as an organism, living and expanding and adapting itself to new conditions all the time, not as a machine, performing the same motions regularly in the same way, though

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with occasional differences in the speed. It may be necessary and useful, for certain purposes, to regard the economic system of the country at any given time as a machine; but we must take another standpoint if we are to understand the continual adaptation which is going on over long periods in progressive countries. In particular we shall have to notice that sometimes the political affairs of a country—its constitutional and colonial system—are readjusted to meet economic needs, and that at other times the economic system has been adapted to the political environment.

These two sides must certainly be borne in mind if we hope to have any comprehension of the course which has been run by the Free Trade movement. Political views delayed the adoption of a large measure of Free Trade by this country for more than sixty years; economic conditions forced it on and contributed to its success, while political aspirations in other lands have brought about a reaction, and rendered the reconsideration of our attitude inevitable. The point of view of economic science is one it is essential to adopt for the detailed examination of particular episodes, but it is wholly inadequate when we come to survey the course of the movement as a whole.

Economic doctrine is perfectly sound, and very valuable, but it has its limitations. It does not like a religious prophet proclaim an absolute duty; it does not lay down any principle which holds good universally throughout the physical order. It puts

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Excerpt

[More information](#)

INTRODUCTION

9

forward the means which may be expected under ordinary circumstances to conduce to certain ends, which are very generally desired. The principle of Free Trade declares it is expedient that there should be no restriction on the exchange of goods and services, either between communities or individuals, in order to secure (*a*) the greatest possible mass of goods in the world as a whole, and (*b*) the greatest possibility of immediate comfort for each consumer. That statement appears to me perfectly true, and I do not think it worth while to reiterate the arguments that have been brought forward from the time of Adam Smith and Turgot in order to establish it. We may accept it readily, as a doctrine which no person of intelligence can fail to find convincing; and yet we need not suppose that those who demur to it are necessarily either fools or knaves.

Personally I sympathise entirely and heartily with the objects which the Free Trade advocate assumes: but I can imagine that if I spoke to the first American citizen I might meet on landing in New York, and explained to him that the protective system of the United States was mistaken, because it was inconsistent with the greatest possible production in the world as a whole, he might say that he did not much care about the world as a whole, but that what he wanted was the greatest possible amount of wealth on the spot, in New York. Nor perhaps would he be very much concerned about the comfort of the consumer. The mere consumer appears to be an idle person battenning on the labour of other people;

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there is much to be said for those who insist that if there is to be any preference the producers should be considered primarily. A man may accept the Free Trade reasoning as perfectly true, but yet feel that it is entirely unconvincing, because he is not particularly interested in the objects which Free Trade doctrine takes for granted as lying near the heart of every right-minded person. To produce the greatest amount of goods in the world, and to secure for every consumer the most in the present are objects which do not appeal to all my friends as much as they appeal to me. The aim of American protection has been to build up an independent political community on the other side of the world; the citizens have been willing to attempt this at a considerable cost. To my mind the Free Trade doctrine is economically sound; it gives us a basis for examining and estimating the expense at which the protective system has been carried out; but it is quite possible for an American to hold that his game has been worth the candle. The doctrine that protection is costly to the consumer may be perfectly sound, and yet it is rightly disregarded by men who are not content to live cheaply and comfortably themselves, but are willing to make some sacrifice in order to attain their political ideal.

The incompatibility between Free Trade doctrine and political ambition is inherent in the principles themselves; it does not merely arise in connection with their application to America. As set forward by Turgot and Adam Smith the doctrine tended to