

direct taxation, as is done in England, or indirectly by customs duties. I think all who have considered the subject will admit that we cannot resort to direct taxation here. It only remains then to enquire whether the colonies should contribute their quota from their ordinary revenue or by means of a special duty such as I have proposed. The latter I advocated as the fairest and most convenient. Being imposed upon all goods of whatever character, received from ports external to the British Empire, it cannot be said to be protectionist or for the purpose of favoring any particular industry. That it would, however, favor the trade and commerce of the Empire generally, is, I believe, apparent, and it may be well now to enquire how this customs duty of 5 per cent on foreign goods would be likely to affect trade in the various parts of the Empire.

By far the greater part of the cost of the naval defence of the Empire would, if my suggestion were adopted, still have to be borne by Great Britain and Ireland, for their foreign imports amount to 90 per cent. of those of the whole Empire. But, instead of having to be raised by the income and other direct taxes, it would be levied on goods from foreign countries. At present, as is well known, customs duties are levied principally on tobacco and snuff, wines and spirits, tea, coffee, chicory and cocoa, currants, figs and raisins. On what principle other articles escape duty has never been very intelligible to me. Why raw materials should be duty free one may perhaps comprehend, but the argument in favor of this does not apply to foreign manufactured goods. Mr. Sherlock, of Liverpool, has published some very remarkable figures regarding the importation of these into England. During the fourteen years ending 31st December, 1884, there were admitted, entirely duty free, the following goods:—

Silk manufactures to the value of	£148,097,194
Woolens, carpets and rugs.....	96,830,043
Cotton manufactures.....	27,337,579
Chemicals.....	15,969,544
Clocks and watches.....	13,152,249
Copper manufactured.....	38,828,530
Gloves of leather.....	22,687,900
Glass manufactures.....	22,737,634
Hats and bonnets of straw.....	889,927
Iron steel manufactures and machinery.....	25,339,584
Leather, tanned.....	44,858,281
Lead, manufactured.....	21,588,850
Oilseed cake.....	22,135,072
Paper.....	15,639,845
Sugar, refined, and candy.....	58,618,783
Zinc, manufactured.....	13,285,672
Goods unenumerated.....	556,927,483

In all more than 1,146 million pounds sterling. A duty of 5 per cent. on this would have produced over £57,000,000, or £4,096,390 per annum, an amount almost as much as is raised from the duty on tea. It is hard to adduce reasons in favor of taxing tea which would not apply equally well to silks, clocks and watches, paper, sugar and musical instruments. It is plain that Great Britain and Ireland would suffer no disadvantage from having customs duties levied on these, rather than a corresponding amount of revenue now raised by duties on imports from British Colonies or by other taxes. Among raw materials the most troublesome items are, of course, flour and grain. Our proposed duty of 5 per cent. might be stigmatized as an attempt to raise the prices of grain for the benefit of the farmers. That it would have this effect is very doubtful. The food supplying capacities of Canada, India and Australia are so enormous that the only effect of the 5 per cent. duty would be to give to the foodstuffs of British possessions a preference over those of Russia and the United States without raising their prices. But even assuming that the prices of wheat and flour were to be increased by half of the amount of the duty, that only means the addition of 10½d to the price of a quarter of wheat at 35s, which could not materially effect the price of bread. To put a duty on manufactured articles and allow raw materials and grain to remain free would really be a species of protection which we are told the English nation would never approve of. But to put a light tax on all imports without exceptions, would be fair all round, and it would be difficult to single out any description of import which should not be called on to pay for the protection which trade in it receives from the British navy.

Over against the disadvantages of this 5 per cent. duty to Great Britain, if there really are any such, must be placed the preference which her products would obtain in the markets of her colonies and India. This is no slight consideration, in view of the increase in the duties levied by foreign countries on English manufactures. This, and the consequent loss of her foreign markets, is one of the causes of the great depression in trade now prevalent in England. Even during the short time of my last visit there, I heard that Germany had increased the duty on firebricks by 17s per ton, and had proposed to put a duty on imported coal. This would, no doubt, have been done had