

Report

Liberals and Free Trade

Liberal Democrat History Group meeting, National Liberal Club, 27 January 2026, with Professor Frank Trentmann and Lord Chris Fox. Chair: Tony Little

Review by Peter Truesdale

Professor Trentmann (Birkbeck College, author of *Free Trade Nation: Consumption, civil society and commerce in modern Britain*) opened the proceedings. He asserted that the Liberal Democrat History Group had shown excellent timing and scheduling. He noted the turmoil in our affairs springing from Donald Trump's threat to annex Greenland. He set this in contrast to Mercosur, the wide-ranging free trade agreement between Latin American countries – and with the successfully concluded free trade agreement between India and the European Union.

Free trade was back on the agenda. It was in the news. However, tariff wars made the outlook bleak for liberals and believers in the merits of free trade. He set these current developments in a longer-term perspective.

He analysed the way in which Donald Trump had presented his package of tariffs. It bore a stark similarity to how Joseph Chamberlain had presented his case for tariffs in 1903. Three common themes emerged: tariffs secure domestic employment, so they

are good for workers; they raise revenue, so they are good for governments; and they generate geopolitical strategic power for the nation imposing them. Professor Trentmann did not dispute any of those three statements. What he did was to point out that you can't have all those three things at once. If you want to increase revenue that is incompatible with high tariffs. High tariffs keep foreign goods out. If they are kept out, then the state will not collect revenue.

Resistance to Chamberlain's tariff proposals was multifaceted and vigorous. Resistance in the United States to Trump's tariffs had, by contrast, been relatively muted. He set out key elements of the resistance to diluting free trade before the First World War.

Supporters of free trade argued that it guaranteed cheap food, better quality food and more plentiful food. Free trade therefore protected the welfare of ordinary working families. However, the advantages of free trade were not confined to food. Not having tariffs also meant cheap raw materials, giving Britain the

upper hand in exports to markets right around the world.

The political case against tariffs was that free trade delivered sound finance that kept vested interests at bay. Once tariffs were admitted, then politicians would meddle and potentially protect special interests at the expense of the public at large. (The Corn Laws had been a clear example of protecting a special interest group – landowners and farmers – at the expense of the nation as a whole).

Professor Trentmann pointed to the vibrancy and appeal of free trade to women. Women, largely responsible for provisioning households, were particularly sensitive to prices and used to making choices about consumption. Women's action to support free trade was, Professor Trentmann contended, an important factor in contributing to the case for women's suffrage.

Finally, there was a wider political argument. International trade polished and softened people. It created a harmonious world. Surely, where mutual prosperity was engendered by trade,



Liberal Party poster, c1905–1910. The Free Trade shop is full of customers due to its low prices, while the shop based on Protectionism suffers from high prices and a lack of custom.

peoples would not wish to go to war. Britain could be, and was, an exemplar here with the abolition of the Corn Laws fostering liberty, progress and emancipation. Britain led the way internationally.

The First World War brought that to an end. A. J. P. Taylor, the Southport-born historian, claimed that his grandfather greeted the outbreak of the war by exclaiming: 'Can't they see that every German that they shoots is a customer?' The sad lament of a Lancashire free trader.

The argument that international free trade guaranteed peace and mutual prosperity was shot down by the world at war. Britain and the other combatants suffered significant inflation. The war had necessarily seen state intervention in and direction of industry and commerce on a

scale unimaginable before 1914. What emerged was a changed world.

Professor Trentmann thought that, to some extent, attempts at international coordination post-1918 and post-1945 had been a sort of replacement for the idea of free trade. Such efforts, however, never gripped the popular imagination and attention as free trade had. In the wake of the Second World War, the European Community was promoted as an effective antidote to future war. Internal free trade bound European nations and economies together. It did so, though, behind a high external tariff wall.

As we have seen, resistance to Chamberlain's tariff reform campaign had a strong consumer element. And support for free trade was not a solely British prerogative. By way of contrast, Professor Trentmann characterised

the influence of current consumers as weak. There was little to bring together consumer groups around the world on an agenda of common interest. And even at home, in the United Kingdom, there existed a random set of particular interests: ethical consumers, environmental consumers, animal welfare consumers and so on. A clutch of uncoordinated, little battalions.

The cultural and political space of free trade has shrunk, he concluded.

Chris Fox (Liberal Democrat spokesperson on Business and Trade in the House of Lords) then unpacked for us some of his experience gathered in the Lords. What was striking was the complexity of the issues, and the unaccountability of our government regarding trade.

He quoted what one witness had told the Lords' International Agreement Committee when they were scrutinising the UK–India free trade agreement. The witness said: '...trade is increasingly embedded in geopolitical strategy and shaped by shifting alliances and strategic calculus.' A rather less sunny and aspirational view of trade than that espoused by free traders in Victorian and Edwardian times.

The power to make free trade agreements is invested in the government. No pre-negotiation mandate is usually issued. Negotiation is in secret. The

government is obliged to lay a treaty before parliament for twenty-one sitting days before it is ratified. A vote in the Lords not to ratify can be set aside by the government. The Commons has never voted against ratification of a treaty. In practice, the only real scrutiny comes from the Lords' International Agreement Committee. That must be done in the twenty-one-day window.

A totally new acronym for many in the room was ISDS. This is short for investor-state dispute settlement. Through this mechanism, sovereign states can be sued by foreign investors for certain state actions that affect the value of foreign direct investments made in the relevant state. Over \$113 billion had been paid out by states to investors as of

June 2024. The vast majority of this has been to fossil-fuel interests adversely impacted by state actions.

It is also the case that some free trade agreements can damage other existing arrangements. This will be the case with the UK–India deal, where the textiles part of the agreement will damage current arrangements with Bangladesh and Pakistan.

In the complex, highly regulated modern economy, agreements tend not to concern manufactured goods and agricultural commodities. Rather they major on issues such as regulatory alignment, standards, subsidies, professional qualifications, data localisation, ... The list goes on. The contrast with the simplicity of the pre-First World War

economy could hardly be greater. One got the impression that Chris could have talked engagingly and at length about all of these aspects and many others: trade is now endlessly complex.

He finished on an upbeat note. He referred to the then recent contribution by Mark Carney about what the 'intermediate powers' could do. It was intended to be a clarion call for human rights, sustainable development, solidarity, sovereignty and territorial integrity of various states. And indeed it was. Yet in the months that have elapsed since our meeting it seems further off than ever. ■

Peter Truesdale was a councillor and Leader of Lambeth Council. He is a member of the History Group's executive.

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The Liberal Democrat History Group undertakes a wide range of activities – publishing this *Journal* and our Liberal history books and booklets, organising regular speaker meetings, maintaining the Liberal history website and providing assistance with research.

We'd like to do more, but our activities are limited by the number of people involved in running the Group. We would be enormously grateful for help with:

- Improving our website.
- Helping with our presence at Liberal Democrat conferences.
- Organising our meeting programme.
- Commissioning articles, and locating pictures, for the *Journal of Liberal History*

If you'd like to be involved in any of these activities, or anything else, contact the Editor, **Duncan Brack** (journal@liberalhistory.org.uk) – we would love to hear from you.

