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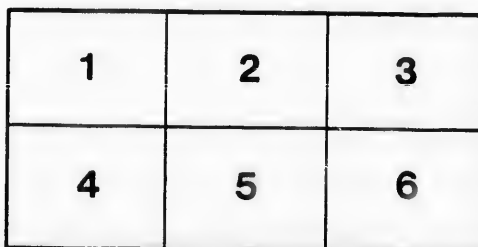
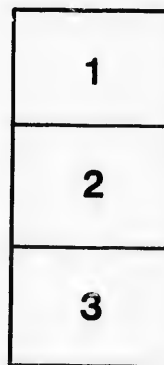
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Leaflet



No. CV.

THE
Neo-Protection Scheme

OF THE

RIGHT HON. JOSEPH CHAMBERLAIN,

Secretary of State for the Colonies.

BY

THE RIGHT HON. LORD FARRER.

WHEN in 1892 the Chambers of Commerce, British and Colonial, met in London to consider the subject of Commercial Federation of the Empire, the advocates of what was then known as Fair Trade had the courage to propose a definite resolution to the effect that the United Kingdom should give to the Colonies preferential treatment.

That resolution was negatived by a large majority.

Since then great efforts have been made by the advocates of this new form of Protection. Mr. Hofmeyr, Sir Charles Tupper, and Sir Howard Vincent have stumped the Empire; Congresses have been held at Ottawa, and finally, again, in London; one of our chief economic journals has devoted £1,000 in prizes for the best scheme of Commercial Federation; and the Marquis of Lorne has been called in to give exalted sanction to the least unacceptable proposal which the ablest and most distinguished

supporters of the movement could devise. Finally, our own Colonial Secretary has taken the chair at the recent Colonial and British Congress in London, and has there publicly not only intimated his own desire, and, as we must assume, that of the Government, for Imperial Protection, but has sketched an outline of such a scheme; and *The Times*, in its earlier and better days an unflinching advocate of Free Trade, has patted the Colonial Secretary on the back.

Under such a concatenation of favourable circumstances it was to be expected that our Neo-Protectionists would have made some progress. But no! At this congress in London the Canadian delegates dared to propose nothing more specific than a vague resolution in favour of an arrangement

"as nearly as possible in the nature of a Zollverein, based upon principles of freest exchange of commodities within the Empire consistent with the tariff requirements incident to the maintenance of the local government of each Kingdom, Dominion, Province, or Colony now forming part of the British family of nations."

This resolution, which, but for the ambiguous term "Zollverein," might be accepted by a Free Trader, was felt by some of themselves to be too vague, and an amendment was moved to the effect that—

"This Congress records its belief in the advisability and practicability of a customs arrangement between Great Britain and her Colonies and India on the basis of preferential treatment."

But so little did either the resolution—apparently harmless as it was—or the amendment meet the views of the assembled delegates, that the proposers of both found it necessary to withdraw them, and to substitute a perfectly meaningless resolution, to the effect that the Government should be invited to summon a Conference to consider the subject.

Even Canada, which, under the leadership of Sir Charles Tupper, was the prime mover of this Neo-Protection scheme, has at this critical moment thrown off his baneful guidance, and declared herself for a Ministry which is opposed to the principle of Protection.

Under these circumstances it seems almost superfluous to enter at length, for the hundredth time, upon the reasons which make any such proposals as those of the Canadian delegates and of Mr. Chamberlain—for they are in effect one and the same—undesirable and impracticable. Purposely vague as they were and consequently presenting as small a front to attack as possible they have been felt to involve principles which the country is unwilling to accept, and have fallen through with no result except discredit to their promoters.

But as the Cobden Club are often told that they answer

practical proposals by fanatical adherence to *a priori* dogmas, and as Mr. Chamberlain and his supporters evince complete ignorance of all that has been said upon the subject by the advocates of Free Trade, it may be worth while to indicate once again what are the difficulties which our Neo-Protectionists have to meet.

MR. CHAMBERLAIN'S INVITATION TO PROTECTION.

It may be well to quote Mr. Chamberlain's last words upon the subject. Of the Resolution which he approves, and which, as I have said, was withdrawn, he speaks as follows:—

"That resolution I understand to be one for the creation of a British Zollverein or Customs Union, which would establish at once practically free trade throughout the British Empire, but would leave the separate contracting parties free to make their own arrangements with regard to duties on foreign goods, except that this is an essential condition of the proposal—that Great Britain shall consent to replace moderate duties upon certain articles which are of large production in the Colonies. Now, if I have rightly understood it, these articles would comprise corn, meat, wool, and sugar, and perhaps other articles of enormous consumption in this country, which are at present largely produced in the Colonies and wholly produced by British labour. (Cheers.) On the other hand, as I have said, the Colonies, while maintaining their duties upon foreign importations, would agree to a free interchange of commodities with the rest of the Empire, and would cease to place protective duties on any product of British labour. That is the principle of the German Zollverein; that is the principle which underlies federation in the United States of America; and I do not doubt for a moment that if it were adopted it would be the strongest bond of union between the British race throughout the world. (Cheers.) I say such a proposal as that might commend itself even to an orthodox Free Trader. It would be the greatest advance that Free Trade has ever made since it was first advocated by Mr. Cobden to extend its doctrines permanently to more than three hundred millions of the human race, and to communities many of which are amongst the most thriving, the most prosperous, and the most increasing in the world. On the other hand, it would open up to the Colonies an almost unlimited market for their agricultural and other productions."

EXAGGERATIONS OF THIS STATEMENT.

Let us begin by stripping these proposals of their rhetorical exaggerations. It is all very well to talk of extending Free Trade to more than three hundred millions of people, and of opening up to the Colonies an almost unlimited market. But what are the facts? Let us assume—it is not far from the truth—that the population of the British Empire is about three hundred millions. But it is not the population of the British Empire whose markets would be opened, or to whom Free Trade would be extended, under Mr. Chamberlain's proposals. The markets of the forty millions who inhabit the United Kingdom are already open to the Colonies. The markets of the two hundred and fifty

millions who inhabit India are also open. The markets of the Crown Colonies and of other dependencies are also open, so far as their several circumstances will permit. In none of these cases is there any Protective principle, any interference with Free Trade, which Mr. Chamberlain's scheme would remove.

On the contrary, with regard to the whole of these vast populations—composing from 270 to 280 millions of people—Mr. Chamberlain's proposal is to close markets, not to open them; to make them adopt a system which will shut out foreign goods and deprive them pro tanto of foreign markets for their own produce.

The only cases in which Mr. Chamberlain's proposal will open markets are the cases of those self-governing Colonies which, in the exercise of the freedom they enjoy, have adopted Protective systems against one another, against the rest of the Empire, and against the world. As regards these, Mr. Chamberlain's proposal would, if accepted, open their markets to one another and to the rest of the Empire, but would close them or keep them closed to the rest of the world.

Let us understand what this would amount to.

The whole population of the self-governing Colonies, according to the last statistical abstract, is as follows, viz. :—

Canada and Newfoundland (say)	5,000,000
Cape of Good Hope and Natal (say)... ..	2,250,000
Australasia (say)	4,200,000
	<hr/>
	11,450,000

Let us say twelve millions out of three hundred millions, or about $\frac{1}{25}$ th of the population of the Empire. So far as the opening of markets goes, it is from these twelve millions only that either the Mother Country or the rest of the Empire can hope to derive any benefit by Mr. Chamberlain's scheme.

MEANING OF MR. CHAMBERLAIN'S PROPOSALS.

Now let us see what his scheme amounts to.

Put into plain words, it means—

First, that this country shall place protective and preferential duties, as against all Foreign countries, upon all such articles of food and raw material as are produced in the Colonies; these duties to be of such an amount and character as to secure to the Colonies the exclusive possession of the markets of the United Kingdom.

Secondly, that the Colonies shall maintain protective duties upon Foreign goods, but shall maintain no protective duties on any goods produced within the British Empire.

Let us consider the effect of these two propositions. In the first place, as regards both of them, they involve a sort of commercial treaty between different parts of the British Empire, and they involve a treaty of a very peculiar kind,

All the recent commercial treaties of which we have experience are treaties by which the two parties mutually agree to take off duties on one another's goods, and thus to make an approach to free exchange. Even such treaties as these are by many of us now regarded with disfavour, and are thought to have injured the cause of Free Trade. They make the taking off of duties a matter of bargain; and thus create the impression that taking off Protection Duties is a sacrifice. But what shall we think of a treaty, one essential feature of which is, not to take off duties, but to bind each party to impose or to maintain protective duties against the rest of the world?

We have most of us heard of the mischiefs of the Methuen Treaty, which compelled Great Britain to give a preference to the heavy wines of Portugal; but what shall we say of a treaty which binds England to exclude the low-priced corn, meat, wool, and sugar of the United States, of Russia, and of Argentina, of France and of Germany, in order that she may obtain these articles at a higher price from Canada, India, Australia, and the West Indies?

Or, to look at the same question from a Colonial point of view—

What shall we say of a treaty which binds Canada and Australia to buy no articles from the United States or from China which those Colonies can buy, though at a higher price, from Great Britain or from India?

RESULTS AS REGARDS THE UNITED KINGDOM.

Let us consider the practical results which any such Treaty would have on the interests of the several parties to it; and, first of all, let us consider the interests of the United Kingdom.

We are asked to place now and for ever—or, at any rate, for a great number of years—a tax upon the food and raw materials which are the essence of our prosperity.

This tax must be such as to raise the cost to us of those articles above what it would otherwise have been, or it cannot have the effect which it is intended to have—namely, of keeping out foreign produce.

It must therefore be a serious limitation of our present resources.

Nor is this all.

It must also be to the same extent a limitation of the markets for our own manufactures.

For if we do not buy from foreign countries, we shall not sell to them.

Now, what are we to get in return for these immense sacrifices? The late Prime Minister of Canada has, as already noticed, been the chief mover in this agitation. What shall we get from Canada? Increased trade with Canada. To judge of the value of this we must

answer the following questions, viz., What is our present trade with Canada? What proportion has it borne and what proportion does it now bear to our whole trade and to our Foreign trade? And, again, what is the whole trade of Canada, and how much of it are we likely to get by the proposals now under consideration?

Our trade with Canada has been as follows :—*

Periods.	Imports into United Kingdom from Canada.		Exports of British produce to Canada.	
	Million £.	Per cent. of Total Imports into United Kingdom.	Million £.	Per cent. of Total Exports from United Kingdom.
1854	7	4·6	6	6·2
Average of five years, 1855 to 1859	5	3·3	4	3·1
Average of five years, 1885 to 1889	10	2·8	8	3·4
Average of five years, 1890 to 1894	13	3·1	7	3
1895	13	3·2	5½	2·4

The whole trade of Canada, according to the last statistical abstract for the Colonies, was as follows :—

Years ended 30th June.	Exports from Canada.	Imports into Canada.
	Million £.	Million £.
1875	16	26
1880	18	18
1885	18½	23
1890	20	25
1891	20	25
1892	23	26
1893	24	26½
1894	24	25

and our share of it, according to the same return, was—*

Years ended 30th June.	Exports from Canada to United Kingdom.	Imports from the United Kingdom into Canada, including Foreign as well as British Produce.
	Million £.	Million £.
1875	8	12½
1880	10	7
1885	9	9
1890	10	9
1891	10	9
1892	13	8
1893	13	9
1894	14	8

* See Board of Trade Return, C. 6394 of 1891, pp. 71-79. The figures have been continued from the most recent Statistical Abstract of the United Kingdom, and the Board of Trade Returns for January last.

Our own returns of imports from and exports to Canada give slightly different results from those of Canada, as must always be the case, for various reasons, with statistics collected in two different countries. Our own returns give the following figures :—*

Years.	Imports from Canada into the United Kingdom.	Exports to Canada from the United Kingdom.
	Million £.	Million £.
1875	10	9
1880	13	8
1885	10	7
1890	12	7
1891	12½	7
1892	14½	7
1893	13	7
1894	13	6

So that, if we got the whole trade of Canada, as it now exists—which is, of course, a preposterous assumption—we should only get twice or two-and-a-half times as much trade with her as we now get, and that whole trade of Canada would be still an insignificant fraction of our whole trade.

The gain to us by any such bargain must therefore be infinitesimal. What would our sacrifice be? We are asked to put differential duties on things which Canada sends us—when they come from Foreign countries. Now what does she send us? Chiefly cattle, meat of various kinds, corn, flour, cheese, lard, butter, leather, skins, fish, fruit, and timber. In 1894 the value of these things which we had from Canada was about £11,500,000; but in the same year the value of these things which we had from all other countries was much more than £130,000,000, and the value of these articles which we imported from Canada's great rival, the United States, was more than £46,000,000. We are therefore asked to deprive ourselves of necessities from the United States alone valued at £46,000,000, besides an immense quantity from other countries, on the empty promise that Canada's £11,500,000 will, under the encouragement given by a differential duty, grow into the larger amount.

But there is much more behind. If and so far as we cease to import from the United States, we shall cease to export to them, and we shall thus cripple our exchange with that great country. Nor is this all. The Government of the United States have both the power and the will to retaliate by imposing differential duties on our trade. If they do, it will go a great way towards ruining our trade with them. Let us see what this trade is, and compare it with the above figures of our trade with Canada.†

* See Statistical Abstract of the United Kingdom, C. 7875 of 1895.

† Board of Trade Return, C. 6394 of 1891, pp. 71-97. The figures have been continued from the Statistical Abstract for the United Kingdom.

Periods.	Imports into United Kingdom from United States.		Exports of British produce to United States.	
	Million £.	Per cent. of Total Imports into United Kingdom.	Million £.	Per cent. of Total Exports from United Kingdom.
1854	30	19.7	21	21.6
Average of five years, 1855 to 1859	33	19.4	19	16.4
Average of five years, 1885 to 1889	85	22.5	28	12.2
Average of five years, 1890 to 1894	98	23.5	26	11.0
1895	86½	20.8	28	12.4

And in addition to the visible exports from the United Kingdom to the United States, we ought to add the invisible exports in the form of services rendered to the United States by our ships, which do most of the United States carrying trade, and these must amount to many millions.

We are therefore asked, looking to the United States alone, to sacrifice a trade which has, in forty-one years grown from £51,000,000 to much more than £115,000,000, and which constitutes 21 per cent. of our imports, and, including shipping, much more than 12 per cent. of our exports, in order to obtain a larger share of a trade which has grown in the same period from £13,000,000 to no more than £19,000,000, and which now constitutes only 3½ per cent. of our imports and 2½ per cent. of our exports.

What sort of a bargain would this be for England?

"But," it may be said, "if the other self-governing Colonies in Australia and Africa should join, the bargain may be worthy our acceptance." Let us see how this stands.

Our yearly trade with these countries, on the average of the five years ending 1894, has been as follows:— *

IMPORTS INTO UNITED KINGDOM FROM AND EXPORTS OF BRITISH PRODUCE TO SELF-GOVERNING COLONIES.

Name of Colony.	Imports from.		Exports of British products to.	
	Million £.	Per cent. of Total Imports.	Million £.	Per cent. of Total Exports of British Produce.
Australian Colonies ...	30½	7.3	20	8.4
Cape and Natal ...	5½	1.4	8	3.6
Add Canada as above ...	13	3.1	7	3.0
Total ...	49	11.8	35	15

* See Statistical Abstract for the United Kingdom, and C. 7875 of 1895.

Compare this with the foreign trade which we are asked to sacrifice, the yearly amount of which is as follows, on an average of the same five years :—*

Imports into United Kingdom from all Foreign Countries.		Exports of British produce to all Foreign Countries.	
Million £.	Per cent. of Total Imports.	Million £.	Per cent. of Total Exports of British Produce.
323	77.1	156	66.5

But this is not all. It is not worth our while to make sacrifices to get the trade of Australia and the South African Colonies, for we have it already. Of the whole exports of those Colonies, which are officially returned as amounting to £78,000,000 in 1894, £23,000,000 has to be deducted as being the home trade of the different Australian Colonies with one another. Of the remaining £55,000,000, the exports to the United Kingdom amounted to £45,000,000, and only £10,000,000 went to other countries. Again, the imports of these Colonies, returned at 62½ millions in 1894, have to be reduced by 22½ millions, which represents Australian inter-Colonial trade, and of the 40 millions which remain, 30 millions were imports from the United Kingdom, and only 10 millions from the rest of the world.†

In the above comparison, India and the other British dependencies are of course excluded, because, as above stated, we control them, and there is no question of making treaties with them, and because we therefore already get from them all that Free Trade with them can give us.

COMPARATIVE GROWTH OF FOREIGN AND COLONIAL TRADE.

There is much misapprehension about the proportions and the growth of our Foreign and Colonial Trade. The maxim that the "Trade follows the Flag" is made to mean a great deal more than it really covers. Because, man for man, Englishmen buy more from Englishmen than they buy from other nations, it is supposed that the trade with the self-governing Colonies is much more valuable than trade with other nations, and that it grows faster. Sentiment, even in buying and selling, goes for a great deal, and habit for more. Men buy what they have been used to buy, even in a Foreign land. But profit made out of a Frenchman or a citizen of the United States is as much profit as profit made out of a Canadian. Now the real question for us, so far as the value of the trade is concerned, is not the amount of trade per man, but the aggregate amount of trade, including not only the actual amount of

* See Statistical Abstract for the United Kingdom, and C. 7875 of 1895.

† See Statistical Abstract for the Colonies, C. 7904 of 1895.

trade at the present moment, but the recent progress of trade, as indicating its probable future.

The following is an extract from the valuable Tables presented to Parliament by the Board of Trade in 1891,* with the figures continued from the Statistical Abstract and the Board of Trade Returns; and in considering them it is always to be remembered that the export figures do not include our "invisible exports" arising from the services rendered by our shipping, estimated by Mr. Giffen fifteen years ago as then amounting to £60,000,000. The bulk of these would have to be set down to Foreign Trade, and the more so because Canada with her large mercantile marine does so much of her own carrying by sea.

IMPORTS FROM FOREIGN COUNTRIES AND BRITISH POSSESSIONS,
1854-1890.

Periods.	Imports from Foreign Countries.		Imports from British Possessions.	
	Million £.	Per cent. of Total Imports.	Million £.	Per cent. of Total Imports.
1854	118	77·6	34	22·4
Annual Average—				
1855-1859 ...	129	76·5	40	23·5
1860-1864 ...	167	71·2	68	28·8
1865-1869 ...	218	76·0	68	24·0
1870-1874 ...	270	78·0	76	22·0
1875-1879 ...	292	77·9	83	22·1
1880-1884 ...	312	76·5	96	23·5
1885-1889 ...	293	77·1	87	22·9
1890-1894 ...	323	77·1	96	22·9
1895	321	77·1	95	22·9

EXPORTS OF BRITISH PRODUCE TO FOREIGN COUNTRIES AND
BRITISH POSSESSIONS, 1854 to 1890.

Periods.	Exports to Foreign Countries.		Exports to British Possessions.	
	Million £.	Per cent. of Total Exports.	Million £.	Per cent. of Total Exports.
1854	63	64·9	34	35·1
Annual Average—				
1855-1859 ...	79	68·5	37	31·5
1860-1864 ...	92	55·6	46	33·4
1865-1869 ...	131	72·4	50	27·6
1870-1874 ...	175	74·4	60	25·6
1875-1879 ...	135	66·9	67	33·1
1880-1884 ...	153	65·5	81	34·5
1885-1889 ...	147	65·0	79	35·0
1890-1894 ...	156	66·5	78	33·5
1895	156	69·0	70	31·0

* See Return C. 6394 of 1891, above referred to, pp. 71-79.

It will be seen from these figures that, in spite of the foreign protective tariffs which have been coming into force during the last twenty or thirty years, and in spite of our largely increased trade with Australia and India, stimulated, no doubt, by our large lendings to those countries, the volume of Foreign trade has kept pace with the volume of Colonial trade; that the percentage of imports and exports due to each of those two branches have fluctuated within narrow limits, and are now much what they were thirty or forty years ago; and that our Colonial trade is now, as it was then, about one-quarter of our whole trade, whilst our Foreign trade constitutes the other three-quarters.

This is not what those would expect who prophesy ruin and isolation in consequence of the protective policy of foreign nations. But it is what those might expect who know that duties which profess to be protective often fail to protect, who teach that nations cannot sell without buying, and who hold with the maxim of the original Free Traders, "Take care of the imports and the exports will take care of themselves."

Is it, under such circumstances, wise to change our policy with the object of gaining a larger share of Colonial trade? Would it not be the policy of fools to sacrifice a certain three-quarters to the chance of increasing one-quarter—to restrict and cripple a business of nearly £500,000,000 for the problematical chance of increasing a business of £170,000,000?

EFFECT OF DUTY ON PRICE.

But, we are told, the proposed differential duty will be so small that it will not affect price. Our bread and our meat, our wool and our sugar, will be as cheap as ever. It is the old Protectionist story, which we have heard a thousand times. But it passes even Mr. Chamberlain's cleverness to show how a differential duty can have the effect of shutting out Foreign goods except by affecting price—*i.e., by making prices higher than they would have been if there had been no differential duty.* If the duty does not affect price it cannot have the desired result of shutting out Foreign goods.

PROTECTION IS INSATIABLE.

Moreover, it has been said by an authority, which is now classical,* that, "among the other evils of the restrictive or protective system, not the least is that the artificial protection of one branch of industry, or source of production against foreign competition, is always set up as a ground of claim by other branches for similar protection; so that, if the reasoning upon which these restrictive or prohibitory regulations are founded were followed consistently, it would not stop short of excluding us from all foreign commerce whatsoever."†

* Merchants' Petition, 1820.

† Petition of Merchants of the City of London, "Annual Register," 1820, p. 771.

And it is equally true that, whilst no Protective Duty ever began except on the specious plea that it should be small, the fact is that it has always ended in being heavy, complete, thorough, and onerous.

If these things were true in 1820, they are much more certain now. They make up the recent story of Protection in France, in Germany, and in the United States: and so it must always be where the principle of Protection is once admitted. You cannot make a stand at 3 per cent., or 5 per cent., or 10 per cent., or 20 per cent. If your small duty is not sufficient to exclude and protect you must increase it until it is; and if you apply it to one article you must apply it to all. Protection is insatiable, and its progress never ceases until it becomes universal exclusion.

RESULTS AS REGARDS THE COLONIES.

Now let us look at the proposal from the Colonial point of view.

The Colonies, Mr. Chamberlain assumes, are to maintain their protective duties upon Foreign goods, but they are to interchange freely with the rest of the Empire, and to place no protective duties on any product of British labour.

It is generally admitted that most of the Colonies must raise a large part of their revenue by customs duties, since it is impossible for them to raise sufficient revenue by direct taxation. Now it does not seem to have struck Mr. Chamberlain that it is perfectly impossible to distinguish between a duty imposed on any article for purposes of revenue and a protective duty on the same article, except by the means employed in this country—namely, by also imposing upon the same article, if made within the country, an excise duty corresponding to the duty on importation. If, for instance, we had no excise duty on home-made spirits, the duty on foreign spirits would at once be protective to the English distiller. Under the proposed scheme the Colonies, who, it is admitted, must raise a large part of their revenue by customs duties, would have to admit articles of British production free from *protective* duties, whilst at the same time imposing protective duties on Foreign articles. How, under such circumstances, would it be possible for them to maintain the freedom of all British produce by imposing an excise duty on their own home-made articles and at the same time to maintain a protective duty on the same articles when imported from foreign countries?

Let us suppose, for instance, that steel rails (or any other article) are made in Canada, in Great Britain, and in the United States, and that steel rails are articles on which Canada must raise a duty. How is Canada at the same time to keep up her revenue, to admit steel rails from Great Britain free from protection, and to maintain protective duties against United States rails?

I believe the problem to be wholly impracticable.

Let us look at the proposal a little further.

The Colony, it is assumed, must still raise a revenue by its duties, which must be such as, at the same time, to shut out the Foreign article and to admit the British article. The British article therefore must pay a much smaller duty than at present, while the Foreign article will be excluded. The article which pays little or no duty will possess the market ; the article which pays a considerable duty will be excluded. Will the Colony under such circumstances be able to raise sufficient revenue ?

FREE TRADERS, UNLIKE MR. CHAMBERLAIN, DESIRE WHAT IS POSSIBLE AND NOT WHAT IS IMPOSSIBLE.

We shall all agree with Mr. Chamberlain that it would be a most desirable consummation to have no duties on British goods throughout the Empire, or no duties which operate so as to protect one part of the Empire against the rest. But, alas ! this goes farther than the most ardent Free Traders have expected—farther than will probably, for generations to come, be practicable.

All that the Cobden Club hope for is to see some approximation to such a consummation. To treat it as practicable, either at once or within any measurable time, is out of the question, for various reasons.

In the first place it is, as above stated, impossible to distinguish between a duty imposed for revenue purposes and a protective duty, unless a corresponding excise tax is imposed. The Colonies must, for some time at any rate, raise revenue by duties, and these duties can hardly fail to be, to some extent, protective.

Again, no reasonable Free Trader wishes to see a system of protection which has been in force for many years, and under which Industries of various kinds have grown up, abolished at a single blow. Such a step would be both unjust and unwise.

What Free Traders desire is a much more moderate and a safer course.

They wish to see the Colonies abandon Protection as a theory, and gradually reduce the most obnoxious of their present protective duties. This would probably, by increasing importation itself, increase revenue, and make further reductions possible. Gradually the Colonies would thus approach, and ultimately attain, the state of things which obtains in the United Kingdom, without undue sacrifice of revenue, and without injustice to existing interests. But it is out of the question to do this except cautiously and by degrees, as, indeed, it was done in this country. This is what we may hope for under the new *régime* in Canada.*

POLITICAL AND SENTIMENTAL CONSIDERATIONS.

But, it may be said, these are material interests—of the earth, earthy ; and there are others to which it may be right that material interests should give way. There is National Defence ; there is

* See an excellent article on "The Colonies," p. 10 of *The Times* of 29th June, 1896.

National Pride ; there is the sentiment of a world-wide Empire ; and the desire to spread the British name and the British language and British institutions over the face of the globe. Subtracting from these high-sounding words whatever element they may contain of aggressive Jingoism, of Jingoism which goes far to work Retaliation in kind, there remains enough in them to move the blood, and even to lead captive the sober reason. Freedom itself may be appealed to, for Freedom of Trade is only one part of Freedom, and not the most important. Freedom of thought, Freedom of social and political action, are even more essential to general welfare than Freedom of Trade, and if these conflict with Freedom of Trade, it is Freedom of Trade which must give way. For this reason I dissent altogether from the late Lord Grey, who, in a recent pamphlet, regrets that in giving self-government to the Colonies we did not compel them to adopt our own Free Trade policy. The founders of the United States, aided as they were by geography, introduced Freedom of Trade throughout the Union, and have by so doing established the widest area of Free Trade the world has ever known. But the facts of geography and of history which rendered it impossible in the last century for England to introduce her fiscal and commercial rules into New England, also rendered it impossible for her, when in the present century she gave self-government to her Colonies, to compel them to adopt her present commercial and fiscal system. When self-government was extended to Canada, Australia, and the Cape, it necessarily carried with it to each Colony the power to determine their own systems of taxation, of revenue, and of commercial policy.

Free Traders are not necessarily Fanatics. If the doctrines of Free Trade are really in conflict with such ideas and aspirations as I have referred to, they may have to give way. Trade concerns material interests, whilst real friendship and harmony of feeling between English-speaking races (amongst whom I should be ashamed not to include the United States) are objects for which it may be well worth while to make some sacrifice of such interests. But I am ready to take issue with the Commercial Federationists on this view of the question, and I challenge the advocates of Protection to show that the steps they urge will promote the harmony we both desire. I believe, on the contrary, that they will have a directly opposite effect.

There is nothing so dangerous to friendly feeling as the consciousness of an obligation which is felt to be a daily cause of injury or loss. No wise men or women, and no wise communities, who desire to be on friendly terms with each other, will willingly involve themselves in any such obligations. Nor will they do so, if the conditions are such that the engagement, though possibly for the moment advantageous, will probably in the future become a burden.

Now this is the case with all the schemes of Commercial Federation that have been suggested, and, amongst others, with that suggested by Mr. Chamberlain. It is a scheme of increased restriction,

and this raises a *prima facie* case against it. Let us consider it in its application to particular cases; for it is thus alone that we can test it.

England is asked to put a differential duty on foreign produce, *i.e.* on food and raw materials, which is the produce of the United States and of other Foreign countries; in other words, to exclude these articles when coming from foreign countries, including the United States, in order to encourage imports from the Colonies, including Canada. It has been shown above what a tremendous sacrifice this involves on the part of England. It has been shown that to buyers in the United Kingdom it must make food and raw material dearer or more difficult to obtain than they would otherwise be, and that it must consequently narrow the means of living and cripple our manufactures and our exports.

Will it conduce to friendly feelings in this country towards Canada, if our working classes are told that their food is dearer, or that their employment is lessened, in order to give more profit or more employment to the landowners and farmers of Canada? And supposing, as is more than probable, that the United States should retaliate and exclude the thirty millions' worth of manufactured goods and the many millions' worth of shipping services which we send them, will the loss of that profit and employment make Canada and her people dearer to our manufacturers and our workmen?

Nor is this all. The whole commercial system of the world is in a state of flux. Many persons think that there will be a general revulsion from the protectionist craze which now afflicts the nations. It is quite on the cards that such a revulsion may come in the United States. Suppose that it were to come, and that, as was the case with ourselves, the first form it were to take was that of reciprocity. Suppose the United States Government were to come to ours and say, "We will open our markets to you, but it is only on condition that your markets are open to us" And suppose that our Government were obliged to answer "No, thank you. Much as we should like your market, we cannot accept it, for we have made engagements with Canada by which we are bound to keep your goods out of our market." Is it possible to conceive anything more likely to make Englishmen say, what I devoutly trust they may never have reason to say, "Perish, Canada!"

Look again at the case from the Canadian side. Nature and geography seem to have made the United States and Canada for mutual intercourse. These two nations have set up barriers against one another, which one party in Canada has treated as an intolerable burden, and which even the other party (the party which is responsible for them) has been in vain trying to lower by negotiation with the United States. Now suppose that Canada had been bound by arrangement with England to exclude United States goods in order to favour English goods, and suppose that the Free Traders of Canada had been able to say to the electors of Canada, "You sorely want Trade with the United States; but they will not give it you till you admit their goods freely. This you cannot

do because you are bound by your engagements with England to exclude United States goods." Unless Canadians are made of different stuff from other men, such a cry would enable the Free Trading party in Canada to sweep the board, with what feelings towards the Mother Country, and with what result on the connection between her and the Colony, it is painful to imagine!

Further, suppose that such an arrangement could now be made, and that it proved for a time completely successful, and that by a system of *quasi* monopoly, we were to nurse up a system of industries in Canada which could not have existed in the face of United States competition; and suppose that there was then to occur that revulsion in the commercial policy of the United States of which I have spoken—that their Government were to offer a free market to England, on condition of England's offering a free market to them; and that England, as it probably would do, were to accept their proposal. Would not the result be ruinous competition and injury to the Canadian interests which we had artificially fostered? And if so, what would be the feelings of Canada towards the Mother Country?

I have taken these hypothetical cases as illustrations—and they might be multiplied indefinitely. But they are enough to show what dangers to friendship lie in any restrictions which either party may, now or hereafter, feel to be injurious.

CONCLUSION.

It would be easy to dilate on these difficulties *ad infinitum*. They are so great as to make it justifiable to come to a general and absolute conclusion that no scheme can possibly be proposed on Mr. Chamberlain's lines which is not open to fatal objections.

But it is not necessary to dogmatize. Let Mr. Chamberlain and his Canadian friends, instead of concealing their meaning in vague generalities, condescend on a specific scheme, and the Cobden Club will be ready to meet it, to receive it with welcome if practicable, but to condemn it unreservedly if it is as objectionable as all schemes hitherto proposed have been shown to be.

The promoters of Imperial Federation do not appear to recognise the obvious historical fact that the present excellent and improving relations between the Mother Country and the Colonies have been brought about by the wise statesmanship which recognised the fact that Freedom is the greatest of boons; that it is greater even than Free Trade; that the best way to create good feeling is to remove legal obligations which gall both or either of the parties; and that *to re-impose such obligations would be to endanger the good feeling which has been created.*

